

# Reimagining Retail in 2025

How retailers are adapting, evolving and thriving in a changing world



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# Introduction



**There's a lot of optimism about the state of retail, the state of the economy and the opportunities for the year ahead.**

— **Matthew Shay**, President and CEO, National Retail Federation (NRF)

Eight years ago, in 2017, we introduced the groundbreaking white paper, "Reimagining Retail Commerce...with the Right Tools," which challenged traditional retailers to move beyond competing with giants like Amazon and instead focus on building unique, personalized commerce experiences. That call to action resonated deeply with thousands of downloads underscoring the paper's relevance and impact.

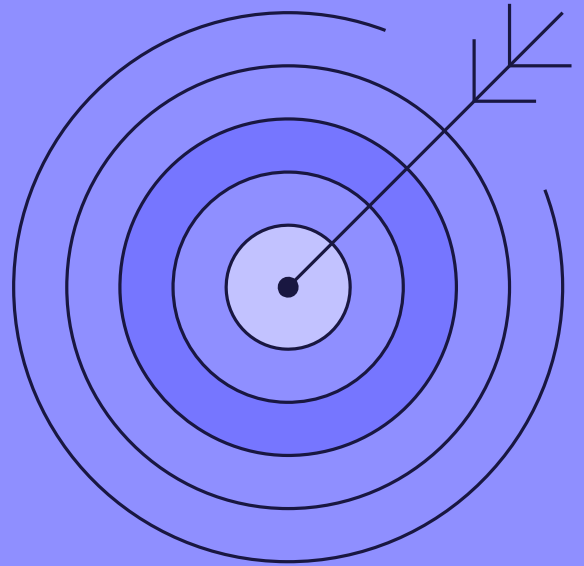
Since then, the retail landscape has undergone seismic shifts. Challenges, such as geopolitical uncertainties, workforce disruptions and economic volatility, have converged with new opportunities driven by technology and changing consumer behavior. In this complex environment, the need for innovation has never been greater. Thankfully, there's evidence all around us that retailers are embracing inventive concepts and tools — ranging from composable commerce and artificial intelligence to phygital retail and unified commerce — to solve problems, enhance experiences for employees and customers as well as adapt to continually evolving expectations.

Updated annually, the 2025 edition of the white paper provides an overview of the current retail environment. It explores today's consumer mindset, offering hard statistics to highlight their shopping habits and expectations. It also suggests the mindset that business leaders should aspire to in order to thrive in retail today, reviewing the challenges they face and offering potential solutions to turn them into opportunities.

It deep-dives into three pivotal themes: the imperative for unified commerce to meet rising customer expectations, the convergence of digital and physical retail, and the transformative impact of AI in the retail environment. These themes are shaped by insights and strategies from commercetools thought leaders, customers, partners and industry experts, providing a comprehensive view of the future of retail.

Our goal is to provide a resource that retailers can rely on to navigate today's complexities and anticipate tomorrow's opportunities. Whether you're strategizing for the year ahead or seeking inspiration for long-term transformation, we invite you to join us in exploring the future of retail commerce.

Welcome to the 2025 edition of **Reimagining Retail Commerce**. Let's shape what's next.



## SECTION 1

# Keeping up with commerce in a continually changing world



The rate of change has never, ever been this fast and will never, ever be this slow again.

— Anders Sörman-Nilsson, futurist & Founder, Thinque

## The business mindset

Technological breakthroughs over the past 30 years have profoundly transformed the retail industry. From the advent of the internet to the rise of smartphones and the explosion of social media, each innovation has reshaped **how businesses connect with customers and conduct commerce**. These shifts have challenged retail leaders to navigate uncharted territory, expand their expertise and adopt new strategies. What's different today is that the pace of change has accelerated exponentially and there is an increased sense of urgency that didn't exist before.

As a result, the 2025 retail landscape demands more than just adaptation — it requires business leaders to have **a bold, forward-thinking mindset** that embraces constant evolution and places innovation at the heart of strategy.

To thrive in this dynamic environment, retail leaders must prioritize **agility** and **resilience** in their approach. Building on a modern technology infrastructure is critical, but it must go beyond keeping pace; it must anticipate what's next. A unified commerce strategy — one that integrates physical and digital experiences seamlessly — has moved from being a competitive advantage to a core expectation. Success now hinges on offering customers personalized, cohesive journeys that feel effortless across every interaction.

In this "era of intelligence," data-driven insights and AI-powered tools are redefining how businesses engage with customers, streamline operations and outmaneuver competitors. Leaders must be willing to **experiment, iterate and implement new solutions at scale** while fostering a culture that embraces innovation across all levels of the organization.

At the same time, the rebirth of the physical store (after the lockdowns of COVID-19 turned scores of consumers into online shoppers) presents an opportunity to reimagine brick-and-mortar locations as experiential hubs that complement digital channels. This requires creativity, flexibility and a willingness to rethink traditional business models.

The stakes in 2025 are higher than ever. Retailers who hesitate to embrace change risk irrelevance, while those who act decisively and strategically will not only survive but thrive. As the industry transforms, the question isn't whether you can keep up — it's whether you're ready to lead. Are you prepared to seize the opportunities that lie ahead?

## The customer mindset

In 2025, customers are more empowered, discerning and digitally connected than ever before. They expect convenience without compromise, personalization without intrusion and innovation that adds tangible value to their lives. Seamlessness across all touchpoints — whether shopping online or in-store, on mobile app or a social platform — is no longer a luxury but a baseline expectation. Customers are looking for brands that not only meet their needs but anticipate them, delivering **tailored experiences that feel intuitive and meaningful**.

