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**Adobe**  
**EXPERIENCE**  
**MAKERS** FORUM

# Accelerating Digital Transformation for Retail

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# Retailers are once again managing uncertainty and growing complexity



## Uncertain 2025 Retail Outlook

**~4%**

2025 expected Retail growth

**-1.7%**

Consumer Confidence Index dipped 3 consecutive months. Headwinds from **student loans, slower job market, erosion of pandemic savings, and increasing debt**



## Customers expect more, but will pay less

**90%** of consumers **expect a seamless shopping experience across channels**

**60%** of consumers are **cutting back on their spending on non-essential items**



## Digital grows, so does the complexity

**73%** of marketers find **keeping up with digital trends** is a major challenge

**71%** of retail executives say the **interplay between offline and online** makes it hard to manage customers journeys



## Focus on profitability and ROI

**50%** of marketers expect to **reduce their martech spending in 2024**

**70%** of marketers plan to **evaluate their martech stack more frequently in 2024**

Retail executives remain focused on long term growth, but are often tasked with **doing more with less**

# Driving profitable growth continues to be the mantra for Retailers

## INCREASE REVENUE

- Improved Customer Experience to drive CLV
- New models and revenue streams (RMN, marketplace, etc.)

+

## DRIVE EFFICIENCIES

- Prove and improve effectiveness and ROI of investments
- Reduce costs (budgets, org, tech stack simplification, etc)



*“As we grow, we will improve our operating margin through productivity advancements and our category and business mix, and drive returns through operating margin expansion and capital prioritization.”*



*“We are committed to strong stewardship of our P&L. We will closely with our vendor partners to optimize product cost [...] Today are announcing our commitment to further reduce these costs by approximately \$500 million to be fully realized in fiscal 2024.”*



*“Targeting growth alone is over for Retailers: profitability is key. Retail leaders need to grow their most profitable segments...secure inventory that resonates with their target customers...strategically leverage retail media networks... and take unnecessary costs out of their businesses”*



*“Retailers announced 70,713 job cuts in 2023, a 288% increase from 2022 and the most of any industry other than technology”*



*“Retail CMOs have been asked to cut Marketing budgets by 8%, eliminating inefficient spend and reinvesting it in high-growth areas”*

# Top 5 Retail areas of focus to drive profitable experience-led growth



1

## Hyper-personalize for seamless CX

Continued focus on delivering personalized experiences consistently across channels and touch points

Implement automation and advanced personalization tactics (e.g., Next Best Action/Offer)

Increased focus on Privacy and Security



2

## Double down in Acquisition & Retention

Driving Retention and CLV continues to be the focus since Return customers are 2.8x more valuable, but customer loyalty is decreasing

Profitable Acquisition is key to replenish the funnel, with around 60% retail customers being new every year and CAC on the rise

Identify and activate the most valuable audiences across prospecting and retention



3

## Optimize Retail Media Networks

Create and activate unique vendor audiences by building a foundational data layer

Measure incrementality of RMN investments by attributing in-store and online sales to media exposure

Centralize and streamline workflows to plan and allocate resources across network



4

## Improve Marketing ROI & Measurement

Optimize Marketing mix and effectiveness to meet revenue goals in face of budget cuts and increased Marketing costs

Measure and prove incremental return on past and future Marketing investments

Workforce and budget cuts forcing to deliver more complex and personalized experiences with fewer resources



5

## Drive Content Effectiveness & Automation

Centralize planning and intake by streamlining digital workflows and increasing project visibility

