eTail Insights

The State of Retail and eCommerce in 2025:

Leaders Reveal the
Most Important Trends,
Priorities, and Challenges
of Next 12 Months

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Executive Summary

The retail and eCommerce industry in 2025 stands at a crossroads, shaped by rapid technological innovation, evolving consumer expectations, and persistent operational hurdles. Retail leaders are investing heavily in AI, analytics, and omnichannel strategies, but many still face challenges in translating these investments into measurable business outcomes.

This report explores the key trends, priorities, and obstacles shaping the sector, drawing on insights from senior leaders across diverse retail verticals. It also provides actionable recommendations to help organizations bridge the gap between aspiration and transformation, ensuring they remain competitive in a dynamic marketplace.

About the Respondents

The insights in this report are drawn from senior executives in marketing, eCommerce, merchandising, and customer experience roles. Respondents represent a broad range of sectors, including apparel, food & beverage, department stores, and home furnishings, among others.

60%

$500+ MILLION ANNUAL REVENUE
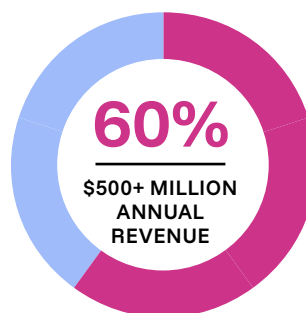
At 60%, most of the organizations surveyed generate $500 million or more in annual revenue, including 20% that exceed $10 billion.

Key Insights

Among the respondents:

58% say implementing new marketing technologies is a top challenge.

83% will allocate more marketing budget to AI and technology investments in 12 months.

48% want to enhance the post-purchase engagement to improve loyalty.

64% can leverage analytics continuously to make real-time merchandising decisions.

37% say customers are substantially more focused on sustainability and ethical business practices.

85% have only some or little understanding of how search engines rank their products.

82% are only somewhat effective at using AI to personalize customer experiences.

Primary Challenges and Strategic Priorities for 2025

Retail and eCommerce leaders have spent the past several years navigating shifts in customer behaviors and the increasing sophistication of available technologies, particularly AI. Most organizations are striving to generate value from their investments in innovation without sacrificing the immediate demands of operations.

However, customer priorities have also changed due to market pressures and an increase in values-based shopping.
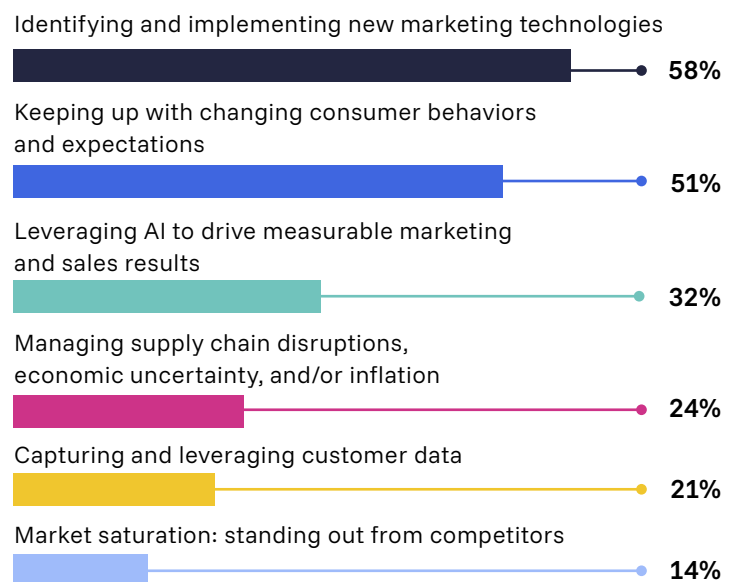
Balancing Technology and Customer Expectations

The study's results underscore two critical realities for retail and eCommerce leaders. First, with 58% of respondents citing the identification and implementation of new marketing technologies as their top challenge, it's clear that the rapid proliferation of tools and platforms is overwhelming even seasoned executives.

