



State of Customer Experience in Retail in an AI-Driven World

A strategic guide to delivering connected and personalized shopping experiences



Foreword



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A shift is underway in Retail — redefining how products are discovered, experiences delivered, and value created. In a landscape shaped by rising customer expectations and rapid technology adoption, loyalty is earned through personalized, seamless journeys that anticipate needs, remove friction, and deliver relevance at every touchpoint.

This report presents ten strategic insights into how retail brands are adapting. The themes are clear: AI is accelerating change, mobile-first engagement is now standard, and personalization — still concentrated post-purchase — must extend across the entire journey. Generative AI is reshaping content economics, third-party narratives influence purchases, and governance gaps persist in AI use.

Success will hinge on unifying and activating data in real time, scaling AI responsibly, and modernizing marketing models for agility and measurable impact. Retailers that deliver personalized engagement at scale, while creating and adapting content at the speed of demand, will set the pace. Those pairing this with trust, governance, and presence across both owned and external channels will define the next era of growth.

If you're ready to modernize how your brand engages, personalizes, and creates at scale in an AI-driven world, this research offers both a benchmark and a blueprint — charting the course from where you are to where you need to be next.

About the research

This report is based on global research conducted by Incisiv on behalf of Adobe in Q2 2025 to assess the state of digital transformation and customer experience in the Retail Industry.

This report provides Top 10 industry specific insights that focus on strategic priorities and operational readiness across five critical dimensions: AI adoption, data integration, content scalability, organizational structure, and technology implementation.

- 587 Retail industry leaders participated in the study
- 9 Markets (North America, South America, Western Europe, Central Europe, Middle East, India, South East Asia, Australia and New Zealand, Japan)
- 64% of respondents were from companies with over \$1 billion in annual revenue
- 58% respondents were VP level or above

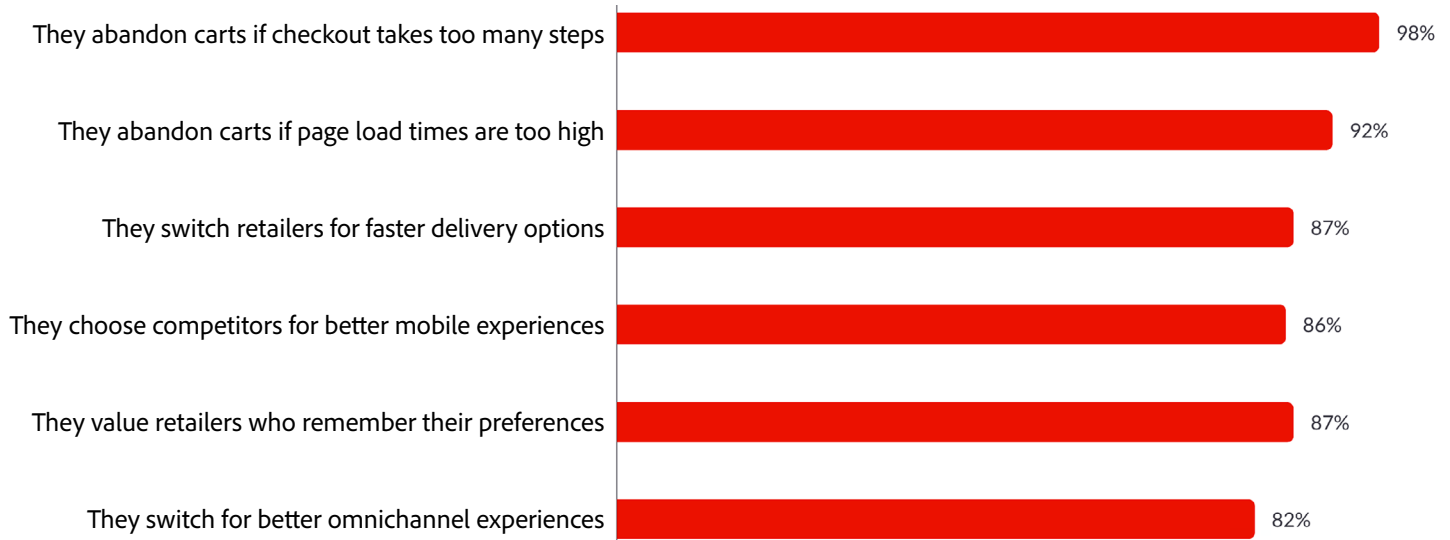
From removing friction to always-on optimization in Retail

98%

of Retail executives agree customers abandon carts if checkout takes too many steps

92%

say customers abandon carts due to slow page load times



Note: This chart shows the % executives that agreed or strongly agreed with the statement



Frictionless experiences are non-negotiable

Cart abandonment has long been a challenge, often stemming from complex checkouts, slow page load times, and disconnected shopping journeys. Today, the focus for retailers is not just fixing pain points but creating fluid, positive experiences that anticipate customer needs. Unified carts across channels, where customers can start a purchase on one device and complete it seamlessly on another, are becoming a key differentiator. By prioritizing mobile-optimized, user-friendly platforms, fast delivery, and cross-channel continuity, retailers can build loyalty while minimizing friction.



Mobile-first and omnichannel consistency are key

Customer expectations now extend across channels, with mobile and app-based touchpoints setting the tone for convenience and speed. Shoppers increasingly choose brands that remember preferences, provide accurate product availability, and streamline every step of the purchase journey. Omnichannel consistency, where customers can start on one channel and continue on another without friction, has become a baseline requirement for driving conversions and reducing churn. Retailers who fail to deliver this continuity risk eroding customer loyalty and ceding ground to competitors who provide seamless, connected journeys.



Customer-centric design and auto-optimization are the new advantage

Retail leaders are deploying AI and agentic systems to anticipate customer needs at every touchpoint and make friction removal continuous and autonomous - monitoring journeys in real time, detecting drop-off risks, and instantly optimizing layouts, offers, and navigation. These systems collapse steps and eliminate delays, helping marketers turn the buying journey into a self-improving, always-on engine.

