

REPORT

The State of AI Readiness in Retail

The Operating Model Decisions That Help Retail Organizations Scale AI Across Marketing, Commerce, and Customer Experience

**56%**

Stuck in the Frozen Middle

**16%**

AI use cases reach production

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Deployment is Moving Faster Than the Operating Model

Retailers are applying artificial intelligence (AI) across a growing range of marketing and customer experience workflows, from product discovery, to personalization, and content production. The opportunity is significant: faster decisions and time to market, more relevant engagement, increased revenue, and more efficient execution across digital and physical touchpoints. But increasing the number of AI use cases does not, by itself, make a retail organization ready to scale.

The research shows substantial AI activity across the retail respondent base, but much of it remains concentrated in the piloting and deploying stages. Progress becomes harder when an initiative moves beyond one function to encompass shared data, connected systems, coordinated funding, and decisions spanning marketing, commerce, store operations, technology, legal, and compliance.

The central challenge is therefore the operating model itself. AI requires clearer authority, earlier collaboration, and measurement designed before deployment. Without those foundations, individual initiatives may reach the market while remaining difficult to connect, evaluate, or extend across the customer journey.

This report examines where retail AI progress stalls and what the cross-industry Leader benchmark reveals about moving forward. It gives marketing and customer experience executives a practical framework for strengthening the operating conditions around AI investments already underway.



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About the Research

This report draws on global research conducted by Incisiv on behalf of Adobe.

- 5,633 *executives* participated across 12 industries and 11 global markets.
- 529 *respondents* represented retail. Of these, 504 were included in the active analysis across exploring, piloting, deploying, expanding, and transforming.
- 52% of respondents held positions at the Vice President level or above.
- 60% worked for organizations with more than US\$1 billion in annual revenue.
- Markets covered were Australia and New Zealand, Central Europe, India, Japan, Latin America, the Middle East, North America, Southeast Asia, South Korea, the United Kingdom and Ireland, and Western Europe.

How Leaders Were Identified and Scored

The 342 AI Leaders referenced throughout this report are drawn from the full study population of 5,633 senior executives across 12 industries. They are not retail-specific. They represent a global cross-industry benchmark of respondents that met both the operating model maturity and deployment-stage criteria described below.

How Maturity Was Measured

Each organization was assessed across six operating-model pillars, with every pillar scored on a scale of 1 to 5. The six scores were combined into an operating model maturity (OMM) composite.

6 Operating Model Pillars for OMM Composite



Strategy

Clear AI vision with ownership and investment commitments.



Structure

Dedicated AI ownership with budget authority.



People

Roles and culture evolving for an AI-enabled environment.



Governance

Risk frameworks calibrated for AI velocity.



Technology

Infrastructure built for scale, not just pilots.



Workflows

AI embedded into how work is actually done.

To qualify as a Leader, an organization had to meet two criteria: achieve an OMM composite above the top-quartile threshold of 3.27 and operate at the expanding or transforming stage of AI deployment. Applying both criteria identified 342 Leaders across the 12 industries, equivalent to 6% of the 5,323 active respondents.

These respondents demonstrate greater maturity across the ownership, governance, measurement, technology foundations, talent, and ways-of-working dimensions associated with repeatable and sustainable AI deployment.

What the Data Shows about Retail

Retail has no shortage of AI initiatives across marketing and customer experience. What most organizations still lack is the operating model to move a successful pilot into repeatable deployment. Ownership remains unclear, measurement is limited, and coordination between business teams and information technology (IT) teams is inconsistent. This report examines those gaps and the operating model behaviors more common among the cross-industry Leader cohort.

The Industry Picture

56% of the active retail respondent base is in the Frozen Middle. These respondents have moved beyond early experimentation and reached the Piloting or Deploying stage, but the coordination required to scale successful use cases across functions remains limited.

16% of AI ideas proposed in retail reach production. Promising use cases lose momentum as they move through technical evaluation, security, integration, and budget reviews, limiting the number of cases that progress from initial proposal to production.

25% of retail respondents report a formal AI owner with a defined title and budget authority. Elsewhere, accountability may be part-time, shared across a committee, or managed project by project, leaving cross-functional priorities and resourcing decisions unresolved.

76% of retail respondents manage the relationship between business and IT through siloed, transactional, or consultative ways of working. These models depend on requests, reviews, and sequential handoffs rather than the shared accountability and frequent iteration AI deployment requires.

11% of retail respondents report a comprehensive return on investment framework. Most teams can track activity or efficiency, but they cannot consistently isolate AI's contribution to customer and commercial outcomes or use comparable evidence to guide continued investment.