This complexity is compounded by the need for sophisticated infrastructure and agile, cross-functional teams capable of evaluating, integrating, and maximizing the value of these technologies—a necessity for capitalizing on the projected $6.4 trillion in global eCommerce sales by 2029.[1]

[1] Feger, Arielle. "Worldwide ecommerce sales to break $6 trillion, make up a fifth of total retail sales." eMarketer. March 19th, 2024. https://www.emarketer.com/content/worldwide-ecommerce-sales-break-6-trillion

Which of the following will be the two biggest challenges to your eCommerce business over the next 12 months?

Identifying and implementing new marketing technologies
58%

Keeping up with changing consumer behaviors and expectations
51%

Leveraging AI to drive measurable marketing and sales results
32%

Managing supply chain disruptions, economic uncertainty, and/or inflation
24%

Capturing and leveraging customer data
21%

Market saturation: standing out from competitors
14%

However, capturing this growth requires sophisticated infrastructure and agile decision-making.

Equally pressing is the challenge of keeping pace with shifting consumer expectations, reported by 51% of leaders. Today's consumers expect seamless, personalized, and transparent experiences across every touchpoint.

Delivering on these expectations will require improvements in data quality, integration, and governance, as well as the ability to translate data into real-time experiences for customers.

Artificial intelligence can help in this area specifically, but almost one-third of the respondents (32%) say leveraging AI to drive measurable marketing and sales results will be a challenge over the next 12 months.

For retail and eCommerce leaders, these findings signal that future success will depend on building a unified, agile technology and data ecosystem—one that supports rapid experimentation, seamless omnichannel experiences, and sophisticated personalization at scale.

51%

OF LEADERS SAY EVOLVING CONSUMER EXPECTATIONS ARE ONE OF THEIR TOUGHEST CHALLENGES.

Customer Demand for Sustainability, Affordability, and Personalization

While consumers will always value good products, excellent service, and fast shipping times, they also have other priorities when they spend.

Sustainability and ethical business practices are increasingly important, with 37% of leaders noting a significant rise in consumer focus on these factors. At the same time, 35% observe heightened price sensitivity, as economic pressures drive demand for affordable and discounted products.

Retailers and eCommerce brands must now cater to both values-driven and price-conscious customers—often within the same audience.

Notably, 54% of the respondents say customers have "somewhat" increased their prioritization of personalized offers, while 53% say customer concerns about data privacy and security in online transactions has increased somewhat.

As more shoppers expect tailored offers and experiences, brands must invest in advanced data analytics and AI-driven personalization to meet these expectations. Nonetheless, they must do so while maintaining rigorous data privacy and security standards.

Brands that can transparently communicate how customer data is used, and offer clear choices and consent mechanisms, will be better positioned to build trust and long-term loyalty.

In your view, how much have the following customer behaviors and priorities increased or decreased over the past 12 months?

- This has increased substantially
- This has increased somewhat
- This has stayed about the same
- This has decreased somewhat

Focus on sustainability and ethical business practices

- 37%
- 41%
- 22%
- 0%

Prioritization of more affordable or discounted products due to financial or economic concerns

- 35%
- 37%
- 27%
- 1%

Demand for personalized offers and tailored online shopping experiences

- 33%
- 54%
- 13%
- 0%

Concerns about data privacy and security in online transactions

- 28%
- 53%
- 19%
- 0%

Preference for faster and more transparent shipping and fulfillment

- 22%
- 48%
- 29%
- 1%

Reliance on AI-powered tools for search, product discovery, and shopping assistance