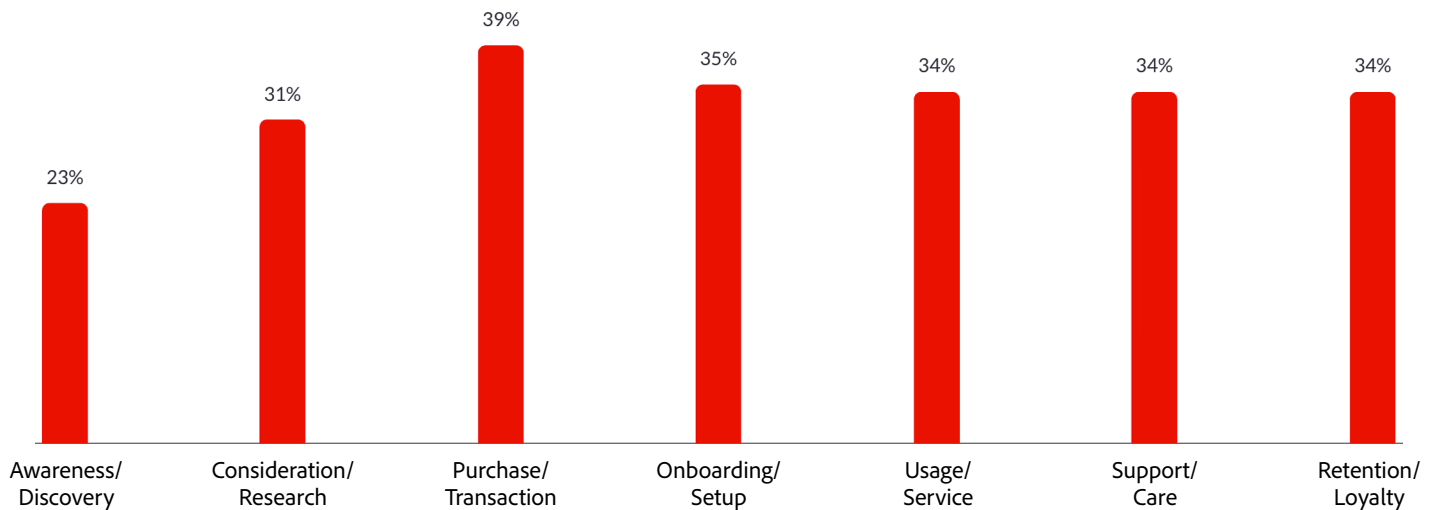
Personalization gaps persist across the Retail customer journey

12%

of Retail organizations have personalized 75%+ of the customer journey, with significant variations across touchpoints

39%

of retailers personalize at the purchase stage, revealing a conversion-first focus that leaves early engagement underdeveloped



Note: This chart shows the % of the customer journey phase that is personalized



Personalization must evolve from conversion tactic to customer lifecycle intelligence

Retailers have historically concentrated personalization around the transaction and post-purchase stages. This reflects a conversion-first mindset, where personalization is treated as a lever to drive sales. Building a connected, customer-first strategy that extends personalization beyond conversion ensures relevance throughout the lifecycle and strengthens relationships that translate into long-term growth and competitive advantage, with AI at the helm of continuous optimization.



Early-stage engagement remains underdeveloped

The early journey - awareness and consideration - is where intent is captured and shaped, yet it remains the most under-personalized phase. As AI-powered search and social discovery redefine how consumers engage with products and brands, retailers must shift to proactive, tailored inspiration. This includes predictive targeting and LLM-powered discovery, second and third-party data collaboration, dynamic and intent-aware website experiences, and guided exploration through conversational interfaces - all working together to deliver relevant experiences and intuitive, adaptive engagement.



Channel-level blind spots are holding back personalization at scale

Channel-level gaps persist: Retailers excel at personalizing email, paid media, and human-assisted channels like stores and customer service. Website personalization remains underutilized, despite its high value and proximity to conversion—only about half of retailers implement it effectively, with even lower performance on mobile. Meanwhile, channels like affiliate, influencer, and connected TV show minimal personalization, leaving value untapped. To win, retailers must deliver consistent, intelligent personalization across every channel, and leverage contextual signals and predicted intent to engage both known and unknown visitors.

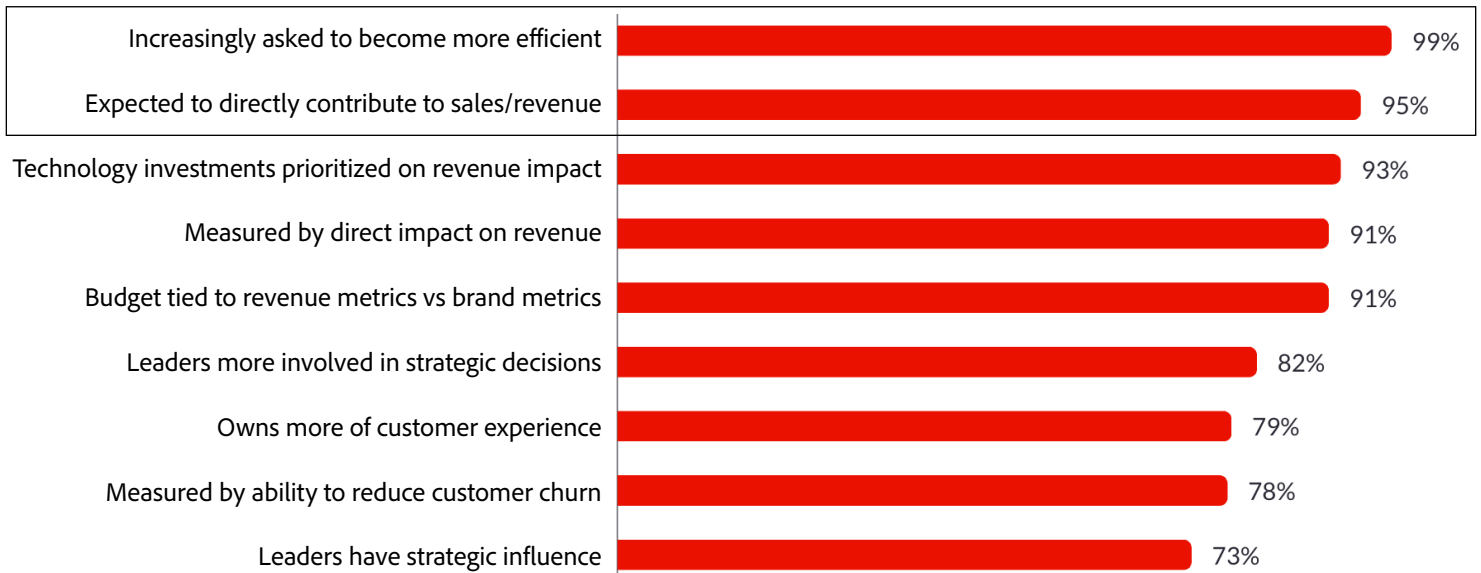
Marketing's evolving role as a Retail growth driver