What Leaders Do Differently

The 342 AI Leaders identified across all industries have established the ownership, measurement, working relationships, and culture needed to scale AI initiatives. They share five connected operating-model behaviors.

5 Decisions Driving Advantage for Leaders



Real ownership:

Leaders are 3.6 times more likely to have a formal AI owner with the title, mandate, and budget authority to work across functions.



Learning culture:

Leaders use failure to improve the next deployment. Just 23% of retail respondents report destructive failure patterns involving blame and repetition. Among Leaders, the figure is under 1%.



Day-one measurement:

Leaders define the return on investment (ROI) framework before deployment. Among Leaders, 44% measure ROI comprehensively, compared with 11% of retail respondents.



Empowered champions:

Leaders identify practitioners already using AI effectively and give them the authority and support to extend their work. It was found that 42% name finding and empowering internal champions as their most effective culture action.



Genuine partnership:

Business and IT teams share objectives and accountability for outcomes. A significant 81% of Leaders operate at the collaborative or integrated level, compared with 24% of retail respondents.

Together, these behaviors create a reinforcing system. This report explores how Leaders put each of these decisions into practice and how retail organizations can apply the lessons learned.

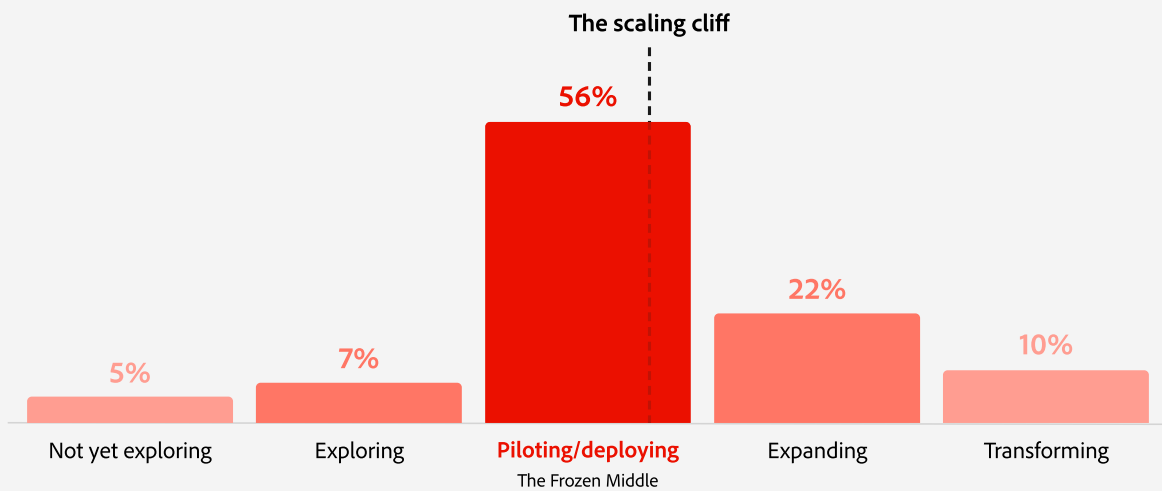
PART ONE

The Industry Picture

Most Retail Organizations Stall at the Piloting and Deploying Stages

Among retail organizations, 56% are in the Frozen Middle, which means AI is active within individual functions or projects, while the coordination needed to scale it remains limited.

AI Adoption Stage Distribution — Retail



Share of retail respondents at each adoption stage.

Retail marketing teams adopt AI one use case at a time. Audience segmentation may sit with digital marketing, recommendation models with ecommerce, and content production with creative teams. Each moves on its own timeline, creating pockets of activity that are difficult to connect.