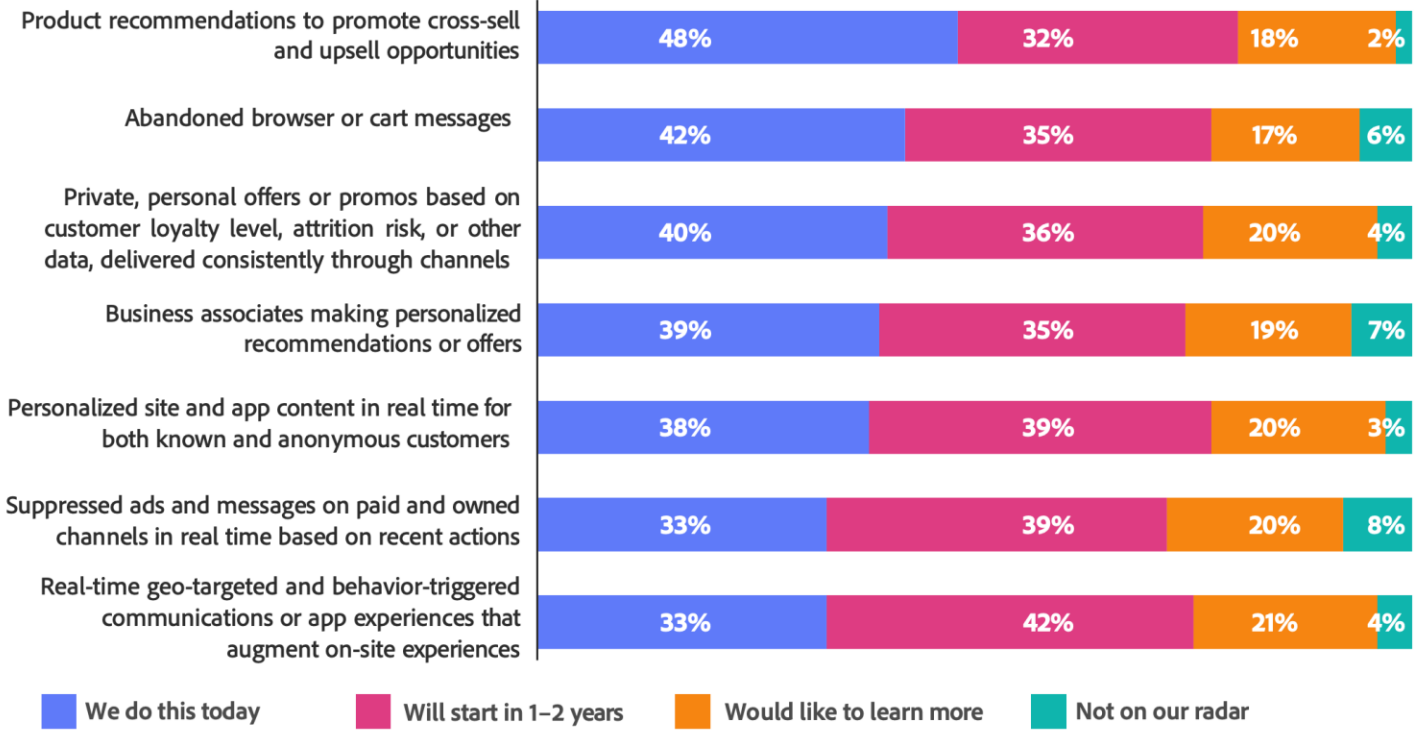
Create content at scale leveraging AI/ML to promote easy search and re-use of assets and automate tasks

Measure asset effectiveness by channel and device to identify top-performing assets and calculate ROI

**Develop AI-enabled teams, technologies and use cases, whereas retailers are under more scrutiny than ever to reduce spend and prove investment ROI**

# Product recommendations and offers, the most common personalization tactics used today

Figure 1: Degree of implementation for various personalization tactics in retail organizations.