99%

of Retail marketing leaders say they're being asked to become more efficient

95%

of Retail marketing leaders say they're expected to directly contribute to revenue



Note: This chart shows the % of brands that agree with the statements



Marketing is moving from brand steward to revenue engine

Retail marketing has shifted from building brand awareness to driving measurable outcomes. With mounting pressure to deliver revenue, marketers are aligning campaigns to tangible performance metrics. This transformation is particularly pronounced in omnichannel retail, where marketing fuels online conversions, drives in-store traffic, and orchestrates personalized journeys that lift revenue and extend customer lifetime value. The next era of growth will belong to retailers that can blend on-brand creative and storytelling with data-driven precision, turning marketing into a true engine of sustainable growth.



The demand for performance-driven marketing is growing

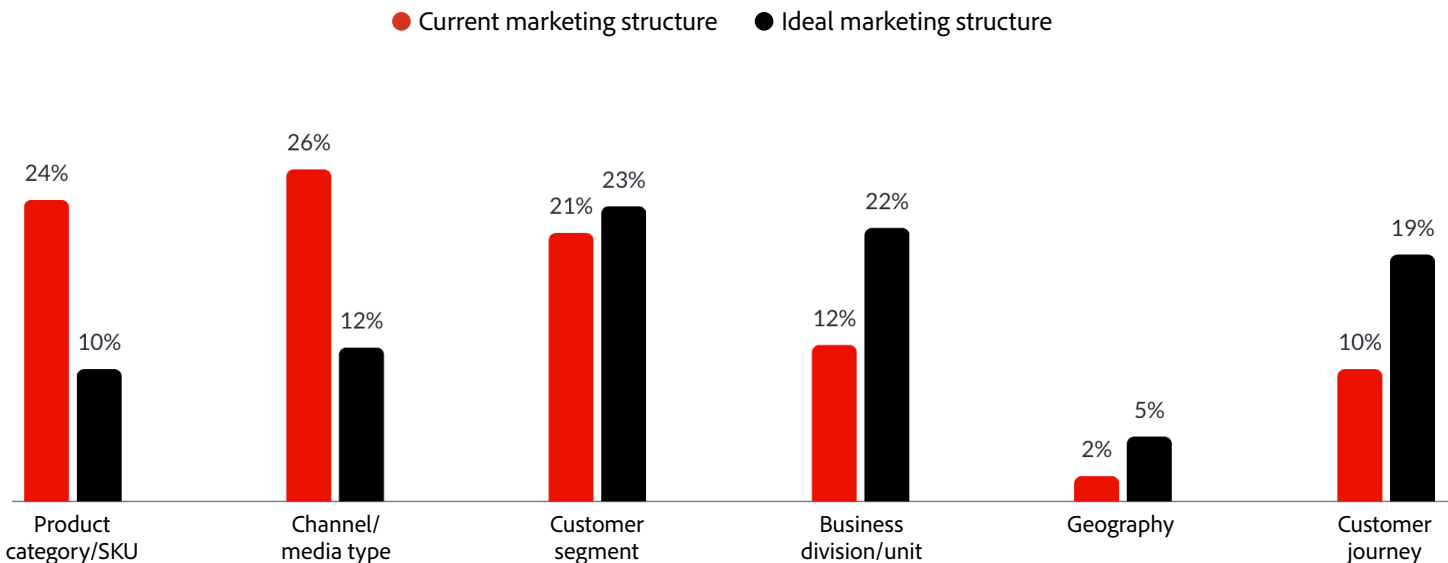
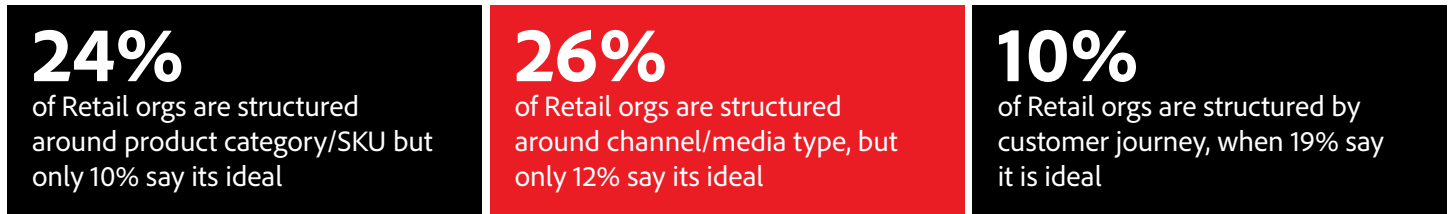
Retail marketers are instrumenting the funnel end-to-end, focusing on pipeline growth, conversion, and retention. This has created greater scrutiny on spend and an expectation for full-funnel measurement tied to incremental revenue. Real-time, AI-enabled optimization is both a mandate and a differentiator, as intelligent decisioning adjusts campaigns on the fly. With margins tightening, every dollar must prove ROI, making predictive analytics and data-driven execution essential.