Trust and transparency remain critical as customers navigate a world of data-driven interactions. They demand that brands respect their privacy while using data responsibly to enhance their shopping journeys. Sustainability and ethical practices also weigh heavily on purchasing decisions, with customers increasingly aligning themselves with brands that reflect their values.

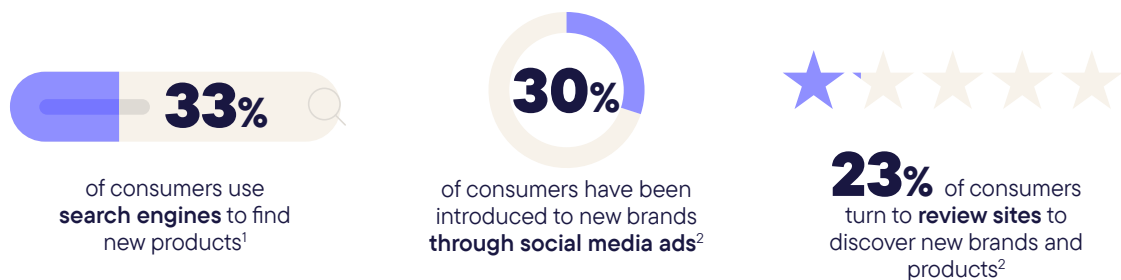
Ultimately, **the 2025 customer seeks more than just products — they seek experiences**. They want to feel understood, valued and engaged, and they are quick to reward brands that meet these demands with loyalty and equally quick to move on from those that don't. Retailers who recognize this mindset and design their strategies to delight and surprise will stand out in a crowded marketplace.

# Inside the mind of the modern consumer

“Everything is converging in a way that really puts the customer in the driver’s seat,” Pete Nordstrom, President and Chief Brand Officer of Nordstrom told a standing-room-only audience during the opening keynote at NRF 2025. His sentiment sets the stage for a year focused on customer-centricity, one in which retailers will be constantly listening to customer feedback and fine-tuning their strategies to meet expectations. Here, is a roundup of current statistics to help you understand how they’re making shopping decisions in 2025.

## Find inspiration everywhere

Today’s consumers are discovering brands on search engines, social media ads and review sites, as well as through influencers they follow, television and film and via personal recommendations.



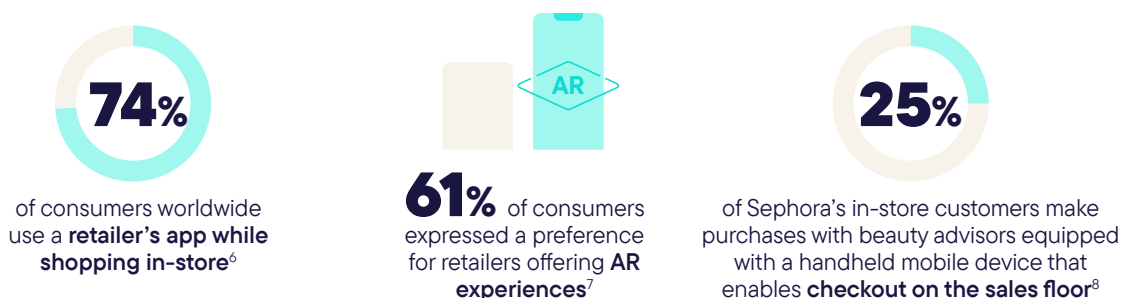
## Expect omnichannel experiences

Regardless of where the journey starts, consumers have made it clear they expect brands to show up wherever they are and enable purchasing on every channel.



## Delight in phygital enhancements

Consumers seek convenience, content and customer service in-store and online. Multiple technologies are bringing the best of digital into the in-store environment.



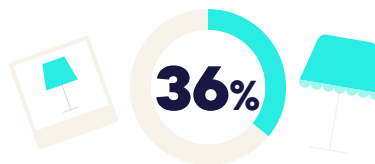


## Want access to product information

Returns aren't fun for anyone, but consumers point to inaccurate, incomplete product descriptions as part of the problem. Retailers that provide robust content and visuals see higher conversions and lower returns.



**70%** of online shoppers say **product-page content** can make or break a sale<sup>9</sup>



of customers said they've returned items bought online because what they received didn't match the **description or look the same as the images featured on the website**<sup>10</sup>

## Engage with authentic and relatable content

While traditional advertising still plays a role, brands that integrate authenticity through live shopping, social media and influencer partnerships are better positioned to connect with modern shoppers.



**49%** of consumers make purchases daily, weekly, or monthly based on **influencer posts**<sup>11</sup>



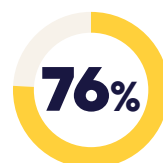
of live commerce viewers make a purchase **during or after the event**<sup>12</sup>

## Reward good service with loyalty

Once they've handed you their hard-earned dollars, consumers expect you to deliver on your promises with consistent communications, reliable delivery services, and responsive customer support.