- 16%
- 43%
- 41%
- 0%

Prioritizing Post-Purchase Engagement and Omnichannel Excellence

The respondents' two biggest priorities for improving eCommerce shopping experiences over the next 12 months revolve around post-purchase strategies and omnichannel.
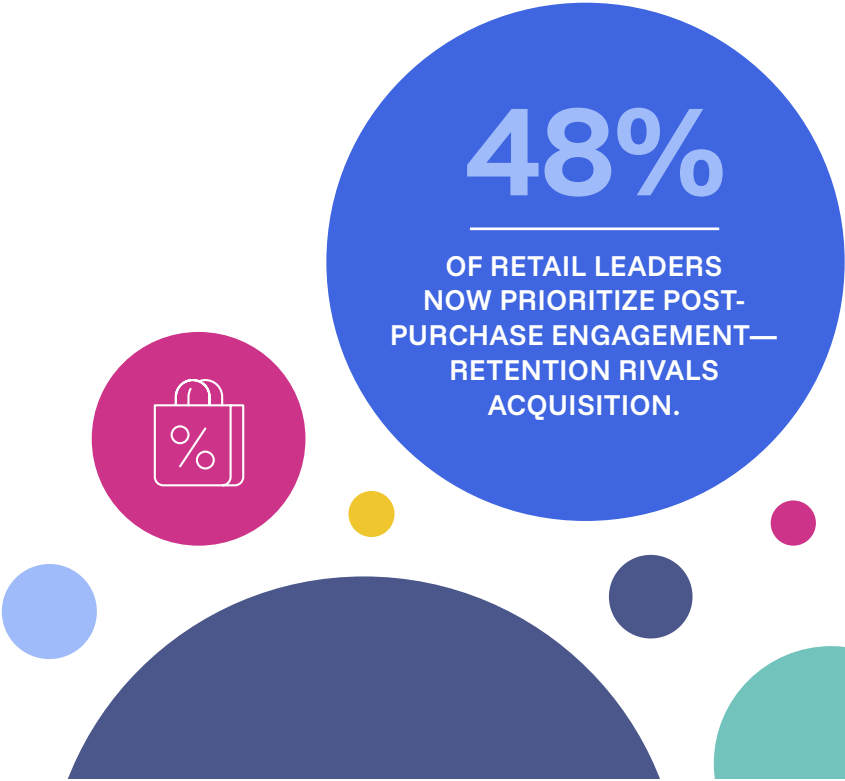
Nearly half of retail and eCommerce leaders (48%) are prioritizing post-purchase engagement, recognizing that customer retention is now as critical as acquisition. Rising acquisition costs and the growing importance of lifetime value are driving investment in strategies that foster loyalty after the sale.

Seamless omnichannel experiences are also a top priority (47%), as the lines between digital and physical retail continue to blur. Organizations are investing in unified platforms and processes to ensure consistency across every touchpoint, from online browsing to in-store pickup.

Notably, in each case, more than one-third of the respondents say AI integration (39%) and faster fulfillment (34%) are top priorities over the next 12 months.

AI will be crucial for delivering advanced personalization for customers and streamlining internal processes, such as inventory management. The emphasis on faster fulfillment reflects the ongoing pressure to deliver on convenience and immediacy. These are now baseline requirements for customer satisfaction and loyalty in the digital marketplace.

Which of the following are your two biggest priorities for improving the customer's eCommerce experience over the next 12 months?

Enhancing post-purchase engagement to improve loyalty
48%

Creating seamless omnichannel experiences
47%

Integrating internal and/or customer-facing AI-powered solutions
39%

Securing faster delivery and fulfillment options
34%

Delivering personalization at every touchpoint
23%

Building trust through ethical data practices, transparency, and compliance
9%

48%

OF RETAIL LEADERS NOW PRIORITIZE POST-PURCHASE ENGAGEMENT— RETENTION RIVALS ACQUISITION.