Future-ready Retail marketers are restructuring for impact Retail

Agile, integrated marketing functions now blend creative storytelling with advanced data and technology. Teams are structured around customer journeys and lifecycle stages, ensuring efforts directly tie to revenue. By uniting personalized campaigns, real-time offers, and omnichannel strategies, leading retailers engage customers and drive repeat purchases. But the evolution toward revenue-focused marketing is not optional—brands that fail to treat marketing as a growth engine risk being outpaced by competitors who do.

Organizational structures undermine seamless customer engagement



Note: This chart shows current and ideal marketing organization structure.



Retail marketing models are due for a reset

Many retailers remain anchored to outdated structures divided by product lines or media channels, yet modern commerce is omnichannel. Customers expect consistency across stores, apps, and platforms, but siloed teams fragment campaigns and trap insights. As AI and real-time engagement advance, brands need customer-centric, AI-enabled models that prioritize context over internal complexity. Structuring around the customer journey unlocks agile, insight-led engagement and ensures marketing drives relevance and growth across the full commerce experience.



The gap between current and ideal models is growing

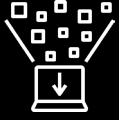
Most retailers acknowledge the value of journey- or segment-based structures, yet few have made the shift. Current models still prioritize internal silos over customer needs, making unified experiences difficult to deliver. The result is inefficient campaigns, overlapping responsibilities, and missed collaboration opportunities. Retailers who delay rethinking their structures risk falling behind competitors that can pivot quickly, integrate AI into decision-making, and adapt seamlessly to evolving consumer behaviors and real-time engagement demands.



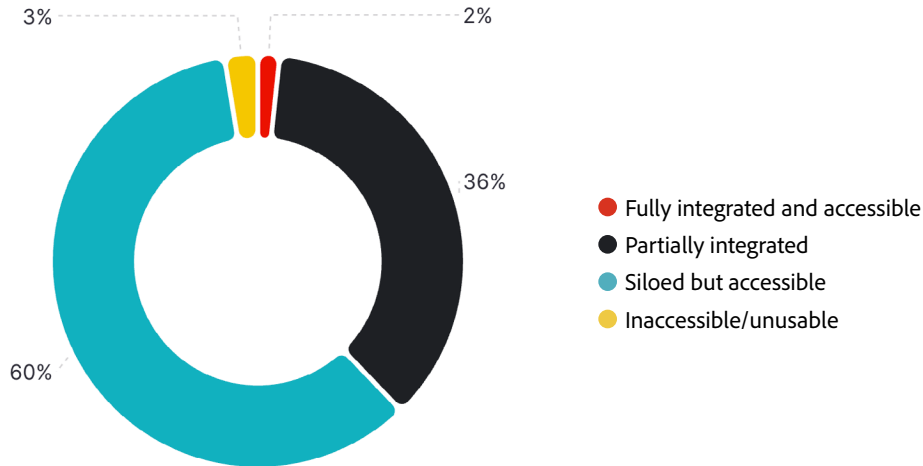
Customer-centric structures enable seamless experiences

Leading Retailers are reimagining marketing around the customer journey, from awareness to re-engagement. This shift improves signal integration, supports full-funnel orchestration, and reduces the lag between insight and action. By aligning teams to discovery, conversion, and loyalty phases, brands can personalize content, measure impact more precisely, and break down channel walls. Retailers adopting this structure report faster campaign deployment, stronger engagement, and greater retention. A journey-first model isn't just more logical, it's becoming essential to compete in the AI-powered, omnichannel economy.

Continued data fragmentation limits Retail personalization



60% of customer data is stuck in silos, preventing full customer visibility and coordinated action



Note: This chart shows the % data that is integrated and accessible



Fragmented data limits personalization at scale

Retailers are sitting on mountains of customer data, yet most lack the integration needed to activate it. With only a sliver of data fully unified, brands are flying blind—unable to stitch together a consistent view of shoppers across channels. This fragmentation limits journey orchestration, weakens segmentation, and stalls real-time personalization. The result? Missed conversion moments and inconsistent experiences. Without clean, connected data, even the most advanced personalization tools fall short, leaving retailers unable to deliver against rising consumer expectations for relevance and immediacy.



The speed gap is widening, with integration as a strategic priority

Only a small fraction of retailers have fully integrated, accessible customer data. Most remain reliant on siloed data, batch processes, and manual workflows, slowing time-to-insight and creating a widening gap between technical possibility and operational execution. Leaders are collapsing the time from insight to action to near zero, enabling offers, content, and service in the moment. Investments in connected data platforms and cloud-native architectures are becoming essential to align personalized experiences with the customer journey.



Real-time activation is the differentiator

The future belongs to retailers that can sense, decide, and act instantly across channels. A single, connected source of truth powers AI-driven decisioning and intelligent agents that convert data into engagement, whether adjusting an offer, prompting a purchase, or proactively solving a need. Unified data no longer just supports personalization; it enables speed and precision at scale. Retailers who master real-time activation will set the pace for loyalty, margin growth, and sustained competitive advantage.