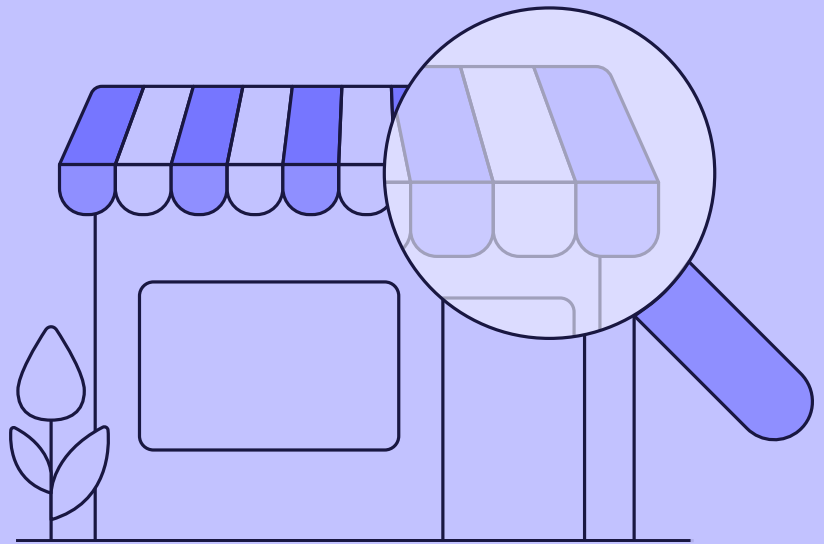


**83%** of online shoppers expect **regular updates on their order status**, from purchase confirmation to delivery<sup>13</sup>



of first-time customers state they would shop with a retailer again if the **return process is easy**<sup>14</sup>

Source: <sup>1</sup>oberlo.com, <sup>2</sup>gwi.com, <sup>3</sup>salsify.com, <sup>4</sup>loyal.guru, <sup>5</sup>merkle.com, <sup>6</sup>emarketer.com, <sup>7</sup>commercetools.com, <sup>8</sup>reydar.com, <sup>9</sup>forbes.com, <sup>10</sup>emarketer.com, <sup>11</sup>sproutsocial.com, <sup>12</sup>fitzsmallbusiness.com, <sup>13</sup>info.flow.space, <sup>14</sup>mailmodo.com



## SECTION 2

# The state of retail commerce

“Long gone are the days when customers would buy whatever you offered them. That's not what they're looking for. It's about more than just the product — they want real engagement.”

— Max Magni, Chief Customer and Digital Officer, Macy's, Inc.

In today's consumer's mind, the shopping journey is based on a system of interconnected touchpoints: **an ecosystem of channels** that, in theory, allow them to fluidly transition from one to another and back again. This is how they shop today, jumping from search engines to review sites to social media platforms to websites, mobile apps and physical stores — usually in no defined order. Of course, they expect consistency regardless — in product availability, pricing and descriptions, promotions, personalization, and of course, customer service.

Unfortunately, the reality is that most retailers are managing these channels in silos and running digital and physical commerce through different systems, often on outdated infrastructure. According to [Incisiv's 2025 State of the Industry, Unified Commerce](#) report, this disconnect is, “creating friction that drives up costs while eroding trust and loyalty.”



# Challenges retailers are facing today: An overview

The simple fact is that achieving and retaining success in the retail world is more difficult than it was in pre-internet days. However, it's not impossible, it just requires constantly adapting and evolving to change. Here, we outline some of the main challenges retailers face, and offer up potential solutions that can deliver outcomes that support revenue growth and profitability.

Challenge	Specific issues	Opportunities	Expected Outcomes
<b>Data optimization</b>	<ul style="list-style-type: none"> <li>• Siloed data across multiple platforms creates inefficiencies.</li> <li>• Lack of real-time insights hinders decision-making.</li> <li>• Inconsistent customer data leads to poor personalization.</li> </ul>	<ul style="list-style-type: none"> <li>• AI-driven data analytics to centralize and analyze customer and operational data.</li> <li>• Real-time data processing to improve decision-making and forecasting.</li> </ul>	<ul style="list-style-type: none"> <li>• Personalized shopping experiences based on customer behavior and preferences.</li> <li>• Improved operational efficiency and demand forecasting.</li> <li>• Enhanced marketing strategies with predictive analytics.</li> </ul>
<b>Customer experience</b>	<ul style="list-style-type: none"> <li>• Consumers expect seamless interactions across digital and physical channels.</li> <li>• Friction in the shopping journey leads to cart abandonment.</li> <li>• Inaccessible digital experiences exclude certain customer segments.</li> </ul>	<ul style="list-style-type: none"> <li>• Unify commerce to integrate all touchpoints and provide a seamless omnichannel experience.</li> <li>• Improve accessibility with AI-driven digital innovations that cater to differently abled individuals.</li> </ul>	<ul style="list-style-type: none"> <li>• Frictionless, personalized shopping journeys across all platforms.</li> <li>• Inclusive shopping experiences that attract and retain a broader customer base.</li> <li>• Higher conversion rates and customer satisfaction.</li> </ul>
<b>Customer service</b>	<ul style="list-style-type: none"> <li>• Rising expectations for instant support and personalized interactions.</li> <li>• High operational costs of customer service teams.</li> <li>• Slow response times lead to lost sales and customer dissatisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>• AI-driven customer support with chatbots and automated virtual assistants for 24/7 service.</li> <li>• Voice of the customer tools that use AI to analyze interactions to gain insights for improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Faster and more efficient customer service interactions.</li> <li>• Lower operational costs with AI handling common queries.</li> <li>• Increased customer satisfaction and brand loyalty.</li> </ul>
<b>Returns &amp; post-purchase experience</b>	<ul style="list-style-type: none"> <li>• High return rates impact profitability.</li> <li>• Inefficient return processes create frustration for customers.</li> <li>• Poor post-purchase engagement reduces repeat business.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced return programs with automated processing and customer-friendly policies.</li> <li>• AI-powered post-purchase engagement to nurture long-term relationships.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced return-related costs through better data-driven management.</li> <li>• Higher customer retention and lifetime value.</li> <li>• A more positive post-purchase experience that encourages repeat business.</li> </ul>