Investment Patterns and Hurdles to AI Adoption

Retail and eCommerce are entering a period of transformation, with artificial intelligence poised to redefine how brands engage customers and optimize operations. However, AI implementation can be a complex process, requiring not only investment but also planning, expertise, and precise measurement.
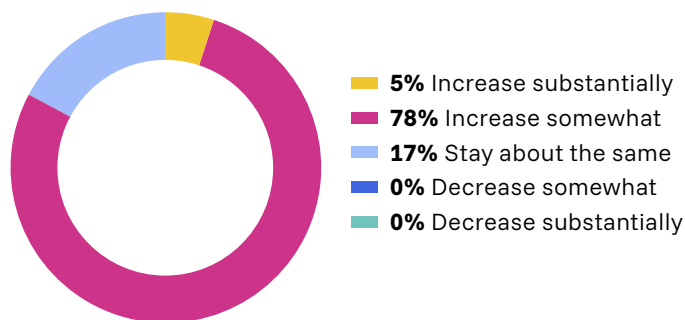
High Hopes for AI Investment

The majority of organizations plan to increase their marketing budgets for AI, and technology in general, over the next year. Specifically, 78% expect a moderate increase, and 5% anticipate a substantial one. The remaining 17% of the respondents expect their investments to stay about the same.

This optimism reflects the industry's belief in AI's transformative potential, particularly for personalization and operational efficiency. These results also demonstrate how much of a competitive element AI has become in the sector. Organizations that don't invest in this technology now will struggle to match the precision and efficiency of their competitors moving forward.

How will your marketing budget allocation toward AI and technology investments change over the next 12 months compared to the previous 12 months?

- **5%** Increase substantially
- **78%** Increase somewhat
- **17%** Stay about the same
- **0%** Decrease somewhat
- **0%** Decrease substantially

In your view, how effective is your organization at using AI to personalize customer experiences (e.g., search, recommendations, promotions, etc.)?

- **6%** Very effective
- **82%** Somewhat effective
- **12%** Not very effective
- **0%** Not effective at all
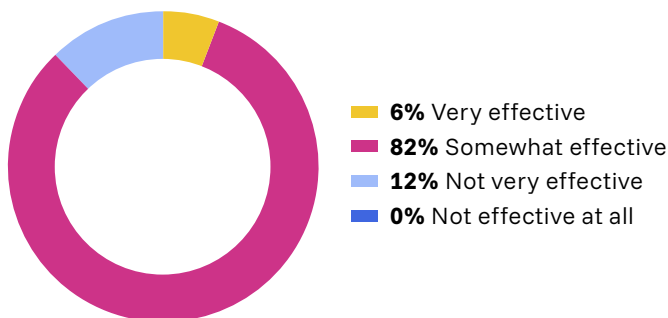
However, there is a disparity between AI investment and AI execution.

Most organizations recognize that AI tools will be critical for delivering personalized recommendations and support at the speeds customers demand, but 82% rate themselves only "somewhat effective" at using AI to enhance customer experiences. Another 12% admit they are "not very effective."

Some organizations lack the internal experience and expertise to fully leverage AI for customer-facing purposes. However, additional results from the study suggest that data management issues are also a barrier to AI effectiveness.
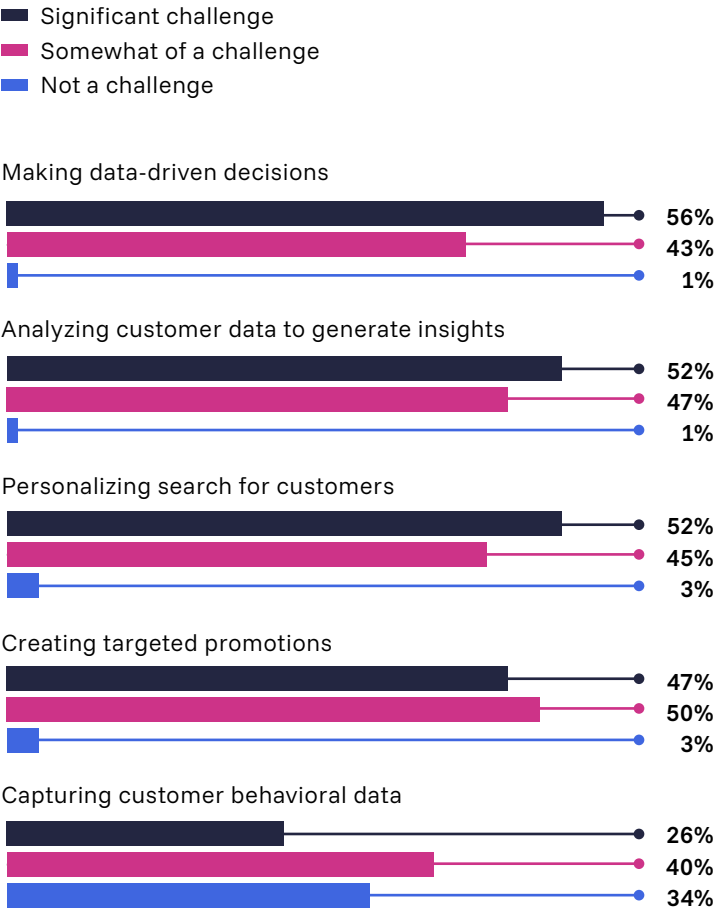
Data Management Challenges