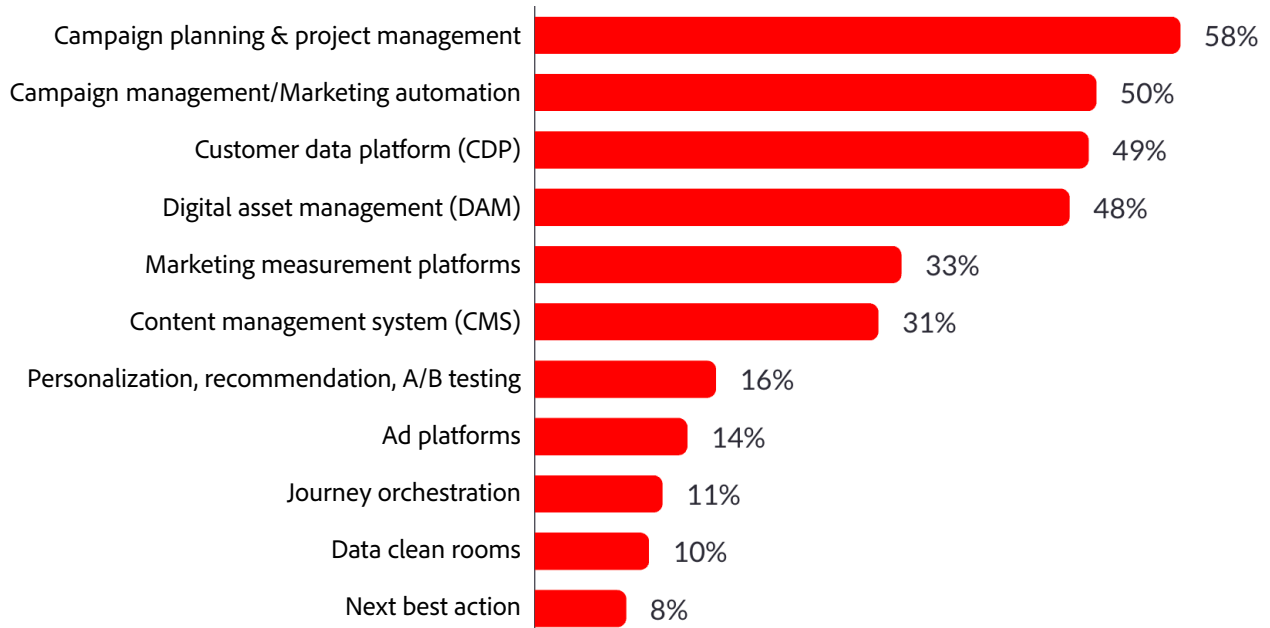
Current martech stacks fall short of Retail's future demands

58%

say that their marketing stack will be ready for campaign planning in the next 24 months

Only 10%

of brands are ready to activate data clean rooms in the next 24 months



Note: This chart outlines the % of companies that believe that their martech stack will meet needs over the next 24 months



Advanced martech capabilities remain underdeveloped

While foundational tools like campaign management platforms are widely used, Retailers lack confidence in advanced technologies critical for future-ready personalization. Journey orchestration platforms, next-best-action engines, and data clean rooms, technologies that enable dynamic, real-time engagement are far from maturity. This gap makes it difficult for Retailers to deliver seamless, contextually relevant customer experiences across channels, resulting in fragmented journeys that fail to fully capitalize on customer data and behavior insights.



Technology gaps are slowing innovation

Only 11% of Retailers believe their journey orchestration platforms will meet future needs, with even lower confidence in next-best-action technologies (8%) and data clean rooms (10%). These limitations hinder the ability to unify customer data, automate engagement strategies, and ensure compliance with evolving data privacy regulations. Without a robust martech foundation, Retailers risk losing competitive ground to digitally native players who have already invested in AI-enabled, data-rich ecosystems to optimize customer experiences.



Modernization is key to unlocking personalization

To close these gaps, leading Retailers are prioritizing investments in modular, AI-driven marketing platforms. These tools enable real-time orchestration of customer journeys, predictive personalization, and privacy-compliant data collaboration. By modernizing their martech stacks, Retailers can move beyond campaign-centric approaches to create adaptive, customer-first experiences. Those who invest now will not only improve marketing efficiency but also strengthen their ability to drive long-term loyalty and revenue in a competitive Retail landscape.

Third-party content's growing influence on Retail purchase decisions



78%

of retailers say customer reviews and testimonials most influence buying decisions, closely followed by third-party content and social media

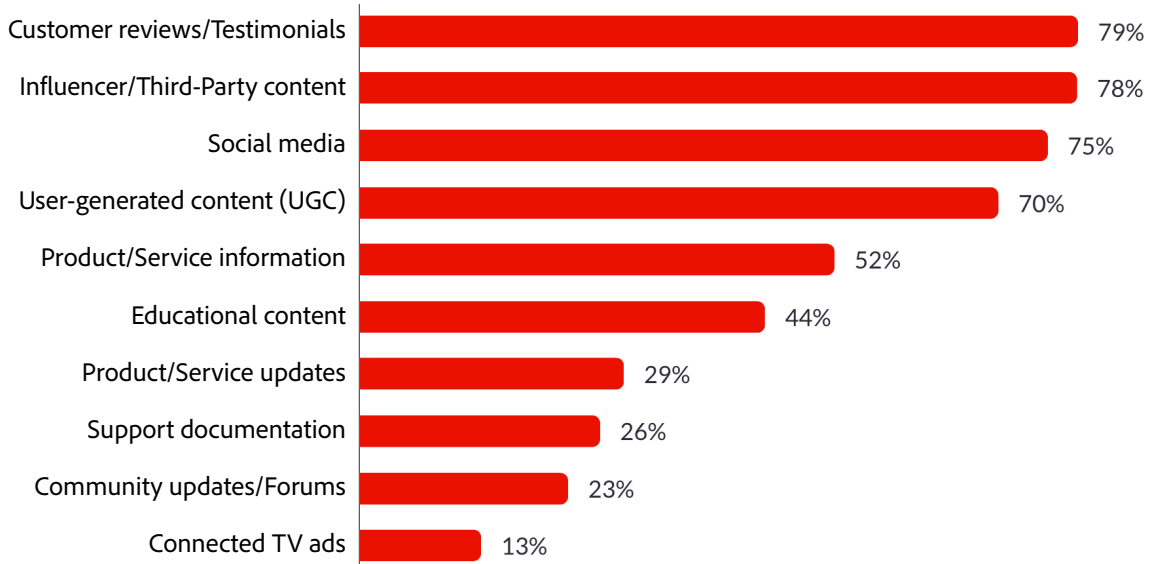


Chart shows % of Retailers reporting shifts in customer content consumption before purchase over the past two years



Third-party content is shaping buyer confidence and brand perception

Retailers are seeing a fundamental shift in content influence. Shoppers now place greater trust in peer-driven sources like customer reviews, influencer posts, and social forums over traditional brand content. This democratization of trust has reduced the narrative control that brands once held. Today, credibility stems from perceived authenticity. As a result, third-party content plays a pivotal role across the buying journey—driving awareness, building trust, and nudging conversion—especially in high-consideration or experience-driven categories like fashion, beauty, and electronics.