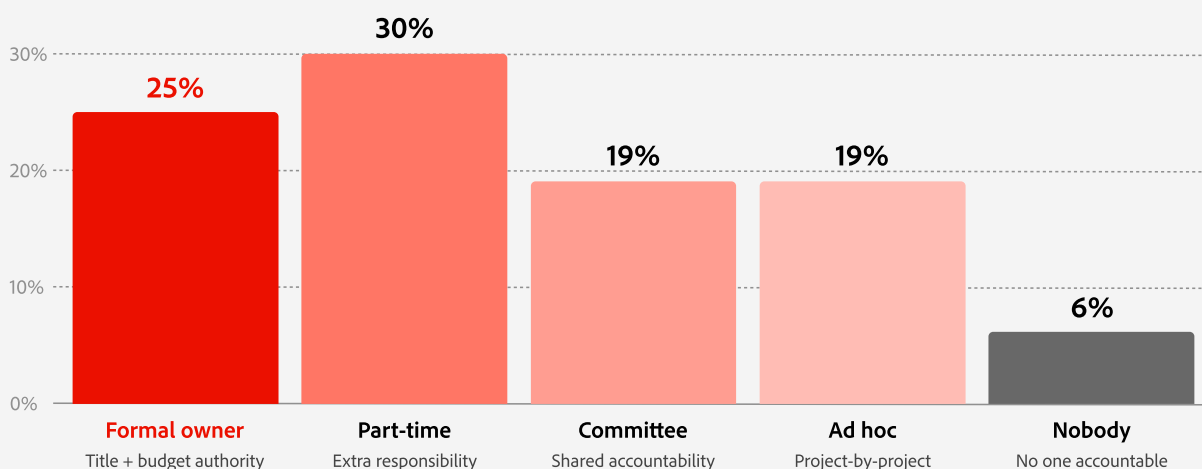
The Frozen Middle describes respondents at piloting or deploying, whose organizations have not built the coordination needed to scale. Data, learning, and results can remain within individual systems or functions, limiting the ability to compare outcomes, demonstrate return on investment, and extend successful workflows across customer touchpoints.

Moving beyond this stage requires clearer ownership, shared data access, agreed decision rights, and closer collaboration across marketing, commerce, store operations, and technology partners. It also requires teams to design and run AI workflows together, end to end, rather than each function building and optimizing its own piece in isolation. When that collaboration is deferred, disconnected deployments accumulate and become harder to align around shared outcomes.

Only 1 in 4 Retail Respondents Reports a Formal AI Owner

Where ownership exists, its authority may stop at the function boundary.

AI Accountability — Retail



Distribution of AI ownership models in retail.

Within retail organizations, AI accountability may be distributed across digital marketing, ecommerce, loyalty, merchandising, and store operations. Delivery can also depend on data, information technology, legal, risk, security, and compliance teams. When responsibility is spread across these groups, it can be difficult to resolve competing priorities or make binding decisions about resources and sequencing.

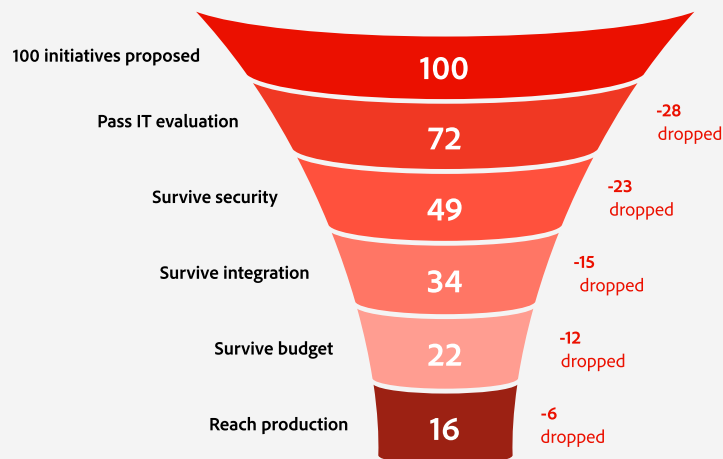
A personalization roadmap for a particular quarter, for example, might call for marketing to prioritize a real-time offer engine, while loyalty advances retention modeling and store operations considers AI-assisted staffing. Each initiative has merit, but they are not independent. They may compete for shared data, technology support, funding, and executive attention. Without an owner accountable for the roadmap as a whole, no one is positioned to identify those connections, decide which initiative should come first, or determine how one deployment should inform the next. Decisions can then stall or follow the priorities of whichever function is best placed to move, rather than the value of the portfolio as a whole.

Part-time ownership and committee-led accountability can leave these decisions unresolved even after individual teams have moved ahead. A CMO or head of customer experience can fill the role when the appointment includes authority across the AI roadmap, customer communications, digital experience, loyalty, and supporting data relationships. The requirement is a mandate that extends beyond one function or initiative.

Out of Every 100 AI Ideas Proposed in Retail, 16 Reach Production

IT evaluation removes the largest number of proposed initiatives, with 28 of every 100 dropping at the first gate.

AI Use Case Approval in Retail (per 100 Proposed)



Only 16 reach production out of every 100 proposed

Mean survivors per 100 proposed AI initiatives in retail. Global average: 15 per 100.