<b>Inventory management</b>	<ul style="list-style-type: none"> <li>• Inaccurate inventory tracking leads to stockouts or overstocking.</li> <li>• Inefficient supply chain management disrupts fulfillment.</li> <li>• Demand fluctuations make forecasting difficult.</li> </ul>	<ul style="list-style-type: none"> <li>• AI-driven operational improvements for real-time inventory tracking and demand forecasting.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced inventory waste and optimized stock levels.</li> <li>• Improved fulfillment speed and efficiency.</li> <li>• Greater profitability through better supply chain management.</li> </ul>
<b>Customer loyalty</b>	<ul style="list-style-type: none"> <li>• Traditional loyalty programs focus on discounts rather than true engagement.</li> <li>• Consumers demand more personalized and meaningful rewards.</li> <li>• Competitors are offering more innovative loyalty strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced loyalty programs that reward repeat engagement rather than just spending.</li> <li>• Post-purchase CX initiatives to maintain brand connection beyond the sale.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased customer retention and repeat purchases.</li> <li>• Stronger emotional connection between the brand and its customers.</li> <li>• Differentiation from competitors through unique loyalty incentives.</li> </ul>
<b>Growth and Ability to compete</b>	<ul style="list-style-type: none"> <li>• Monolith platform incompatible with new technologies</li> <li>• Inflexible architecture restricts ability to adapt to change and scale for growth.</li> </ul>	<ul style="list-style-type: none"> <li>• Composable commerce to create modular, scalable systems.</li> <li>• Cloud-based infrastructure for agility and global scalability.</li> </ul>	<ul style="list-style-type: none"> <li>• Future-proof retail operations that can grow with demand.</li> <li>• Faster market entry and ability to test new strategies with minimal risk.</li> <li>• A competitive edge through continuous innovation and adaptability.</li> </ul>



## SECTION 3

# The promise of unified commerce

“Unified commerce is absolutely fundamental to what we do. I can’t really imagine how we would be able to meet the expectations that our customers have if we didn’t have that really seamless approach.”

— Nick Burton, Chief Information Officer, Screwfix (NRF 2025)

While the term [unified commerce](#) has been floating around the retail industry for a few years, the principles of the approach took shape in 2024. It’s **now considered the next evolution of omnichannel**, benefiting both the customer on the frontend and the retailer’s business on the backend — making it the holy grail for brands. However, as Ann Sung Ruckstuhl, Chief Marketing Officer at Manhattan Associates, told an audience at NRF 2025, “If you think there’s an end goal, that you’re going to hit a mile marker that says, ‘Congratulation, now you’re unified,’ I’m sorry. That goal post is going to keep moving because customers keep changing.”

Despite this, there are a host of indisputable benefits that retailers gain by implementing a unified commerce approach, which expands on the omnichannel ideal of ensuring consistency across sales channels. The approach calls for creating a centralized, intelligent backbone for all retail operations, where **all the data a retailer uses to deliver commerce, along with the data they collect from customers across every touchpoint — both digital and physical — is consolidated**. With everything stored and accessible on a single backend and both product and

customer updates made in real-time, retailers have a single source of truth providing them with a powerful competitive edge.



### Expert tip:

47% of business leaders who adopted composable commerce say they did so because it provides the flexibility to quickly and easily integrate technologies and build a cohesive system that enables unified experiences.



**To achieve unified commerce, a retailer must have a modern, truly composable commerce platform such as commercetools, in place. This is because you need to be able to integrate your in-store POS and other in-store systems with your digital commerce backend — and only a cloud-native, component-based, tech-agnostic platform, like commercetools, can accomplish that.**

Michael Scholz, Vice President, Product and Customer Marketing, commercetools

On the frontend, unified commerce enables brands to deliver truly personalized, omnichannel experiences, ensuring customers receive consistent interactions, whether they're shopping online, engaging via social media or visiting a store in person. On the backend, it streamlines operations, enhancing inventory accuracy, improving order fulfillment, optimizing marketing campaigns and enabling real-time insights that drive smarter business decisions.



**Legacy store technology just isn't built for omnichannel experiences. If you don't have a composable structure, it's going to create a lot of problems down the road from a transformation perspective. It just doesn't have the flexibility — so, we're doing a lot of unified commerce work to support the omnichannel experience.**

— Scott Devlin, Chief Information Officer, The Vitamin Shoppe, NRF 2025

## The unified experience

One of the key differentiators of unified commerce is that it breaks down the barriers between digital and physical commerce, transforming how businesses operate and how their customers experience the brand. It empowers them to be **more agile, customer-centric and ultimately, more profitable.**

Ulta Beauty provides a perfect example. The beauty brand has leveraged its composable commerce platform to unify customer loyalty data across all of its sales channels, delighting its 44 million Beauty Rewards members. What this means is that no matter where a customer purchases

from the brand — in-store, on the website or mobile app, from an Ulta Beauty shop inside Target, on Target.com or the Target app, or through DoorDash or TikTok Shop — they receive their loyalty points.

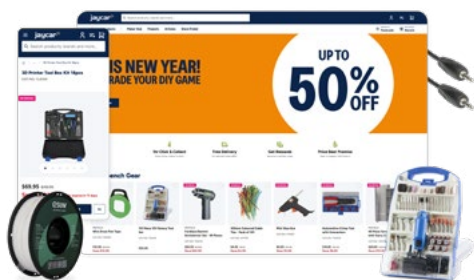
As Kecia Steelman, the company's President and CEO, explained at Shoptalk Fall 2024, integrating the various Target channels wasn't easy to accomplish, but, "We've linked 4 million members between Target Circle and our Ulta Beauty rewards programs — and those guests are spending two times more with Ulta."

### Innovation spotlight: commercetools InStore



Launched in January 2025, [commercetools InStore](#) was designed to support the idea of unified commerce. It is the only product on the market that enables retailers to connect their brick-and-mortar commerce operations to their digital commerce platform, allowing them to easily deliver unified experiences to customers.

