

Retail Digital Services 2025 Market Insights™

Scaling retail media networks to
monetize first-party data through
targeted advertising

June 2025

Table of contents

About the report (Page 3)

Executive summary (Pages 4-7)

- Defining the retail digital services scope
- Key drivers and enterprise response
- Avasant recognizes 23 top-tier service providers supporting the retail digital services

Demand-side trends (Pages 8-13)

- Reimagining operational intelligence by adopting AI systems that can autonomously create, reason, and decide across the retail value chain.
- Delivering personalized, real-time, and immersive experiences to meet evolving consumer expectations through hyper-personalization.
- Elevating physical stores into immersive, experience-driven hubs to increase footfall, build brand affinity, and offer differentiated value beyond online channels.
- Improving supply chain resilience and agility by using real-time data and predictive technologies to navigate demand fluctuations, fulfillment complexity, and ensure sustainability.
- Using customer data to create personalized ads, boost shopper engagement, and generate new revenue through retail media networks (RMN).

Key contacts (Page 14)

Executive summary

Key drivers



Modernizing operational intelligence by adopting autonomous AI systems to create, reason, and make decisions across the retail value chain



Delivering personalized, real-time, and immersive experiences to meet evolving consumer expectations through hyper-personalization



Elevating physical stores into immersive, experience-driven hubs to increase footfall, build brand affinity, and offer differentiated value beyond online channels



Improving supply chain resilience and agility by using real-time data and predictive technologies to navigate demand fluctuations, address fulfillment complexity, and ensure sustainability



Using customer data to create personalized ads, boost shopper engagement, and generate new revenue through retail media networks

Enterprise response

- Enterprises are transitioning from traditional automation to intelligent, self-optimizing retail systems to scale personalization, automate back-office functions, and enable smart decision-making across the value chain.
- They are integrating Gen AI into CRM, ERP, and marketing platforms for dynamic content, product enrichment, and personalized engagement. They are also embedding AI and agentic AI in store systems for chatbot implementation, fraud detection, and planogram automation to deliver responsive and contextual intelligence.

- Companies are adopting data-driven, customer-centric strategies to deliver unified, personalized experiences across online, in-store, and mobile channels. They are building intelligent ecosystems that combine real-time behavior, purchase history, and contextual signals for more meaningful engagement.
- They are leveraging customer data platforms and AI engines to deliver personalized product recommendations. They are also using AR/VR, virtual try-ons, and geofencing to elevate customer engagement.

- Enterprises are deploying AI, computer vision, and IoT to enable checkout-free, self-operating stores. They are adopting RFID*, interactive displays, and smart infrastructure to enhance experience and efficiency.
- They are redesigning the stores as physical hubs with immersive elements, virtual assistants, and real-time inventory systems. They are creating experience zones, events, and interactive setups that are introduced to increase engagement, drive foot traffic, build loyalty, and reduce operational costs.

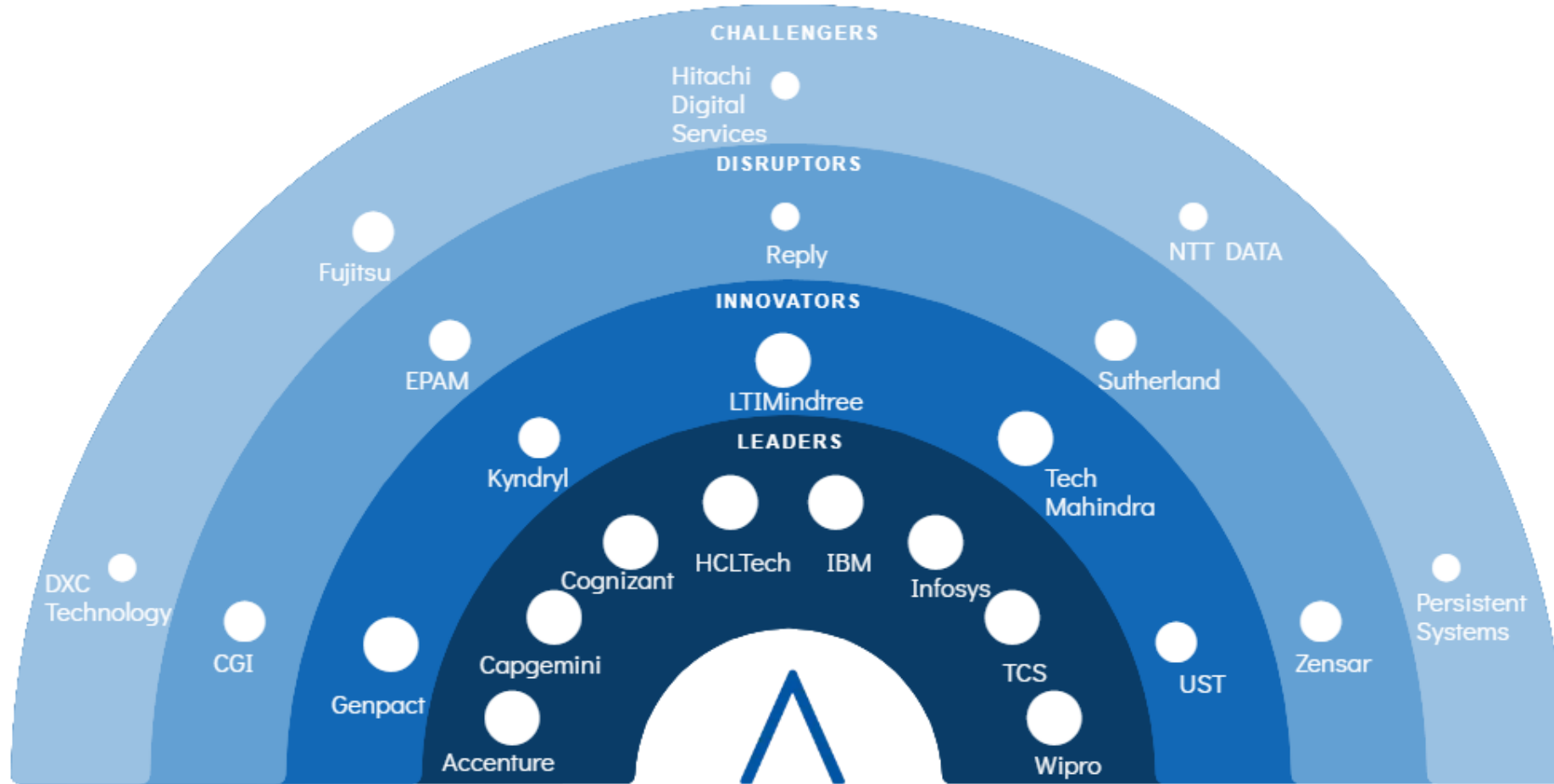
- With growing demand for end-to-end supply chain visibility and operational agility, enterprises are prioritizing AI-driven decision-making to optimize planning, reduce stockouts, and streamline fulfillment.
- They are deploying digital twins, blockchain, AI-powered forecasting, and control towers to manage inventory and mitigate risks. They are also integrating IoT, AI/ML, and cloud-based supply chain platforms to automate tracking, improve logistics accuracy, and support sustainable retail operations.