Sample size: 719 senior executives and practitioners

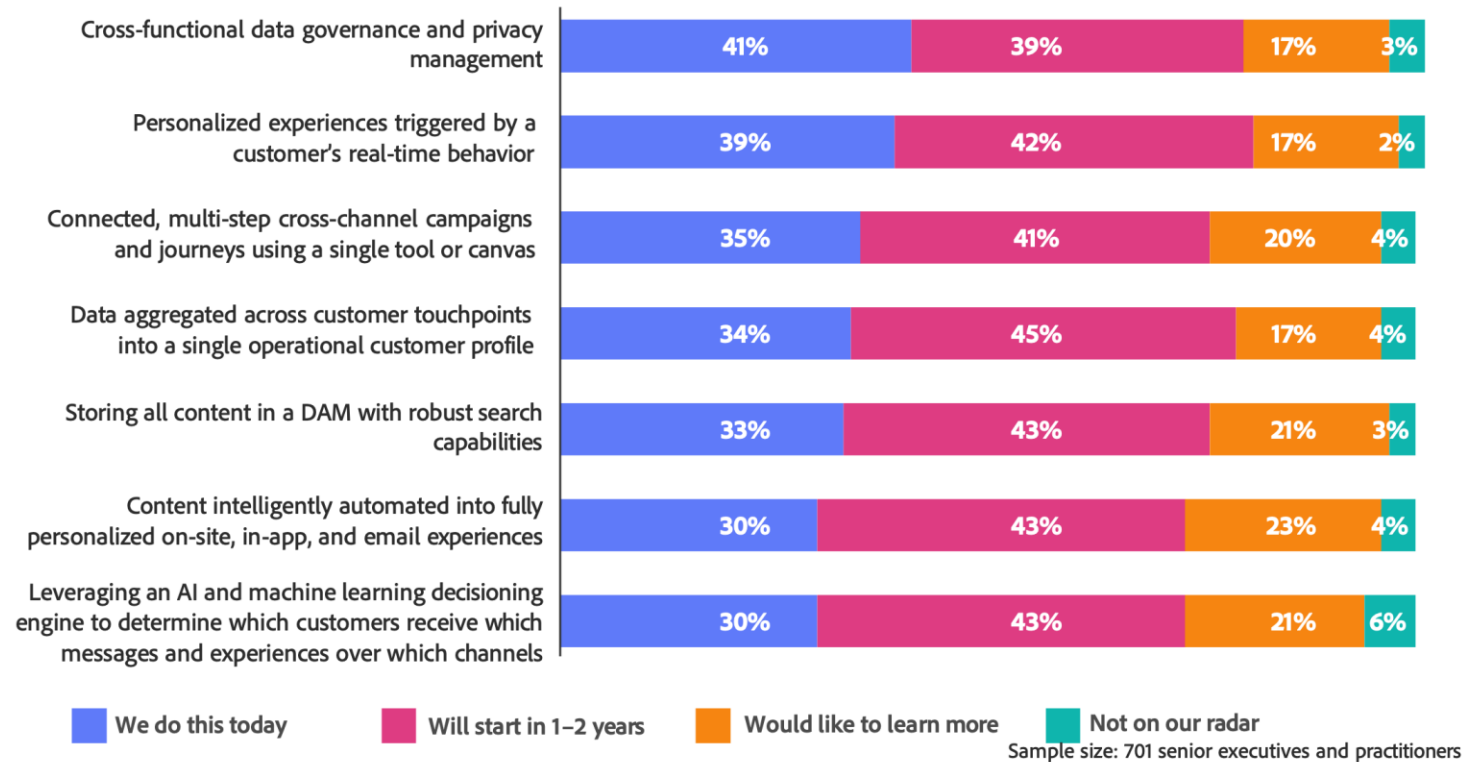
Real-time capabilities to tailor messages to each shopper interaction are less commonly used today, but most retailers have plans to implement them within the next two years.

# Data governance and privacy management are the current priorities

It aligns with the 90% of consumers who said it's important their personal data is used responsibly and securely.

More sophisticated capabilities, such as AI and machine learning or the intelligent automation of assembling modular content into personalized experiences, are less common today—but are on the roadmap for the next 1–2 years.

Figure 2: Capabilities enabled by retail organizations to support omnichannel personalization.