## Unified commerce in action: Jaycar



[Jaycar](#), an Australian electronics retailer, partnered with commercetools to unify its online and in-store commerce operations, addressing challenges like disconnected shopping experiences, aging systems and limited scalability. By adopting [commercetools Composable Commerce for B2C](#) and InStore, Jaycar was able to create a **seamless omnichannel experience powered by real-time data**. Store

associates gained access to integrated tools, enabling personalized service, real-time inventory checks and streamlined omnichannel interactions. The new platform is reducing costs, improving customer experiences and supporting rapid innovation, such as AI-powered search and service offerings, allowing Jaycar to remain agile in a competitive market.

“When we started thinking about our next generation of technology, we were thinking about in-store as much as we were eCommerce. From the onset, it wasn't an eCom-only play. Our first engagement with commercetools was from that context.

— Graeme Faulkner, Chief Technology Officer, Jaycar



## SECTION 4

# The convergence of digital and physical retail

“Today's shoppers demand convenience, consistency and personalization at every interaction with a company. This evolution has pushed brands to rethink their digital commerce strategies and how they interact with customers at every touch point, breaking down barriers between the physical and the digital world.

— Dirk Hoerig, Co-founder and Chief Innovation Officer, commercetools

The future vision of retail is a world where unified commerce strategies, access to real-time data, composable technologies and AI tools combine to enable shopping journeys that don't distinguish one channel from another. Consumers will easily be able to move from digital to physical and back again, finding delight in personalized experiences that drive revenue and brand loyalty.

Retailers that can infuse the convenience, content and interactivity of the digital shopping experience into their stores and vice versa can give their customers the best of both worlds.

# The value of the physical store

Despite predictions that the age of brick and mortar was over, in-store retail is back and stronger than ever. Consumers want to get out of the house, they want to connect with others and they crave experiences. As Kate Ancketill, CEO and founder of GDR Creative Intelligence, explained at NRF 2025, “Modern people lack a sense of community, belonging, warmth, wonder and awe — and these are the things that physical retail is perfectly positioned to provide.”

Major brands including Foot Locker, Sephora, PacSun, Lululemon, IKEA and LEGO are all investing in their physical stores. From redesigning the spaces to meet customer needs and reflect the way customers shop today to integrating digital technology to provide [phygital](#) experiences that enhance in-store engagement, they’re banking on the belief that consumers will always want to see, touch and play with products.

**“When you think about it, the store is your billboard, it’s a stage, it’s a supply chain node for your online offer. It’s a place where humans connect and engage over products and services.**

— Martin Urrutia, Head of Global Retail Experience and Innovation, LEGO Group, NRF 2025

## The phygital advantage

The rise of phygital retail is helping fuel this retail renaissance. The idea is that by integrating digital technologies, retailers can bridge the gap between in-store and online experiences, allowing in-store shoppers to interact with the brand and products in more dynamic and flexible ways.

**61%**

**of shoppers in 2024 said they continue to shop in-store because they enjoy experiences like trying on items and comparing products, a 21% increase from 2023.**

### Examples of phygital enhancements:

- **In-store mobile apps**

In-store app modes switch on when a customer enters a store. These can aid shoppers in navigating the store, provide additional product details, and deliver personalized recommendations and promotions.

- **Employee handheld mobile devices**

Empower store associates with access to product and customer information that enables more personalized clienteling, improves customer service and speeds up checkout.



- **AR/VR tools**

Aid in purchasing decisions by allowing shoppers to see how products look and function in real-life scenarios. The technology is also being used for virtual try-ons, gamification and other immersive experiences.

- **Smart fitting rooms**

Interactive RFID-enabled mirrors embedded with digital screens provide shoppers with product details, styling tips and add-on purchase recommendations. They can also request alternate sizes, colors, and items. iPads can also serve a similar purpose.



### **Expert tip:**

While smart mirrors and iPads in dressing rooms are designed to enhance the customer experience, they can also provide valuable information to retailers on the backend.



**One of the cool things about tracking every item that goes in the dressing room is we get to see the conversion rate. So, if a style is converting at 35%, but the XXS is only converting at 20%, we immediately know it's an issue with the grading or fit and that data is forwarded to our technical design team.**

Adam Goldenberg, Co-founder and CEO, [Fabletics](#)

## **Additional opportunities in physical retail**

### **Experiential retail**

Offering interactive, immersive and personalized in-store experiences turns in-store shopping into an engaging, memorable experience rather than just a transaction. Foot Locker's "reimagined" store of the future features a customization area, dubbed the Sneaker Hub, where customers can try out shoelaces, pins, charms and other accessories to personalize their new kicks. It also has the Home Court, where customers can practice their vertical jump.

LEGO®, which has been a pioneer in experiential retail with its "Build-Your-Own" Minifigure station, recently expanded on the concept with the "Minifigurine Factory," which allows customers to design and personalize their own custom figurine from scratch at a kiosk equipped with a computer and printer. At NRF 2025, Martin Urrutia, Head of Global Retail Experience and Innovation at LEGO Group, announced the launch of "LEGO Florist" shops in its UK stores just in time for Valentine's Day. He also shared they choose to shoot livestream events in their store, using associates as hosts, to create excitement for shoppers. "We see our stores as vital to creating immersive experiences."

## In-store retail media

Deploying digital technologies, such as electronic shelf labels, interactive displays and oversized video screens, enables retailers to present targeted advertisements and promotions directly to shoppers at the point of purchase. For instance, Walmart is incorporating advertisements on in-store video walls and self-checkout screens, not only enhancing the shopping experience but also creating a new revenue stream.