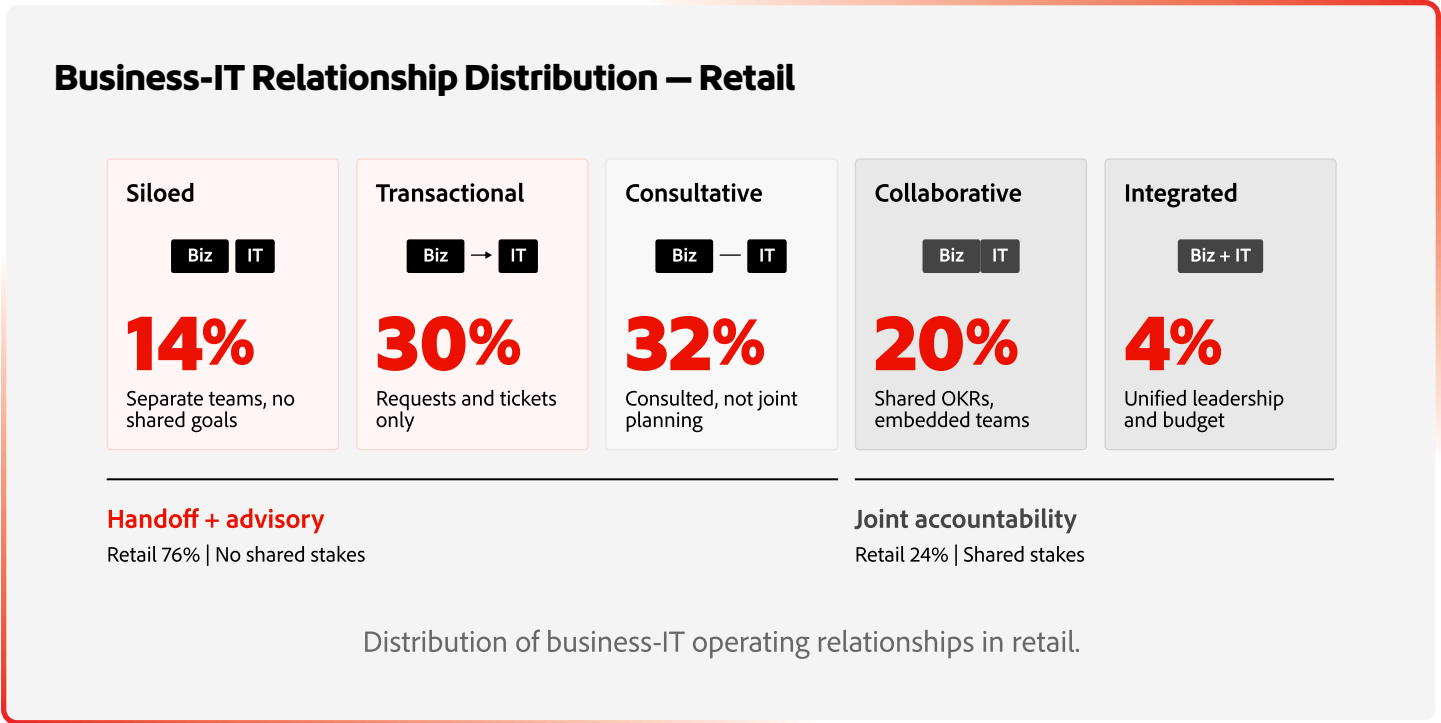
Moving an AI use case from proposal to production requires decisions across marketing, commerce, store operations, and technology partners. The survey follows initiatives through IT evaluation, security review, integration assessment, budget approval, and production launch. Attrition occurs at every stage, leaving only 16 of the original 100 proposals to reach production. This is broadly in line with the cross-industry average of 15.

The largest absolute loss occurs at IT evaluation, where 28 initiatives drop out. Security removes another 23, integration removes 15, budget approval removes 12, and 6 more are lost before production. Budget approval has the highest proportional loss among initiatives entering a stage, with 12 of 34, or approximately 35%, failing to progress.

These reviews test technical feasibility, security, privacy, integration, governance, vendor approval, cost, timing, and funding. They should preserve sight of the customer or commercial outcome. Surfacing data rights, system ownership, integration dependencies, and the business case during ideation gives business and technology teams a basis for evaluating feasibility and value.

Most Retail Organizations Still Manage Business and IT Through Handoffs

Among the respondents, 76% rely on relationship models shaped by sequential requests and reviews.



Retail marketing teams already adjust audiences, offers, content, and campaigns as customer behavior and performance data change. AI can increase the pace at which those decisions need to be made. Yet many retail organizations still manage business-IT collaboration through sequential handoffs.