Many organizations still struggle with data quality, integration, and governance, which limits their ability to generate actionable insights for real-time personalization. Siloed systems, incomplete customer profiles, and outdated tools often prevent companies from fully leveraging the rich data needed to power advanced AI-driven personalization.

Effective AI deployment depends on robust data management. More than half of the respondents struggle with making data-driven decisions (56%) and analyzing customer data for actionable insights (52%). Personalizing search experiences is equally challenging, with 52% citing it as a significant obstacle.

Retail and eCommerce leaders recognize the need to break down data silos, modernize legacy systems, and foster greater collaboration across teams to unlock the full potential of AI-driven personalization.

Based on your existing data and analytics practices, how much of a challenge are the following tasks for your organization in its efforts to understand and market to customers?

- Significant challenge
- Somewhat of a challenge
- Not a challenge

Making data-driven decisions
- 56%
- 43%
- 1%

Analyzing customer data to generate insights
- 52%
- 47%
- 1%

Personalizing search for customers
- 52%
- 45%
- 3%

Creating targeted promotions
- 47%
- 50%
- 3%

Capturing customer behavioral data
- 26%
- 40%
- 34%

Achieving this requires not only investing in advanced data management platforms and unified customer data solutions but also prioritizing robust data governance and quality controls to ensure accuracy and consistency.

With these processes in place, brands will have better results from their AI investments, and they'll be in a better position to match customer expectations.

Analytics in Merchandising and Search Engine Optimization

Merchandising influences how products are presented and discovered on the search result pages of search engines and eCommerce sites. Effective strategies, such as optimizing product listings, leveraging user-generated content, and implementing dynamic pricing, help brands stand out in crowded marketplaces and drive higher conversion rates.

By leveraging advanced analytics, brands can make data-driven decisions that enhance product placement, promotional strategies, and overall shopping experiences, ultimately maximizing sales and profitability.
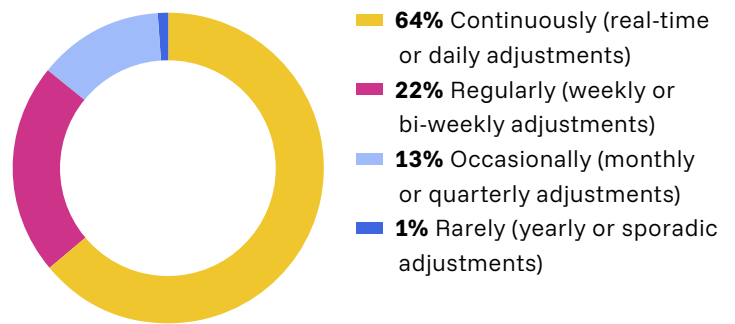
Leveraging Analytics for Merchandising

While 64% of the respondents claim to use analytics continuously for merchandising decisions, barriers persist. The remaining respondents only leverage analytics for merchandising weekly or bi-weekly (22%), monthly or quarterly (13%), or about once a year (1%).