**Woolworths**, an Australian grocery store chain, has introduced smart shopping trolleys that not only enable 'scan and pay' but also feature targeted ads, promotions and recipes based on the items in the cart. By turning physical stores into media channels, retailers can better compete with online platforms while providing a seamless and enriched shopping journey that benefits both consumers and brands.



### Expert tip:

Offer buy online pickup in-store (BOPIS). This will encourage customers to come into your store, where you can turn your online relationship into a physical relationship.



**When customers come into the store, all kinds of magic happens. So you have to show up and give them a delightful experience. If you have to ask them to repeat their name, their address, their payment method every time they come in your store, it's going to be cumbersome and you're not going to be successful.**

Ann Sung Ruckstuhl, Chief Marketing Officer, Manhattan Associates

## What exceptional digital experiences look like

Exceptional digital shopping experiences in 2025 go beyond convenience — they're immersive, intuitive and **hyper-personalized**. Retailers are leveraging AI, real-time data and dynamic content to take the online experience to the next level, captivating customers and increasing conversions.

### Product discovery

Traditional keyword-based search is giving way to more intuitive, AI-driven discovery methods, including **voice search**, visual search and personalized recommendations powered by machine learning. Social commerce, influencers and AI chatbots are also impacting how consumers find and engage with products. Instead of actively searching, many consumers now expect relevant products to find them.

To support this new expectation in 2025, retailers should invest in visual and voice search capabilities, refine personalization strategies and ensure product data is structured for AI-driven search algorithms. It's also critical to focus on social and influencer marketing.



### Expert tip:

Authenticity and relatability are baseline consumer expectations. Retailers can attract and retain customers by showing up and engaging in the social conversation.



**Today, you don't need to hire a Chief Digital Officer. You need to hire a community team: people who intrinsically get social, who get influencers. It's not just about how you're spending your money on Google anymore — connecting with your customers is the number one engine to drive new consumers.**

Jennifer Hyman, Co-founder and CEO, Rent the Runway, NRF 2025

## Checkout and payments

Consumers want three things: Speed, options and security. Retailers that deliver effortless purchasing experiences see less cart abandonment and more conversions. Providing options such as [buy-now-pay-later \(BNPL\)](#) and BOPIS shows customers that you understand their needs and expectations. Offering one-click checkout, along with a variety of payment options including digital wallets, accomplishes the same goal while eliminating friction and supporting mobile-first experiences.



### Expert tip:

Consumers today want to support brands that have a sense of social responsibility. By integrating round-up donations or offering the option to donate at checkout, retailers can foster a sense of shared purpose with customers, strengthening brand influence and customer loyalty.



**Adyen has a product which we call “Giving” and it really makes it easy to offer charitable giving at checkout. It adds an extra second at checkout, but it really shows a retailer's commitment to the organizations it aligns itself with.**

Holly Worst, Vice President of Retail, Unified Commerce, [Adyen](#), NRF 2025

## 24/7 reliability and speed

Today's consumer is impatient. It's not good enough for your digital experience to be fast and seamless the majority of the time. Retailers have learned that customers will not only abandon a shopping cart if page loading is slow or if they have difficulty checking out, they'll dismiss the brand entirely. This is particularly true during the peak holiday season when expectations soar. As a result, **75%** of business leaders believe their operations simply can't afford any downtime during the holidays.

**40%**

of shoppers won't wait more than three seconds before abandoning an eCommerce site.



### Expert tip:

Take proactive steps to make your commerce platform more reliable, scalable and flexible — make investing in composable commerce a priority. Not only does it give retailers the flexibility to add, swap or drop components to enhance shopping experiences, it gives them the scalability to manage increased demand without missing a beat.



**As more businesses embrace composable technology, they're set to maximize commerce possibilities during the holiday season — and throughout the year.**

Jen Jones, Chief Marketing Officer, commercetools

## Additional opportunities in digital commerce

### Video commerce/live commerce

Gen Z and Gen A, dubbed Zalpha by retailers, are the newest entrants to the consumer world. This demographic grew up on YouTube and TikTok, and isn't inspired by static content; they expect entertaining, interactive output. Short-form and long-form videos, along with live product demos, influencer-led shopping experiences and real-time Q&As with creators are all proving to build community and, ultimately drive sales. As Brie Olson, CEO of PacSun shared at NRF 2025, "It's an incredible time for social commerce and video storytelling. Consumers want to engage with products, brands and creators — and it will continue to be an opportunity regardless of what happens with TikTok."



### Expert tip:

Start developing content based on what's easy and accessible. If you're a multi-brand retailer, lean into your brands for support.



**We started with injecting video content into our PDPs (product description pages) before adding short-form content. Once we tested and learned and saw the proposition work, we're moving into live Q&As and digital showrooms that showcase the full breadth of our assortment. It's exciting to see the spark and be able to say, "Okay, great, now we can start to invest more in content creation."**