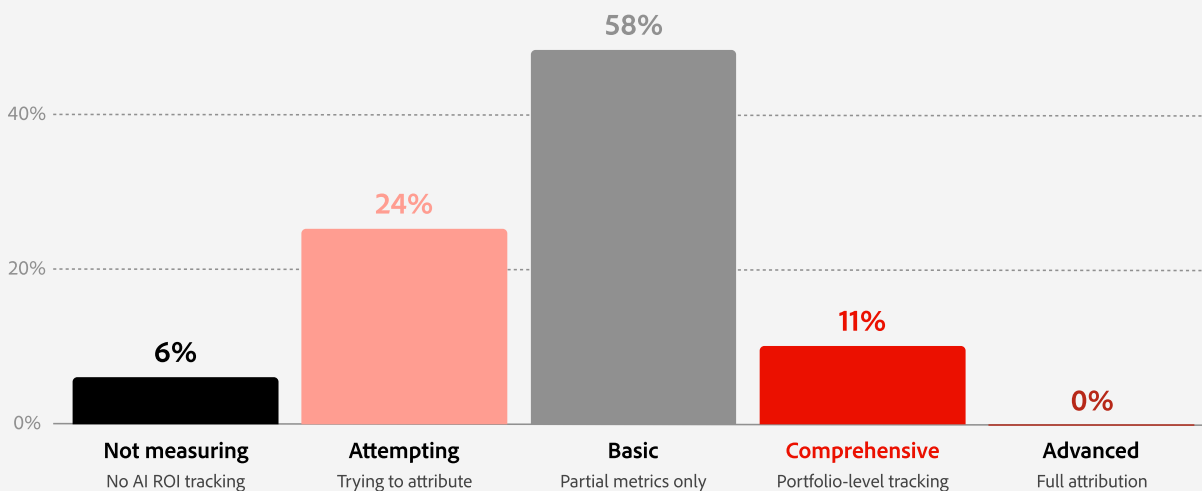
Whether the relationship is Siloed, Transactional, or Consultative, the pattern is similar: business teams submit a requests and technology teams respond. This approach reflects annual planning cycles, platform roadmaps, and fixed campaign calendars. It does not support the faster testing, adjustment, and shared decision-making that AI requires.

Collaborative and integrated relationships bring marketing and technology partners together when the work is defined. Shared objectives and key results give both teams responsibility for delivery and the business outcome. When customer marketing, ecommerce, marketing operations, and data engineering agree on the goal, briefing, build decisions, and measurement follow the same direction. Teams can then resolve data, integration, and timing issues as the work progresses.

Comprehensive AI Measurement Remains Rare in Retail

Only 11% of retail respondents report a comprehensive return on investment framework.

AI ROI Measurement Maturity — Retail



ROI maturity distribution in retail.

As AI becomes part of everyday retail marketing, teams need to measure more than output. They may track recommendations served, audiences segmented, creative variations produced, or hours saved. These measures confirm activity and efficiency, but they do not consistently show whether AI improved engagement, conversion, basket size, repeat-purchase rates, or customer retention.

Stronger measurement begins before launch. Teams define the intended customer or commercial outcome, record a baseline, and agree on how incremental impact will be assessed. Once a campaign is in market, promotional activity, seasonal demand, inventory availability, and media investment can make AI's contribution difficult to separate. The same applies when assessing whether a personalized experience reached the customer at the right point.

Clear pre-deployment measurement gives marketing leaders credible evidence for planning and budget discussions. It also allows teams to compare use cases, improve weaker workflows, and decide which initiatives warrant continued funding or wider deployment.

PART TWO

What Leaders Do Differently

AI Scales When a Named Leader Is Accountable for It

Leaders are 3.6 times more likely to have a formal AI owner with title and budget authority.

Real AI Ownership — Leaders vs. Industry

3.6x

Leaders are 3.6x more likely to have a formal AI owner with a title and budget authority. In retail, 25% of organizations have named one. Leaders are also 3.3x more likely to undertake business-IT collaboration, as well as 4.0x more likely to measure ROI comprehensively.

AI can touch many parts of retail marketing and customer experience. Examples include digital marketing, ecommerce, loyalty, creative, and the data and technology teams that support them. As work crosses these boundaries, part-time owners, committees, and project-based leads may lack the authority to resolve competing priorities.

Leaders address this by appointing a named AI leader with a formal title, clear mandate, and budget authority. That person can make decisions across functions when personalization, loyalty, promotional, or customer-experience priorities conflict. Formal ownership also creates a point of accountability for portfolio choices, measurement expectations, and cross-functional escalation.

The named AI leader's mandate needs to extend across marketing, commerce, store operations, data, technology, and customer experience rather than stopping at the boundary of the function where the role originated. Organizations can establish that authority within existing structures without replacing reporting lines or governance.