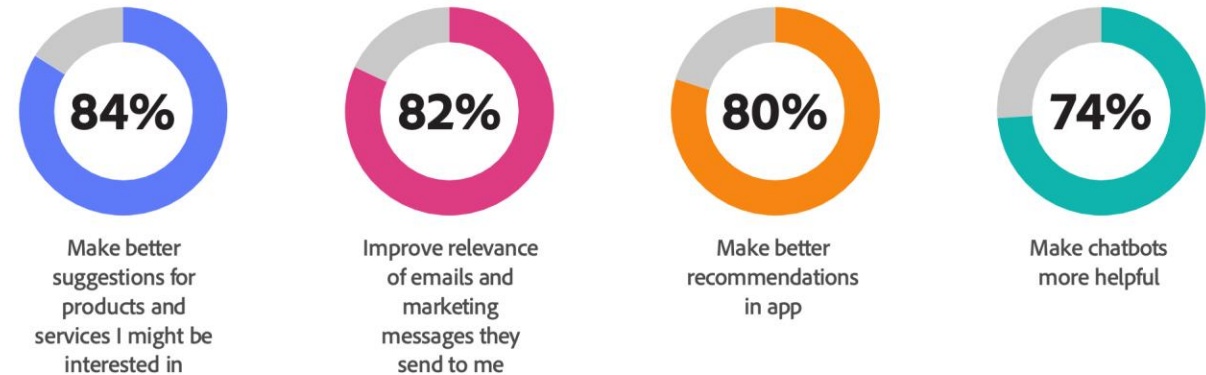


# Consumers are comfortable with retailers using AI to personalize CX

Within the next 1–2 years, most retailers plan to use AI and machine learning or GenAI to meet the growing demand for personalized content at scale:

- for different devices, formats, and media types
- to determine what message each customer should see and then dynamically create and assemble bespoke content.

**Figure 5: Consumers comfort level with brands using AI for various personalization purposes.**  
(Percent of retail consumers who feel “comfortable” or “fairly comfortable”.)



Sample size: 1,876



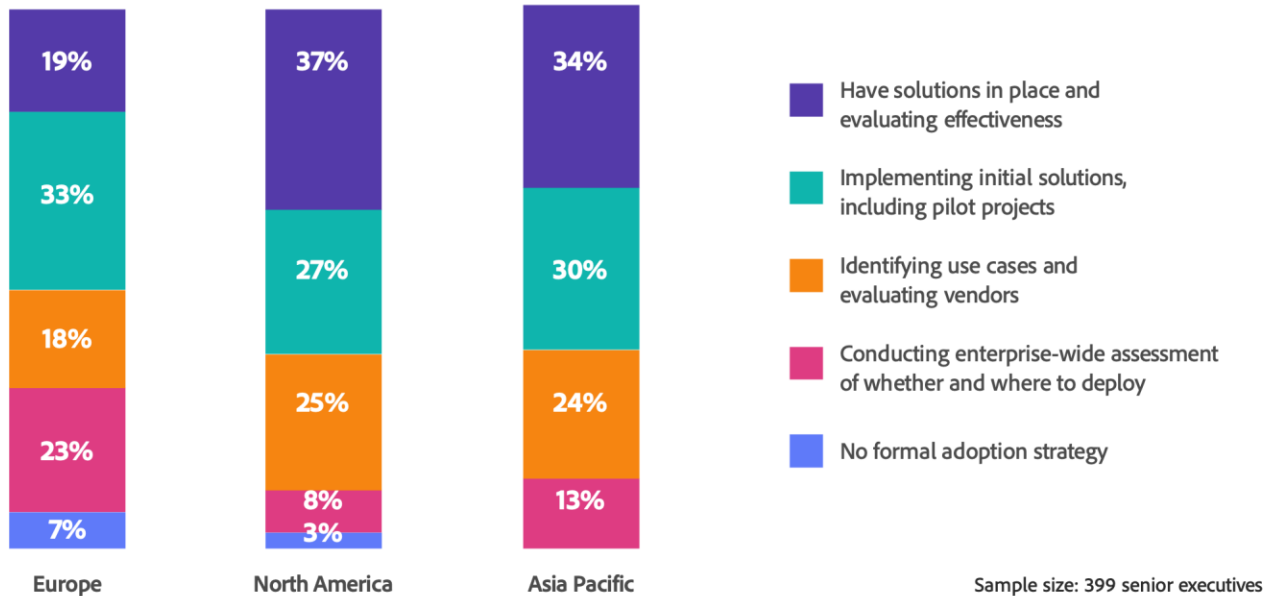
CASE STUDY

The Home Depot used Adobe Real-Time Customer Data Platform to achieve a unified profile of its customers across all channels, capturing shopper behavior about “what they do” and combining it with “who they are.” The team uses AI to build audience segments, along with Adobe Customer Journey Analytics to orchestrate customer journeys to push the right experiences to the right customers—and has increased its personalized campaigns by 62% year over year.



# Market Leaders in retail have the edge with generative AI adoption

Figure 6: Current adoption status of generative AI in retail organizations.



Given the potential for generative AI to transform the entire enterprise, we can infer best practices from where industry leaders are focusing. Notably, 42% of Market Leaders have generative AI solutions—compared to 19% of Market Followers.