- Enterprises are scaling retail media networks to monetize first-party data and unlock new revenue streams. They boost media ROI and strengthen brand partnerships by delivering targeted, high-intent ads across digital and physical touchpoints.
- They use AI/ML models and demand forecasting to personalize ad delivery, optimize media spend, and adjust real-time campaigns, driving higher precision, engagement, and return on investment.

*RFID: Radio frequency identification

Avasant recognizes 23 top-tier service providers supporting the retail industry in digital transformation

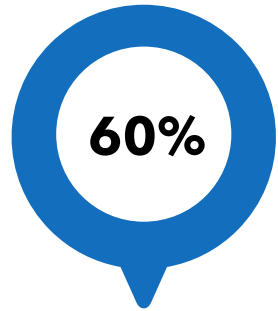
Practice maturity ○ ○ ○



Note: Please refer to Avasant's *Retail Digital Services 2025 RadarView* for detailed insights on the service providers and supply-side trends.

Retailers are modernizing operational intelligence by adopting autonomous AI systems to create, reason, and make decisions across the retail value chain

This shift is driven by rising consumer demand for instant, hyper-personalized experiences across channels, pushing retailers to rapidly decode customer preferences, automate operational overhead, and respond faster across the entire retail value chain.



*Retail sales in 2025 will be influenced by digital interactions, with AI agents playing a pivotal role by embedding intelligence into every customer interaction to deliver personalized, data-driven buying experiences.

Scaling agentic AI across operations

Walmart is developing agentic AI tools, using its proprietary data and large language models (LLMs) to automate and enhance core retail workflows such as customer assistance and in-store operations. It is also piloting personal shopping AI agents for tailored customer support.



Automating employee workflow via Gemini-powered super-agents

In 2025, Carrefour Spain launched ai.Carrefour, an AI-driven platform to streamline internal operations and boost employee productivity. Built on Google's Gemini 2.0, the platform introduces AI "super agents" to streamline workflows across departments.



Customizing localized product assortments and planograms through an AI-driven solution

In 2024, Tesco adopted an AI-powered assortment solution to personalize product selections for each store. It also generated optimized, space-aware planograms based on shopper behavior and store layout, streamlining the assortment process across teams.



Automating order and return inquiries with voice AI agents

Mister Spex implemented a voice AI agent to manage "Where is My Order" (WISMO) inquiries. The system verifies customers, checks CRM data for order status, and emails tracking details. It also automates 88% of return label requests, significantly reducing manual workload.



To unlock full value, retailers are prioritizing integrating Gen AI, agentic AI, and self-learning algorithms across core platforms. This enables autonomous decision-making, drives operational efficiency, and delivers personalized customer experiences at scale.

Enterprises are delivering personalized, real-time, and immersive experiences to meet evolving consumer expectations through hyper-personalization

Consumers today expect personalized, real-time experiences that seamlessly blend online and offline channels. Retailers adopting this trend can boost engagement, loyalty, and sales by delivering relevant, immersive interactions tailored to individual preferences.

AI-driven 3D immersive shopping

In 2024, Walmart introduced the Retina platform, harnessing AI, Gen AI, AR/VR, and automation to create 3D product visuals and immersive, personalized shopping experiences. By integrating with gaming and virtual platforms, it extends Walmart's reach into interactive, real-time environments beyond traditional retail.

AI-enabled virtual hair try-on

Ulta Beauty enhanced its GLAMlab application by incorporating NVIDIA's StyleGAN2 Gen AI model. This allows users to virtually try on different hairstyles and colors, offering a realistic preview before making a decision.



AI-powered personalized deals/offers

Target has developed the Contextual Offer Recommendation Engine (CORE), an AI-powered system that delivers real-time, personalized deals to Target Circle members. By analyzing transaction history, active promotions, and individual customer behavior across all channels, CORE intelligently curates offers to maximize engagement and drive conversion.

Mobile app for a hyperlocal shopping and delivery experience

In 2025, Zara launched Travel Mode, a mobile app feature that uses geolocation to offer travelers personalized local guides, region-specific shopping, and flexible delivery options to enhance convenience and personalization on the go.

Retail enterprises are leveraging customer data platforms and AI engines to deliver personalized product recommendations. AR/VR, virtual try-ons, and location-based targeting elevate customer engagement.

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