Leaders Define Success Before an AI Use Case Launches

Leaders treat measurement as a condition of deployment, giving marketing a clearer basis for investment decisions.

Comprehensive ROI Framework — Leaders vs. Retail



Share with Comprehensive or Advanced ROI framework. Leaders cohort: 342 organizations across all 12 industries.

Retail marketing leaders need more than evidence that an individual initiative worked. They also need to know whether the organization is getting better at deploying AI and have a consistent basis for funding and scaling decisions. Leaders build measurement into the design of each AI use case. The data showed that 44% of Leaders have a comprehensive return on investment framework, compared with 11% of retail respondents.

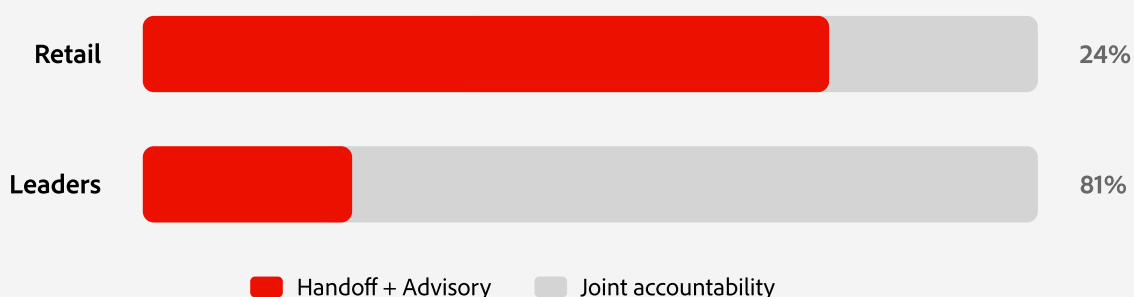
A comprehensive framework considers two dimensions. The first is incrementality. This may involve a holdout group, geographic test, or another comparison that helps isolate causation. Without it, an increase in conversion, basket size, or retention may reflect seasonality, promotional activity, media investment, or a market that was already moving. The second dimension is improvement in ways of working. Teams can track whether the time from idea to production is shrinking, whether more initiatives are surviving the approval process, and whether Business and technology are resolving decisions faster. One dimension shows whether the use case created value. The other shows whether the organization is improving its ability to deploy AI.

Timing is especially important for use cases linked to changing customer behavior. Once a campaign, offer, or personalized experience influences that behavior, the original baseline becomes difficult to reconstruct. Leaders record current performance, agree on key performance indicators, and define the comparison method before launch. They then assess the same measures after deployment, giving decision-makers a clearer basis for continued investment and wider adoption.

Real Partnership Begins When Business and IT Share Outcomes.

Among Leaders, 81% operate at the collaborative or integrated level, compared with 24% of retail respondents.

Business-IT Joint Accountability — Retail vs. Leaders



Joint accountability = Collaborative + Integrated. Handoff + Advisory = Siloed + Transactional + Consultative.

AI-supported retail marketing depends on customer data platforms, loyalty systems, point-of-sale data, and ecommerce platforms. A sequential handoff creates friction whenever data, technical support, or measurement must move between teams. Many retail respondents remain siloed or transactional; others are consultative, meaning IT advises business teams without sharing accountability for the outcome.

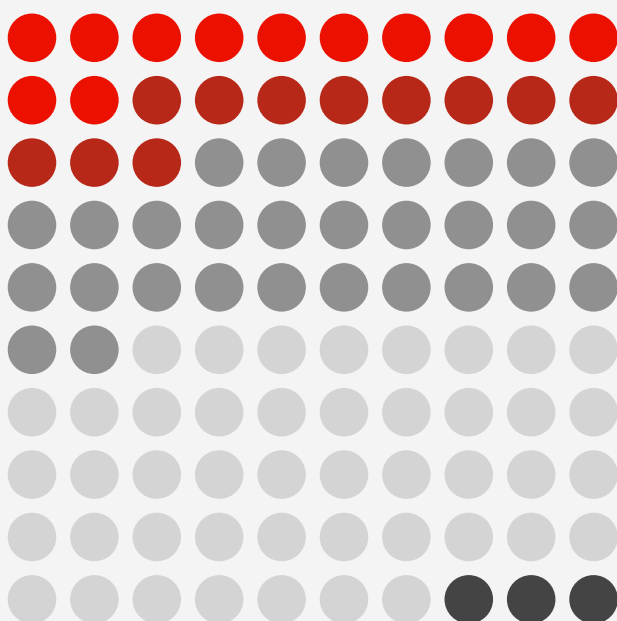
Across the 342 Leaders, collaborative and integrated relationships are the norm. Marketing and technology partners are involved when the brief is created. Customer marketing, ecommerce, and loyalty teams develop the scope with data engineering or IT rather than handing over a completed request.