Examining adoption by geography, North American retailers are most likely to have generative AI solutions in place (37%, Figure 6), followed closely by Asia Pacific retailers (34%). European retailers lag at 19%.

# Skills and governance are the foundational key pieces

Figure 7: Status of various aspects of generative AI readiness in retail organizations: work in progress and already done/fine tuning.

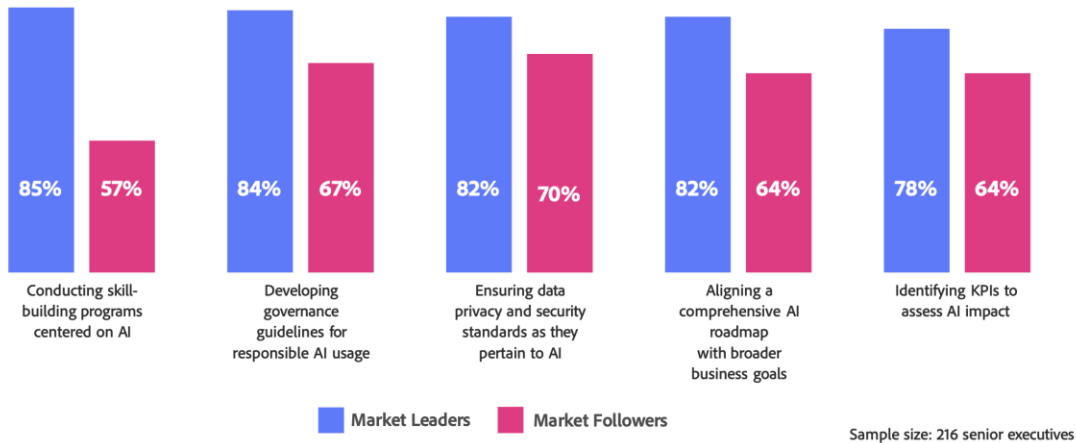
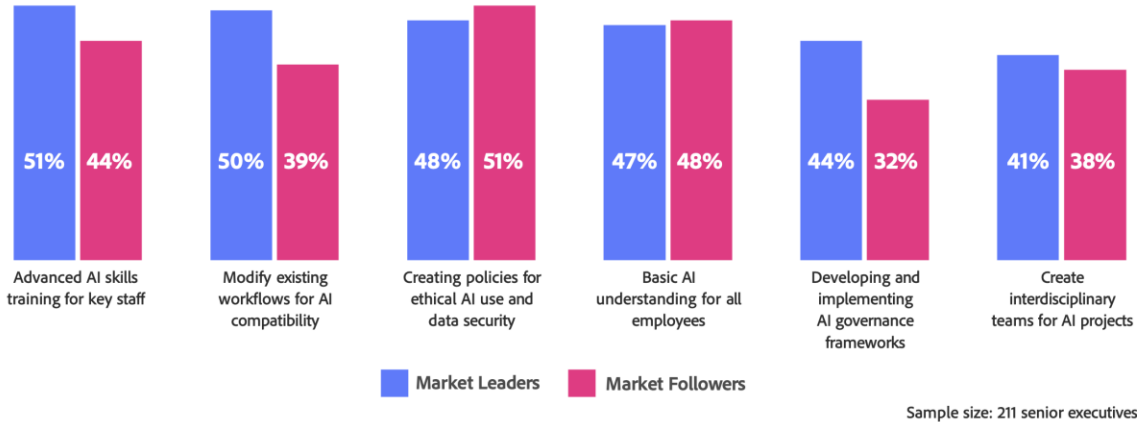


Figure 8: Top priorities for preparing retail employees to work effectively with generative AI in 2024.