Arianne Parisi, Chief Digital Officer, JD Sports. NRF 2025

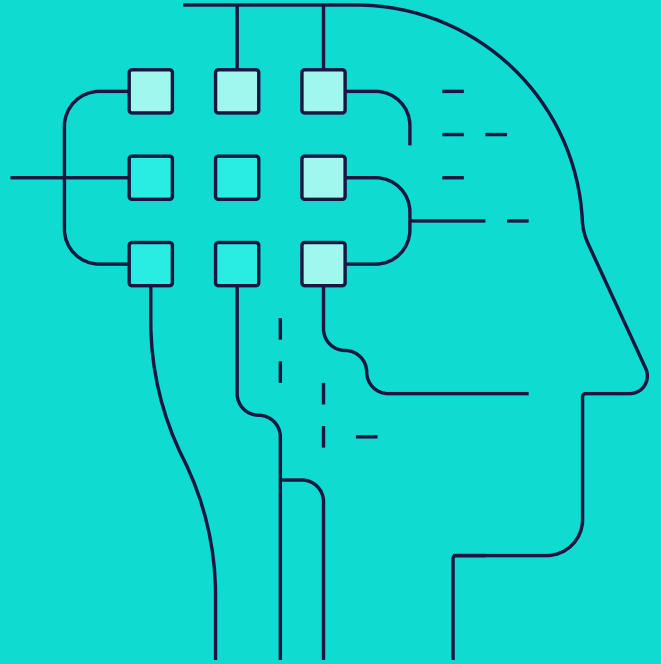
## AI-driven chatbots

Retailers have long struggled with delivering customer support that meets expectations. AI chatbots have emerged as a cost-effective solution to provide instant, personalized assistance at every step of the shopping journey. By leveraging natural language processing and real-time data, these intelligent assistants can answer questions about the brand and the products, provide recommendations, assist with checkout and even support returns. Harry Rosen, a Canadian menswear retailer, employs "Hailey," an AI-powered virtual assistant, as the initial point of contact for customers seeking support through email or online chat. In addition to responding to common customer inquiries, Hailey provides delivery status updates, processes order cancellations, handles product exchanges and schedules alterations appointments.

**62%**

**of consumers would prefer using a chatbot over waiting for a human agent if it means receiving faster responses.**

Sephora's AI-powered chatbot, "Sephora Virtual Artist," provides real-time, personalized makeup and skincare advice. It handles routine customer inquiries and offers tailored product recommendations. This implementation led to a 44% increase in customer engagement and a 25% rise in sales conversions from chatbot interactions.



## SECTION 5

# The AI factor

“AI isn’t just a tool, it’s a force multiplier. It’s a technology that, when applied, absolutely holistically, can transform every single aspect of a retailer’s operation — product selection, merchandising, supply chain management, customer service, returns and marketing.

— David Roth, The Store — WPP and Chairman of Brand Z and BAV Group

Artificial intelligence is no longer a futuristic concept — retailers are actively experimenting with generative AI and predictive AI, uncovering a multitude of use cases where the technology is delivering positive results. From hyper-personalized shopping experiences to predictive inventory management and retail space planning, AI is reshaping how retailers operate, compete and grow business in 2025.

# How AI is being used in retail today

At the start of 2025, Coresight Research, a global advisory and research firm specializing in retail, technology and consumer trends, published “Retail 2025: 10 Trends in Retail Technology.” The report introduced the CORE Framework for AI in Retail, which is designed to help retailers build AI strategies that best leverage its benefits. In addition to dividing AI applications into four clearly defined categories, the framework places sustainability at the center to reinforce that the increase in efficiencies and productivity AI enables allows companies to reduce their carbon footprint.

This is a key callout because of the heightened awareness of the vast amount of energy AI consumes. At NRF 2025, Kate Ancketill, CEO and founder of GDR Creative Intelligence, cautioned that while everyone is jumping to explore AI, “it may not always sound so clever to brag about the fact that you are using AI.” Even so, she painted a picture of a future where shoppers will, “cross a geofence threshold into a physical store wearing some kind of smart glasses or just holding their phone with a personal AI system that has unlimited memory. It recognizes all your preferences and understands what you’ve got in your wardrobe and knows the social engagements you have coming up. You scan the room, it sees everything, and then brings in its understanding of current fashion trends, the inventory that the store has made available through an API and what you are likely to like, and provides an edit for you, suggesting what you try on at that retailer.”





# The AI opportunity

While all industry conversations seem to lead to AI right now, it's important for retailers not to get caught up in the hype. There are plenty of use cases to explore, but as Vicki Cantrel, CEO of Vendors in Partnership, pointed out at NRF 2025, there's no need to panic if you don't have an AI strategy. "This isn't about technology. This is about business challenges and opportunities — some of which can be solved and enhanced by technology and AI, and a combination of other things. So, you're still making business decisions. That has not changed."



**We don't have an AI strategy. We have a "make things better for our customers and make things easier for our employees" strategy.**

— Scott Devlin, Chief Information Officer, The Vitamin Shoppe, NRF 2025

Gurhan Kok, founder of [Invent.AI](#), who spoke onstage at NRF 2025 with Deborah Weinswig, the CEO of Coresight Research and Scott Vifquain, the CTO of Tailored Brands, agreed with her assessment. "What we've found is that if retailers can get better forecasts and put them in front of the planners and merchandisers, they'll be able to make better decisions. "Think of a typical retailer like Tailored Brands. They have 1,000 stores and 20,000 active products — that's 20 million decisions to make every day. Nobody can do that, so we created a solution that takes the full benefit of AI forecasting to make the best decision for each of these 20 million little factors and proves that it generates higher sales and better marketing outcomes."

## AI in action

As Coresight Research presented in its report, "Retailers and brands are in the enviable position of having several powerful technologies to choose from to make their business more productive and efficient, as well as to entrench themselves with their consumers." Here, we provide examples of use cases that fall into the four categories introduced in the CORE Framework for AI in Retail.



### Create new business

Implementing AI-powered image and voice recognition tools presents two key opportunities for retailers to leverage AI to support marketing strategies. These tools make it easier for shoppers to discover their products online, as well as improve accessibility to differently abled consumers, exposing their brand and products to a broader range of potential customers.

Retailers are also implementing AI tools to optimize paid advertising campaigns, targeting potential customers based on their search and social media engagement history. AI can also deploy targeted email campaigns using the same data.