Shared accountability continues through delivery and measurement. When marketing and data engineering leaders share the same conversion or repeat-purchase goal, the brief, build decisions, and measurement follow one direction. When both are also accountable for how the work moves from idea to production, collaboration becomes part of the operating model. Leaders establish this partnership through shared objectives and key results within existing reporting lines, allowing teams to work together without requiring a reorganization.

Leaders Turn Underperformance into Shared Learning

Among the respondents, 23% report destructive failure patterns, including blame or repetition. Among the 342 Leaders, the figure is under 1%. Failure response is closely associated with whether an organization scales.

How Retail Organizations Respond to AI Failure



23%

In destructive failure (industry)
Under 1% (Leaders)

● Blame and retreat ● Repetition of failures
● Isolated learning ● Eventual learning ● Rapid learning

Each dot represents one of every
100 Retail organizations.
Destructive = Blame and retreat
+ Repetition of failures

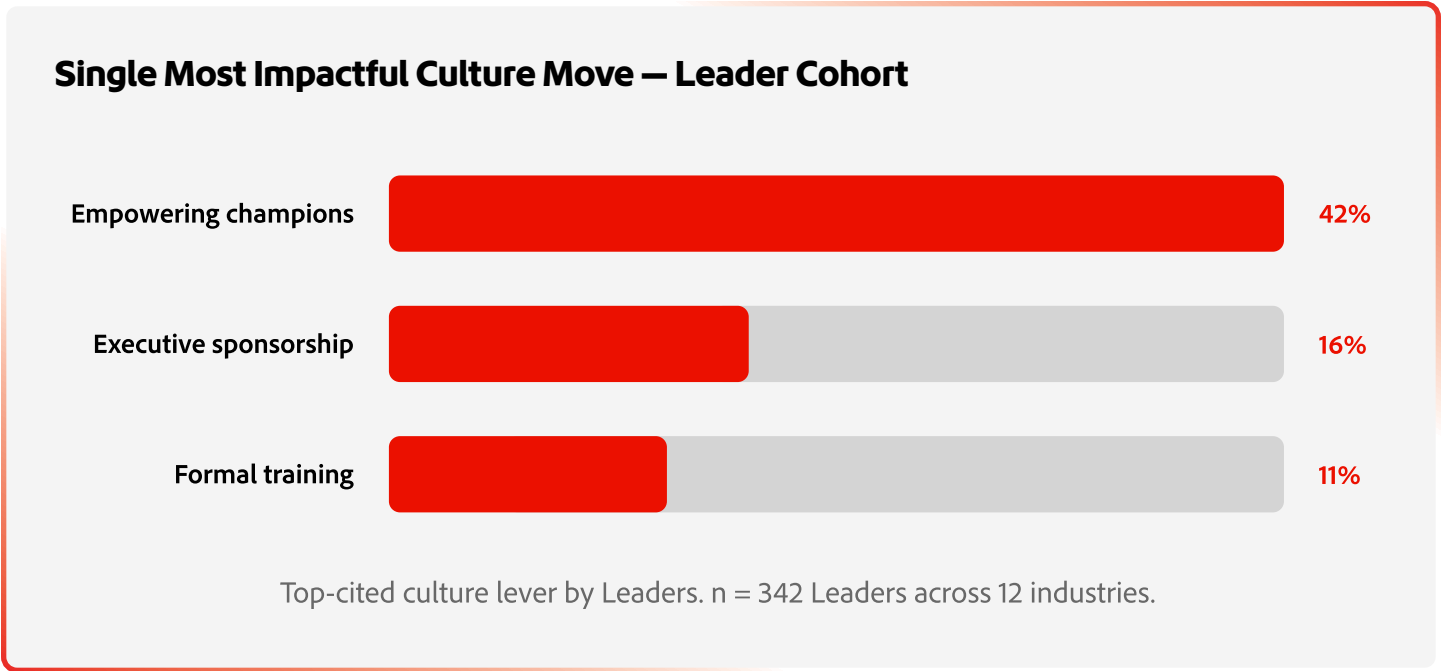
Retail marketing operates on compressed timelines. Seasonal campaigns are planned around promotional calendars, while personalization programs depend on inventory availability. When an AI initiative underperforms within that cycle, teams may move quickly to the next campaign. The work continues, while the failure remains unexamined.

That decision affects other teams. Store operations, loyalty, and digital marketing may carry the same flawed assumptions into the next initiative. A recommendation model that underperforms or a loyalty trigger that misfires contains information the wider organization needs. Without a shared learning process, another team may repeat the mistake.