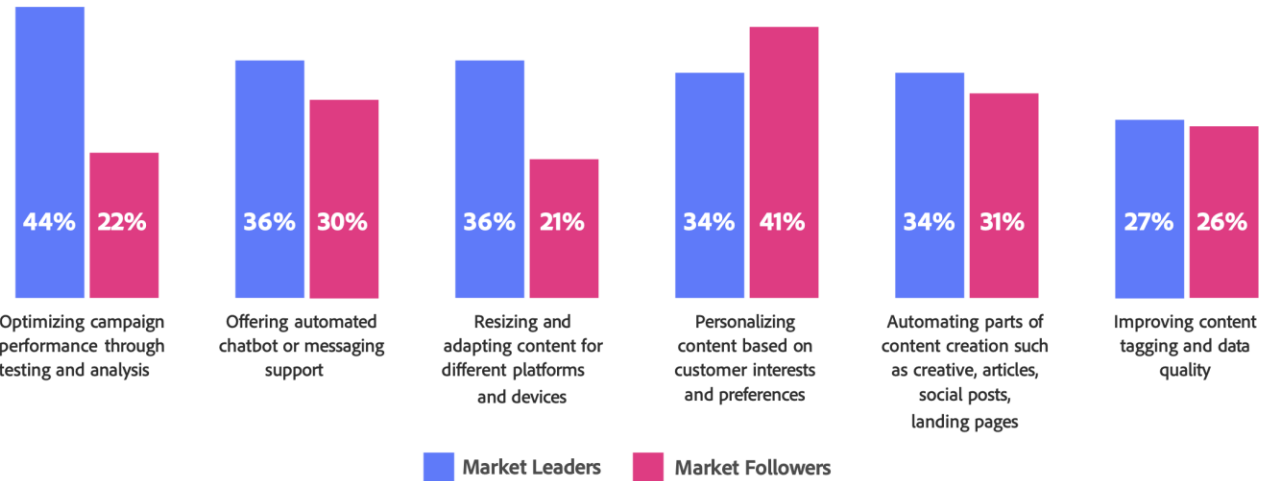
## ORVIS®

CASE STUDY

Orvis, an iconic outdoor brand, successfully shifted from catalog-based communication to omnichannel marketing while preserving its brand identity. By integrating Adobe Workfront, Experience Manager Assets, and Creative Cloud Enterprise, the company centralized its content streams—enabling it to cut 1,000 hours per year from its catalog creation workflow and reduce the time to produce project plans by 75%.

# Retailers with greater agility are prepared to solve more complex problems with generative AI

Figure 9: Top areas where retail organizations plan to use generative AI for digital marketing and experience management in 2024.



Sample size: 204 practitioners

Market Leaders’ foundation of governance, workflows, and training equips them to move faster. Their greater agility also enables them to use generative AI to solve more complex problems.