### Optimize operations

Many retailers are already using AI to create product descriptions, automate content generation and enhance digital merchandising. These tools eliminate many time-consuming, repetitive marketing tasks, allowing employees to focus on more creative, impactful projects.

Retailers are also uncovering efficiencies by employing AI tools to handle tasks, such as new employee training and creating workforce schedules. This way their best employees and managers can be out on the floor, helping customers, rather than sitting in an office.

Electronic shelves with computer vision not only enable dynamic pricing, but they ensure proper product placement and detect out-of-stock items, both of which support seamless store operations.



### Expert tip:

Implementing AI-driven, employee-facing apps that are pre-loaded with company and product information not only improves associates' ability to serve customers and supports day-to-day store operations, but it also increases employee satisfaction.



**Our employees don't have to call anyone or wait around any more. They have a single resource to go to for immediate help. They've named it 'the smartest coworker in your back of pocket' — this just tells you how much they like it, how much it makes their job and life easier.**

Shirley Gao, Chief Digital and Information Officer, PacSun, NRF 2025



### Reinvent the supply chain

Retailers can leverage AI to analyze historical sales data, market trends and external factors such as weather to accurately predict demand and plan location-based distribution. In tandem, AI-powered inventory management systems optimize stock levels in real time, ensuring the right products are available at the right locations at the right time, minimizing waste and storage costs.



### Enhance customer experiences

This white paper has already presented multiple examples of how AI is enhancing the customer experience both online and in-store by enabling retailers to deliver higher levels of personalization and service. However, retailers are also tapping into AI's capabilities to improve their ability to collect and respond to customer feedback.

**78%**

**of retail leaders said they use customer feedback “extensively” to guide their CX strategies.**

At [Shoptalk Fall 2024](#), Breanna Moreno, Vice President of Customer Experience at True Classic, an American menswear brand, shared that the company had recently deployed a “Voice of the Customer” AI tool to extrapolate data from customer interactions with support agents. “There is so much goodness in those conversations, and there are not a lot of applications that make it easy. Now, we’re really tapping into where the problems are, instead of just saying, ‘Oh, this is a shipping-related ticket. Their order didn’t arrive.’”

With the use of AI, the company has access to much more granular data, so they can pinpoint the customer’s location across the globe and match it to the carrier responsible. “Now, we can look at the trends over time to determine if there is a bigger problem. If one person complains about a black T-shirt, it’s not a big deal. But when you can quantify the data, which historically has been a hard place to get to in customer support, you can implement much more impactful initiatives across the organization.”



### Expert tip:

Before you jump on the AI bandwagon, make sure you’ve done your due diligence, have clear expectations and a change management plan in place.



**First of all, I recommend that all AI initiatives be top-driven. In other words, you need executive sponsorship. The second thing I would look at is, “What are some of your biggest business challenges?”**

**Azita Martin**, Vice President and General Manager, Retail & CPG, NVIDIA, NRF 2025



## SECTION 6

# Conclusion

“The challenge retailers have today is to keep consumers circulating through the ecosystem, driving awareness, consideration, intent and purchase, optimizing each and every touchpoint and keeping consumers engaged well after the purchase is made.

— Erin Frankcombe, Vice President and General Manager of AMEX Offers and Business Insights, American Express, NRF 2025

The retail industry in 2025 is at an inflection point, where success is defined by agility, innovation and a commitment to seamless, customer-centric experiences. As retailers navigate the rapidly evolving global landscape, the shift toward unified commerce, the convergence of digital and physical commerce, and the rise of AI-powered solutions have emerged as key opportunities that can guide them into the future. Those who embrace these advancements — leveraging real-time data, automation and personalization — can gain a competitive edge across every aspect of their business.

What's wonderful about the strategies and technologies retail leaders are embracing today is that they are **solving multiple problems simultaneously**. There's no trade-off necessary; retailers don't have to choose between enhancing customer experience, streamlining operations, retaining employees, driving profitability or increasing revenue.

While the past few years have been difficult for retailers for a multitude of reasons, 2025 is a year of optimism, marking a **new era of intelligence-driven commerce**. For retailers with a forward-thinking mindset, it's the year to start turning challenges into opportunities, refine strategies, integrate new technologies and prioritize adaptability to stay ahead of market shifts. The wait-and-see perspective doesn't cut it anymore — just keeping up won't keep your doors open. Now is the time to step up and embrace the possibilities of the future.

Composable commerce delivers the flexibility and scalability retailers need to embrace unified commerce, support phygital experiences and leverage the power of AI. Unlike legacy platforms, it allows retailers to tackle ongoing challenges and seize new opportunities with confidence. To talk to an expert about how to get started with commercetools Composable Commerce for B2C, [contact us today](#).

#### Disclaimer

Please note that not every retailer mentioned in this report is a commercetools customer. We have interacted with a multitude of thought leaders who provided relevant insights across various events and who have been quoted in event recap blogs, as stated for transparency.

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# About commercetools

commercetools, a global commerce company, is the market leader in composable commerce — a modular, flexible and customizable approach to building digital commerce solutions. We enable companies to customize, tailor and scale shopping experiences across markets. commercetools Composable Commerce platform equips some of the world's most influential businesses with tools to remain agile, future-proof their digital offerings, reduce technical risks and costs, and build outstanding experiences that drive revenue growth.

commercetools is leading a global renaissance in digital commerce by combining cloud-native, technology-agnostic, independent components into unique systems that meet personalized business needs. We empower world-leading brands — including Audi, Danone, Eurail, NBCUniversal and Sephora — to stay ahead of market changes and evolving consumer preferences by powering distinctive, dynamic user experiences.

More information at [commercetools.com](https://commercetools.com).

Contact us at [info@commercetools.com](mailto:info@commercetools.com).

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