A learning culture becomes visible in operating reviews. The named AI leader creates time for discussion, allowing teams to examine what underperformed, why it happened, and what should change. When senior marketing leaders make this part of campaign and seasonal performance reviews, lessons can be shared across functions and applied to future work.

Give Proven AI Practitioners the Support to Lead by Example

Among Leaders, 42% identify empowering internal champions as their most effective culture action, ahead of executive sponsorship at 16% and formal training at 11%.



People are more likely to adopt AI when they see a colleague use it in familiar work. In retail, that may be a campaign manager using audience segmentation to sharpen a seasonal brief, a loyalty manager applying lifecycle modeling to retention offers, or a creative producer using AI to generate on-brand variants of a hero asset across regional campaigns.

Leaders identify these practitioners as champions and give them a small budget, recognition, and permission to experiment and extend their approach to an adjacent team. Evidence from a market, channel, or workflow carries more weight than centralized training alone. Champions build influence by showing business results and improved ways of working.

Embedded AI leads within business units or functions can help practitioners extend proven approaches. Centers of excellence can support them through evaluation methods, governance guidance, and tools. Stronger relationships between marketing and technology partners can then make it easier to adapt effective practices across teams.

5 Moves That Build the Operating Model in Retail

These actions translate the Leader behaviors into practical steps for retail marketing and customer experience leaders. None of them require a full reorganization. What they do require is new authority and new ways of working layered onto that structure.

01. Name one AI owner with authority across marketing and customer experience.

Appoint a named leader with a clear mandate and budget authority across marketing and customer experience. This may be the chief marketing officer, head of customer experience, a new AI leader, or another senior leader positioned to work across functions. Existing reporting lines can remain, but the AI leader must be able to resolve priorities and make decisions when work crosses teams.

02. Agree on the intended outcome before the next AI deployment ships.

A before-and-after comparison may not be sufficient on its own. Build in a holdout or control wherever feasible so that any lift can be attributed more confidently to the AI use case. Teams should align on the attribution method and test design before launch. Depending on the use case, the target may include engagement, conversion, revenue, retention, cost efficiency, or time-to-value.

03. Make marketing and its technology partners jointly accountable.

Give marketing and its technology partners shared objectives and key results. AI initiatives succeed when teams are working the same innovation roadmap, prioritizing the use cases that move shared business goals, and aligning on the same definition of success. Shared goals let teams resolve data, integration, and prioritization decisions together - advancing a common agenda rather than through sequential handoffs.

04. Turn AI failures into lessons for the organization.

Make underperformance visible in campaign and operating reviews. Examine what the model got wrong, which assumptions failed, and what should change in the data, workflow, or controls. When senior leaders discuss setbacks openly and preserve accountability, teams learn to treat failure as diagnostic evidence that can improve the next deployment.

05. Find the practitioners already making AI work.

Identify practitioners already applying AI effectively in loyalty and campaign execution, ecommerce, content creation, or customer experience. Give them recognition, a small budget, and permission to extend their approach to one adjacent team. Document the workflow, conditions, controls, and results as a practical playbook that others can evaluate and adapt without bypassing established governance or measurement requirements.

CONCLUSION

Build the Operating Model That Turns Retail AI into Value

AI is redefining how retailers understand customers, create content, and orchestrate experiences across digital and physical channels. Capturing that potential takes more than access to models. It takes a unified data foundation, a connected content supply chain, and the governance and operating disciplines needed to put AI to work with confidence.

That is what Adobe is built for. Adobe Experience Platform brings customer data together as the intelligence layer for AI, powering over a trillion experiences a year. Adobe CX Enterprise extends that foundation into an end-to-end agentic system that orchestrates the full customer lifecycle, from first interaction to lasting loyalty, while an integrated content supply chain embeds AI directly into creative and production workflows, grounded in brand standards and shared governance.

The result is a path beyond AI experimentation and into value realization, on an open ecosystem that works across the tools teams already use. When you are ready to scale, Adobe brings the technology and expertise to help retail organizations turn AI into a lasting competitive advantage.

About Adobe

Adobe empowers organizations to create impactful digital experiences. Our portfolio of customer experience products and services helps businesses put every interaction in context, understand what each customer needs right now, and design and deliver digital experiences that build loyalty and drive growth. Visit adobe.com to know more.

About Incisiv

Incisiv is an industry insights and strategy firm combining close to a decade of industry trend data with primary research, messaging architecture, and content development to help enterprises navigate transformation, evaluate solutions, and unlock growth.

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