An analysis of responses from organizations not yet achieving continuous analytics integration illuminates the three most significant barriers:

- Overly complex approval processes
- Limited access to data and insights
- A lack of processes for making predictions

How frequently does your organization leverage analytics to make merchandising decisions?

- **64%** Continuously (real-time or daily adjustments)
- **22%** Regularly (weekly or bi-weekly adjustments)
- **13%** Occasionally (monthly or quarterly adjustments)
- **1%** Rarely (yearly or sporadic adjustments)

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For example, multiple respondents highlight that there are "too many layers of approvals" in the merchandising process, as one respondent puts it. This prevents them from responding effectively based on analytical insights and making fast changes to how products are presented to and discovered by shoppers.

Some organizations struggle to leverage data because "merchandising professionals lack direct access to detailed analytics," according to a respondent. Instead, they must rely on summaries or reports from other departments; these take time to be created and delivered.

Similarly, merchandising leaders struggle to continuously update their strategies because their organizations are producing "reports that inform after the fact" rather than enabling proactive decision-making. In other words, their processes haven't matured to the point that they can make predictions about customer needs and behaviors, and then integrate those predictions into their merchandising strategies.

"We don't use predictive analytics to anticipate trends or customer preferences," says on respondent. Another says that "analytics is often treated as a post-even measuring tool" rather than a tool for providing real-time guidance.

These perspectives highlight how important it will be for organizations to evolve past traditional reporting models and implement forward-looking analytical frameworks capable of proactive merchandising. Such frameworks will be critical for achieving top results in the new era of AI-enhanced search engines.

Difficulty in Understanding Search Engines

Google, as with other search engines, closely guards information about how its algorithms rank results. Instead, Google regularly releases parameters teaching marketers how to meet search requirements. Learning how to optimize product pages for search engines is one of the most important skill sets in eCommerce, and it is only growing more complex as artificial intelligence merges with search.

Unfortunately, most of the respondents (79%) admit to having only "some understanding" of how search engines rank their products, while 6% have little understanding at all. While this is concerning, retail and eCommerce leaders also demonstrate that they are eager to improve their understanding.

How much would you say your organization can see and understand why and how search engines rank your products when a consumer conducts an online search?

15% We have an extensive understanding of why and how search engines rank our products.

79% We have some understanding of why and how search engines rank our products.

6% We have little understanding of why and how search engines rank our products.

0% We have no understanding/ I'm not sure.
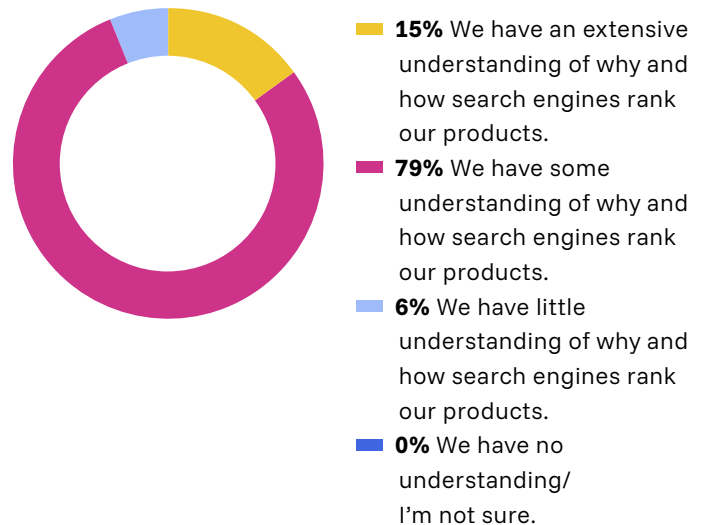
Specifically, 73% say they are at least somewhat interested in improving their understanding of why and how search engines rank their products, while 27% say they are very interested.