Influencer platforms and social media drive high-trust engagement

Social platforms and influencer networks have become dominant ecosystems for product discovery and brand research. Short-form video reviews, unboxings, and TikTok-style "day in the life" content outperform static brand campaigns in engagement and trust. Unlike controlled brand touchpoints, these formats create interactive, peer-validated narratives that resonate deeply with modern consumers. For Retailers, the challenge is twofold: to monitor this content at scale and to find strategic ways to engage, amplify, and guide it—without compromising authenticity.



Retailers must monitor and steer external narratives

Leading Retailers are shifting from content creators to content curators—actively shaping third-party narratives through partnerships, incentives, and AI-driven insights. Sentiment analysis tools help identify rising trends and reputation risks early, while collaborations with trusted creators drive influence at scale. Retailers that succeed treat this as a new channel: not just for branding, but for commerce influence and customer loyalty. Strategic investment here ensures that brand perception evolves in step with customer communities, not apart from them.

Scaling on-brand content, shrinking costs: the GenAI Retail advantage

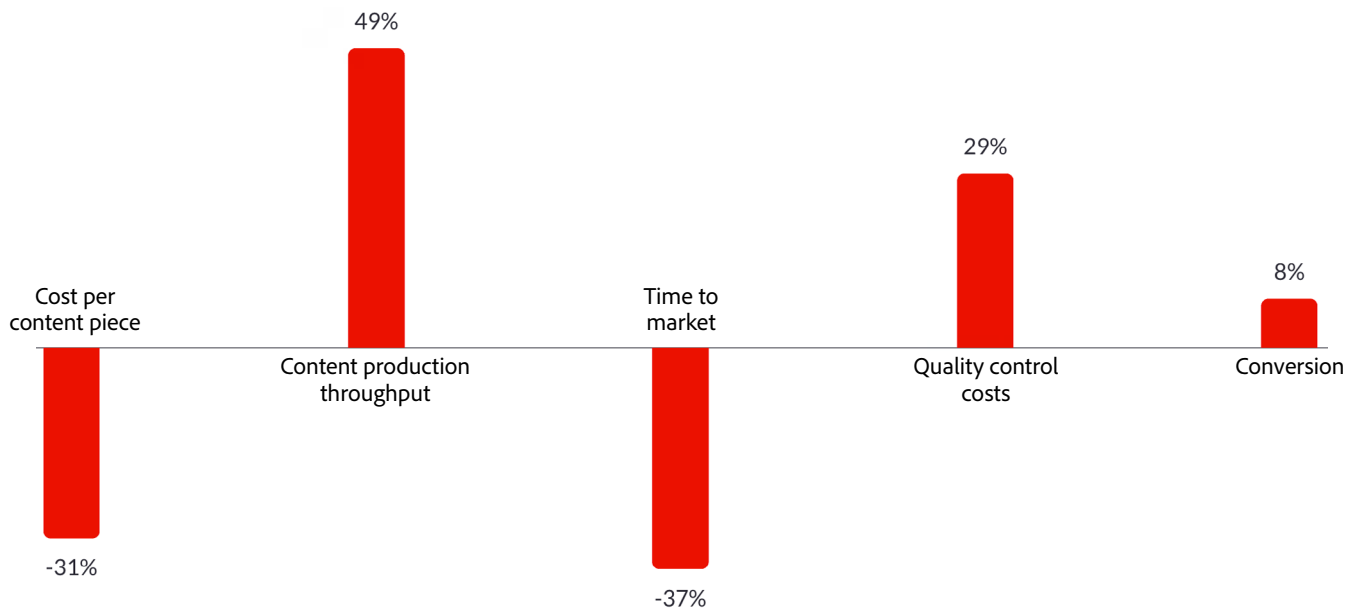
31%

of retailers are leveraging GenAI to create on-brand content—across pilots and scaled programs

With

49%

jump in content production output that converts 8% higher conversion



Note: This chart reflects how Generative AI has influenced content production efficiency and costs



GenAI is reshaping Retail content creation economics

Retail marketers are gaining significant cost and time efficiencies from GenAI, especially in high-volume content workflows. By automating repetitive tasks like product descriptions and campaign variants, GenAI enables faster content scaling without sacrificing creative flexibility. These efficiencies allow teams to reallocate resources toward brand storytelling and data-driven messaging that ultimately lift conversion and revenue. As retailers look to future-proof operations, GenAI is redefining how content creation fuels both competitive advantage and business growth.



Productivity gains come with operational complexity

While GenAI increases content throughput, it introduces challenges around accuracy, tone, compliance, and brand consistency. Complex product data, legal nuances, and localization all require validation before content can be published. Retailers are reporting higher quality control costs as human oversight remains critical to avoid reputational risk. This reality is driving investment in hybrid models that balance automation with governance, yet, despite added QA, the overall efficiency, scalability, and revenue benefits of GenAI far outweigh these incremental costs.



