

# Retail Report 2025

In today's evolving retail landscape, success hinges on embracing innovation and meeting the expectations of a digitally savvy customer base. Younger shoppers, particularly Gen Z, are omnichannel by nature, with a significant portion engaging through social platforms. Retailers are responding by investing heavily in AI—not only to enhance customer experiences and fight fraud but also to unlock new avenues for growth. As consumer expectations shift toward immersive, tech-enhanced in-store experiences, the willingness to share data in exchange for value creates new opportunities for personalization.

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**Crate&Barrel**

**DECKERS**  
— BRANDS —

**LUSH**

ESTÉE LAUDER

RITUALS...

LVMH

**UNIQLO**

**DECATHLON**

TIFFANY & Co.

**HUGO BOSS**

**adyen**

# Where we shop and how people pay

38% of Gen Z choose retailers that let them shop on social media

**FINDING 01**

Gen Z scrolls, Boomers stroll

**FINDING 02**

Consumers crave connected commerce

**FINDING 03**

Payment methods can make or break a sale



**38%**

of Gen Z choose retailers that let them shop on social media

**53%**

of consumers would be more loyal to a retailer if they were able to purchase an item that was out-of-stock in store and have it shipped directly to their home.

The main goal for retailers is simple: turn browsers into buyers. And delivering the experiences customers expect is key to making that happen. While online channels, especially social media, are popular among younger shoppers, physical stores remain the preferred choice for many. What matters most is connecting every channel to create a seamless, cross-channel journey. And when it comes to closing a sale, it often comes down to one thing: letting customers pay how they want.

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# AI In Retail

Some shoppers find AI helpful, others find it invasive

**FINDING 01**

Consumers are conflicted about AI

**FINDING 02**

Shoppers are turning to AI assistant

**FINDING 03**

Retailers bet big on AI



**37%**

of consumers have used ChatGPT or AI assistants to shop

**63%**

of consumers understand that retailers use AI to help recommend products they might be interested in

AI continues to transform how we live, work, and shop. Yet consumer sentiment remains mixed, and retailers must walk a fine line between offering convenience while avoiding intrusiveness. Still, more shoppers are turning to AI assistants like ChatGPT to help them make purchasing decisions.

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# In-store shopping

30% want retailers to make the experience more interesting

## FINDING 01

Shoppers seek hands-on experiences

## FINDING 02

Are retailers underestimating their stores' potential?

## FINDING 03

Retailers are rethinking POS



**45%**

of those that prefer stores do so because they like to touch and feel products

**33%**

of retailers plan to invest in technology to make the customer shopping experience more engaging

In-store shopping remains an important part of life for many consumers and is the preferred channel for 39%. Retailers are responding by investing more in their stores, particularly by improving the in-person payment experience. As always, meeting (or exceeding) shopper expectations is a critical success driver. While consumers clearly value seamlessly connected physical stores, many retailers have yet to fully leverage them as powerful drivers of engagement, revenue, and brand experience.

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# Personalization & Loyalty

Consumers expect tailored experiences; businesses need connected data

## FINDING 01

Consumer opinion is divided on personalization

## FINDING 02

Unified Commerce businesses connect the data dots

## FINDING 03

Loyalty is not meeting expectations - yet



**54%**

are more likely to shop with brands who give them discounts through loyalty programs

**43%**

feel that loyalty programs rarely offer things they actually want

Consumers increasingly expect personalized experiences, like tailored recommendations and exclusive discounts. But some still view marketing based on their browsing or purchase history as intrusive. While loyalty programs are appreciated by many, others feel that brands often fall short of their expectations. At the same time, businesses are betting on advanced personalization to drive revenue growth in 2025. However, without connected data systems and a unified commerce approach, many will find it difficult to meet shoppers' expectations for consistent, streamlined experiences.

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# Optimizing the total cost of payments

27% of businesses are looking to increase net revenue by finding ways to lower the cost of payments

**FINDING 01**

Businesses find ways to optimize payment costs

**FINDING 02**

Operational inefficiencies are a financial drain

**FINDING 03**

Fraud is still top of mind when it comes to cost



**37%**

of businesses agree that offering local payment methods is an opportunity to reduce fees

**44%**

are implementing cost-saving technology such as smart routing

Retailers are increasingly focused on optimizing payment costs. The most effective way to do so is through a holistic strategy that targets savings across the entire payment ecosystem. Whether it's adopting lower-cost payment methods, consolidating vendors, or minimizing fraud, there are significant opportunities to reduce costs—if you know where to look.

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# Payment Performance

Customers will abandon a purchase if payment takes too long

**FINDING 01**

Retailers need uninterrupted uptime

**FINDING 02**

Fast payments matter

**FINDING 03**

Payments performance drive operational excellence



**37%**

of customers will abandon a purchase if payment takes too long

**49%**

of retailers don't agree that their transactions are processed quickly and without delays, minimizing abandonment

Strong payment performance is driven by three key elements. First, the reliability of your platform; second, the speed at which payments are processed; and third, the ability to authorize as many valid payment requests as possible. Together, these elements form the foundation of operational excellence. Staying on top of these crucial KPIs will ensure you can hold your payment provider accountable.

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# Business ambitions

29% of businesses plan to diversify product/service offerings in 2025

**FINDING 01**

Businesses set to invest big in global expansion

**FINDING 02**

Businesses explore new business models



**27%**

plan to expand internationally

**18%**

will invest over \$5M in international expansion

Against the backdrop of uncertain trading conditions, retailers are thinking laterally about how they can grow revenue in 2025. Geographical growth has typically been the traditional growth avenue. But now, many are looking to expand across business models, diversifying their offering to stay agile. Some retailers are even waking up to the potential of embedded finance, which can be an effective way of increasing returns.

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# Ethics & Impact

Consumers want retailers to demonstrate social purpose

**FINDING 01**

Consumers care, but will they pay?

**FINDING 02**

Retailers are slow to respond, but tech can help



**65%**

of consumers give to charity

**41%**

of consumers would be more loyal to a retailer that demonstrates a strong social purpose, and/or contributes to charitable causes

Against a backdrop of global events, an increased awareness of ethics and supply chains, and the rise of climate concerns, consumers are waking up to their responsibilities. A recent survey by PwC found that "consumers are willing to pay a 9.7% sustainability premium, even as cost-of-living and inflationary concerns weigh." Our research also confirms that consumers are eager to give back and expect businesses to do so as well.

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