This signals a growing recognition of the critical role that search optimization plays in digital commerce, especially as generative AI continues to take up a larger share of consumer-driven internet searches. AI introduces zero-click results and shifts how product information is surfaced, enabling users to find what they are looking for quickly, sometimes without even clicking through to a product page.

Brands that invest in foundational SEO skills will be better positioned to be featured in these outputs. They'll also be able to fully leverage AI-driven search optimization tools that understand user intent based on real-time analytics and historical behavior analysis.

Ideally, eCommerce brands will be able to use their systems to rapidly improve page relevance and optimize product listings for discoverability in little time.

Since you said you lack at least some understanding of why and how search engines rank your products, how interested are you in improving this capability so you can optimize products and their pages for search?

- **27%** Very interested
- **73%** Somewhat interested
- **0%** Not interested
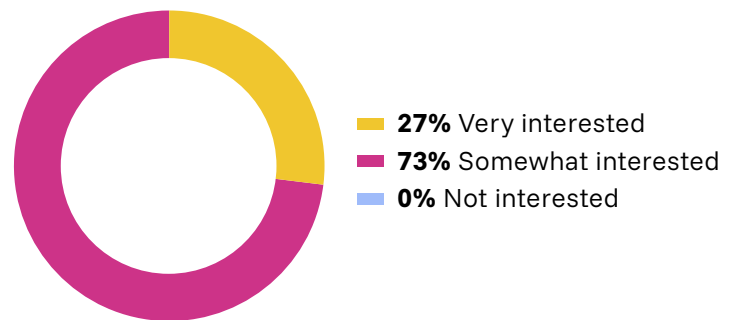
Conclusion: Strategic Imperatives for Retail and eCommerce Excellence

To succeed in 2025 and beyond, retail and eCommerce brands are moving beyond incremental improvements. They're embracing advanced analytics and AI as catalysts for strategic effectiveness and organizational transformation.

By integrating these technologies, organizations can unlock deeper insights, make real-time improvements across their digital properties, and deliver more personalized experiences that resonate with customers across all touchpoints.

To achieve this, they must break down internal silos and enable teams to act swiftly across departments, making good use of data-driven insights.

At the same time, the most successful organizations are investing in seamless omnichannel strategies that meet customers wherever they are, whether it's online, in-store, or on emerging channels. They understand that building trust and loyalty requires prioritizing data security, transparency, and ethical use of customer information, as well as a robust post-purchase experience.

Finally, by aligning business models with consumer values, such as sustainability and circular commerce, brands can position themselves for long-term relevance and growth. Those that can balance technological advancement with human-centric processes will be best equipped to thrive in the evolving retail and eCommerce landscape.

Key Suggestions

Create merchandising analytics councils, empowering data and merchandising teams to regularly turn insights into immediate actions. This ensures that data-driven recommendations reach the right decision-makers in actionable formats.

Automate post-purchase engagement, using behavior signals to trigger personalized retention experiences, rather than relying on fixed timelines. This strengthens loyalty during the critical post-purchase window.

Expand customer behavior analytics from historical reporting to models that forecast trends and inform inventory and pricing decisions. Predictive analytics capabilities enable organizations to anticipate market shifts and act early.

Invest in foundational and technical SEO training for cross-functional teams. This foundational knowledge will be critical for improving product page discoverability and preparing for AI-driven search, as well as AI-powered search engine optimization.

About the Authors

eTail Insights

eTail Insights, the industry research and digital publishing arm of eTail, delivers cutting-edge data and analysis on trends, challenges, and opportunities in the retail and eCommerce sectors. Through comprehensive research reports, webinars, and thought leadership initiatives, we empower senior-level retail leaders to make informed strategic decisions and stay ahead in the rapidly evolving digital landscape.

Our deep industry intelligence not only informs retail leaders but also connects innovative solution providers with key decision-makers, fostering a dynamic ecosystem that drives the future of digital retail.

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