AI-powered quality control is the next frontier

To manage output at scale, leading Retailers are positioning AI as a strategic partner in quality control. AI is being trained on brand standards to flag inconsistencies in language, tone, and compliance, reducing manual intervention while maintaining content integrity. This intelligent QA layer supports faster time-to-market, tighter budget control, and higher conversion rates. Retailers that operationalize AI beyond content creation into quality assurance will unlock greater agility in a content-intensive, omnichannel environment.

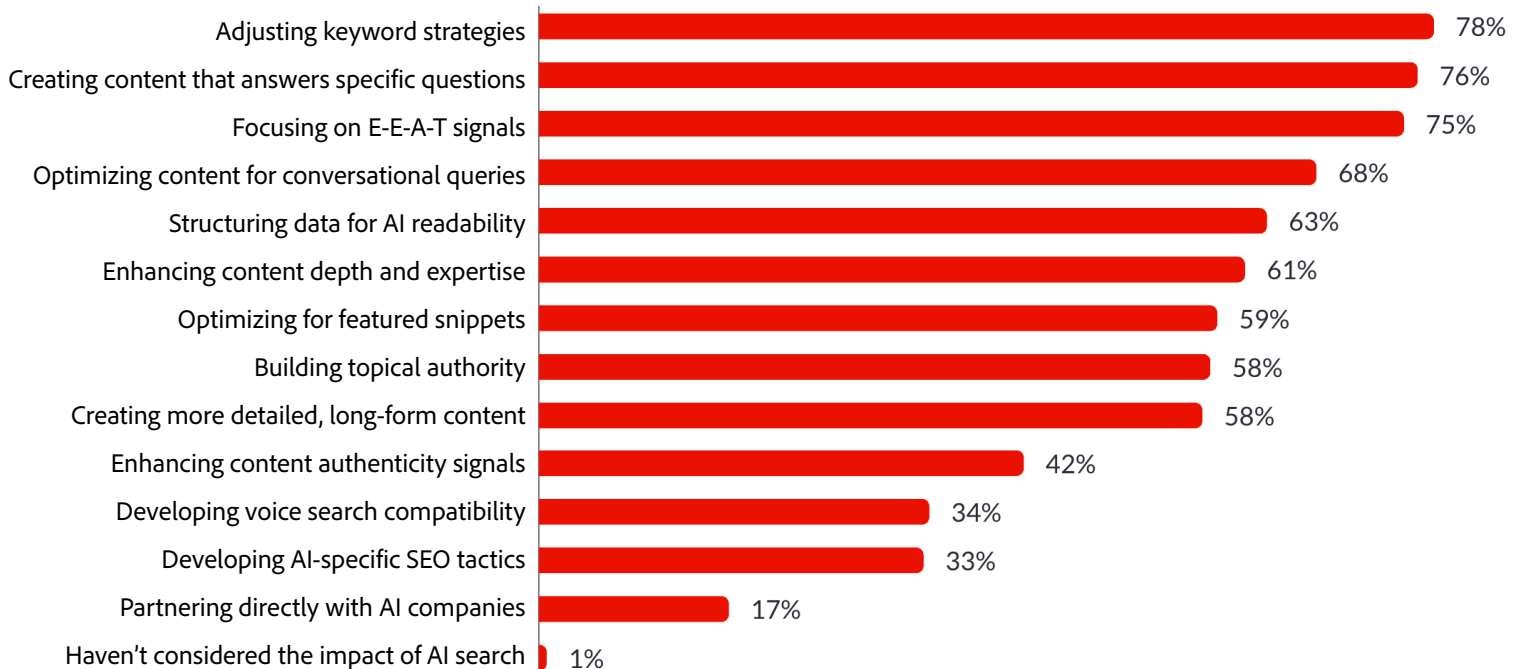
AI-powered search disruption in Retail product discovery

58%

of organic search volume is expected to shift to AI-powered platforms within the next 24 months

78%

of Retail brands are adapting their keyword strategies to align with AI-driven search and discovery



Note: This chart shows the % brands adjusting their search strategy for AI-powered discovery



AI search is redefining product discovery

Retailers are experiencing a profound shift in how consumers find products. As generative AI platforms become trusted sources for information, traditional keyword-driven search models are giving way to more contextual and conversational formats. Retailers are now rethinking their discovery strategies to align with how AI engines interpret, synthesize, and serve content—favoring deeper, structured, and user-intent-driven information that better guides purchase decisions.



Content and SEO strategies are evolving

Retailers are adapting their strategies to ensure visibility in AI-driven results, adjusting keyword approaches and emphasizing E-E-A-T (Experience, Expertise, Authoritativeness, and Trustworthiness) signals. Traditional SEO methods alone are no longer sufficient as AI models increasingly favor content that is credible, structured, and contextually rich. Increasingly, leaders are standing up Generative Engine Optimization (GEO) programs and implementing new tooling to monitor and improve their brand's "share of answer" across platforms, complementing, rather than replacing, traditional SEO.



Conversational queries require new optimization tactics

With 68% of retailers prioritizing conversational queries and 63% enhancing structured data for AI readability, content creation is becoming more interactive and customer-centric. Retailers are focusing on answering specific questions, integrating FAQs, and creating detailed product descriptions optimized for AI interpretation. Early adopters are now operationalizing an LLM optimization layer across owned properties and third-party platforms, monitoring citation and "share of answer," deploying prescriptive optimizations, and linking AI-driven visibility to traffic, engagement, and revenue so teams can test, learn, and scale what works.