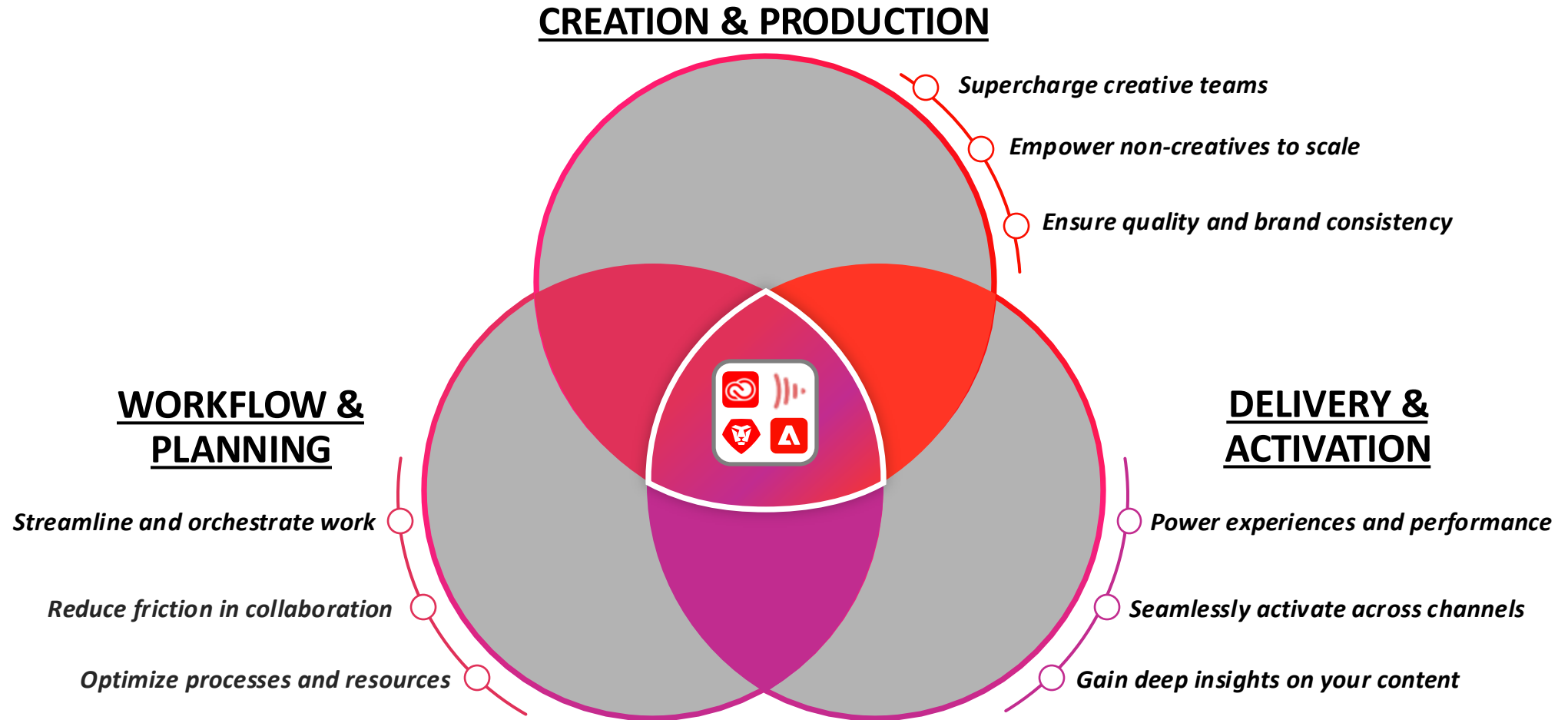
UNDER ARMOUR

Under Armour implemented Adobe Experience Manager Assets to consolidate 5TB of data into a centralized digital asset management (DAM) system, bringing creative assets within the company’s corporate security framework and streamlining workflows. Under Armour is also leveraging Smart Tags, powered by Adobe Sensei, to automatically identify relevant metadata, and Smart Crop to deliver social assets more efficiently.

CASE STUDY

# AI-enabled Personalized Retail Experiences Supply Chain

*With Adobe, retailers can help optimize their entire digital supply chain, from planning to creation to delivery.*



*Combining AI, data, content and journeys*

# Scaling on-brand creative content with **Firefly Services**



## The challenge

- Pepsi looked to launch a new platform for the Mirinda beverage brand, targeting Gen Z with an interactive creative self-expression experience
- Existing capabilities did not meet brand guidelines, and generative AI tools under consideration lacked copyright and security controls

## How Adobe helped

- Pepsi creative teams leveraged **Firefly Services** to scale content variants:
- Used **Photoshop APIs** to ensure consistent creative control (i.e., masks, background removal)
  - Updated **Firefly API** generation prompts to generate imagery that aligned with **200 subjects in 12 different art styles**
  - Final assets were tagged, organized according to style and subject taxonomy, and securely delivered to **maintain provenance** information

## Results

- Produced **540,000** custom, on-brand assets in **five days**, and over **1.5 million total assets** with masks and cutouts for the initial campaign
- Experience went live in November 2023, with expansions under review

Solutions: Firefly Services (FF and CC APIs); Adobe Professional Services



The Mirinda AI Flavor Generator is an example of how AI can create personalized brand experiences while maintaining brand standards and user privacy.



# Generative AI is poised to transform every aspect of the retail organization.

## Do not wait!

### **Prioritize foundational capabilities.**

Market Leaders' stronger foundation across unified customer profiles, an efficient content supply chain, and orchestrated omnichannel customer journeys acts as springboard for deploying generative AI to enhance CX.

### **Break down silos.**

Retailers are rich in data but poor in data insights. They need to not just unify customer data but also make it accessible and actionable.

### **Plan for generative AI adoption at scale.**

Retailers must plan for enterprise adoption of embedded AI solutions. That requires alignment between generative AI initiatives and overarching business goals, as well as KPIs and incentives, skill-building programs, governance guidelines, and data privacy standards

The image features a central white letter 'A' on a teal gradient background. The background transitions from a darker teal on the right to a lighter teal on the left. On the left side, there are several overlapping, semi-transparent blue shapes that resemble stylized leaves or petals, creating a layered, organic effect. The overall composition is clean and modern.