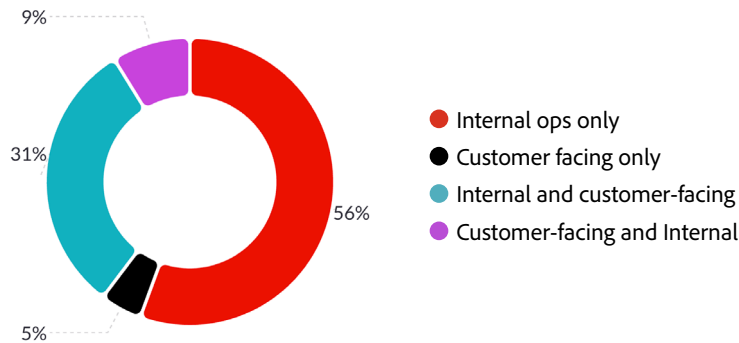
Agentic AI adoption accelerating in Retail, with some governance gaps

56%

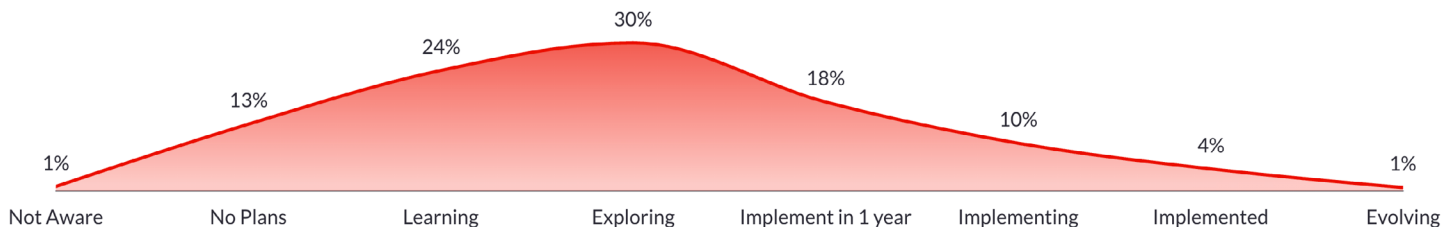
Say they prioritize internal operations for Agentic AI implementation

33%

of Retailers are already implementing Agentic AI, or planning adoption within a year



Note: This chart highlights key areas where organizations are prioritizing the implementation of Agentic AI



Note: This chart shows the % of an organization's awareness and plans for Agentic AI and adoption



AI adoption is broadening across Retail operations

Retailers are expanding their AI footprint well beyond traditional functions like customer service or personalization. New use cases are emerging across planning, logistics, store operations, merchandising, and content creation. This widespread adoption reflects growing confidence in AI's transformative potential, but also signals the need for orchestration across systems, teams, and KPIs. As AI becomes embedded across functions, retailers are rethinking how they manage workflows, performance visibility, and ROI accountability.



Scaling AI demands more than pilots and it requires governance and maturity

Most Retailers now recognize AI's business impact, but many are still in early stages of operationalizing it. Challenges include limited playbooks for cross-functional scaling, unclear ownership structures, and inconsistent measurement of success. Without a mature AI operating model, organizations risk fragmented deployments and missed opportunities. True scale requires clear frameworks for data quality, ethical alignment, and change management, turning AI from a series of disconnected pilots into a strategic enterprise capability.



Operational visibility will be the next competitive advantage

With AI's reach growing across the value chain, Retailers must establish integrated oversight mechanisms to monitor adoption, performance, and compliance in real time. Leaders are investing in centralized AI governance teams, building scorecards to measure impact, and establishing shared accountability across business and IT. The next phase of competitive differentiation won't just come from using AI, but from how intelligently it is orchestrated across people, process, and platforms.

Conclusion

The future of retail will be defined by the brands that turn intelligence into connection - using data, technology, and creativity to anticipate needs, inspire discovery, and deliver frictionless, relevant experiences that drive conversion and build loyalty at every touchpoint.

This research highlights a pivotal shift:

- **Customer expectations set the bar for experience.** Shoppers expect instant, mobile-first interactions, frictionless cross-channel experiences, and faster checkouts; anything less risks immediate attrition.
- **Personalization gaps dilute customer value.** Without a unified data foundation, retailers struggle to deliver meaningful, timely engagements, especially in early stages like awareness and discovery.
- **AI is rewriting the rules of efficiency and engagement.** Generative and agentic AI are transforming content creation, product discovery, and customer engagement; yet without governance, these gains risk eroding trust.
- **Third-party content shapes purchase decisions.** With the growing adoption of generative-AI product discovery, and the increasing importance of consumers trusting peer reviews, influencer content, and user-generated content, retailers must actively manage and amplify credible third-party narratives.
- **Martech maturity is emerging as a decisive advantage.** Advanced platforms for journey orchestration, decisioning, and privacy-compliant data management are critical for relevance and responsiveness, and to meet evolving consumer demands.

Strategic priorities for Retail leaders

1. **Engineer frictionless, self-optimizing customer experiences:** Unify every touchpoint and use AI-driven orchestration and agents to anticipate needs, resolve friction instantly, and continuously optimize in real time.
2. **Unify and activate customer data in real time:** Break down silos with modern data platforms that make data and insights instantly actionable across every channels for personalization at scale.
3. **Scale AI with speed and responsibility:** Use generative and agentic AI to accelerate content creation, deliver adaptive experiences, and enhance decision-making; all while embedding governance and quality control to safeguard trust and brand equity.
4. **Extend personalization to every stage of the journey:** Move beyond the transaction. Personalize discovery, awareness, and consideration to create relevance that drives both conversion and lifetime value.
5. **Modernize martech stacks:** Invest in AI-enabled journey orchestration, next-best-action engines, and privacy-compliant data clean rooms to deliver connected, intelligent experiences.
6. **Control and amplify your external narrative:** Proactively shape and elevate trusted voices, from partnering with trusted influencers to monitoring social sentiment and customer reviews, to winning credibility where purchase decisions are most influenced.
7. **Optimize for AI-powered discovery:** Adapt content to conversational queries, structured data, and E-E-A-T principles to maintain visibility as AI increasingly guides shopping journeys, and invest in LLM optimization tools.



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Our comprehensive portfolio of customer experience products and services helps businesses put every customer interaction in context, understand what each customer needs right now, and then quickly design and deliver digital experiences that build customer loyalty and drive business success.

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