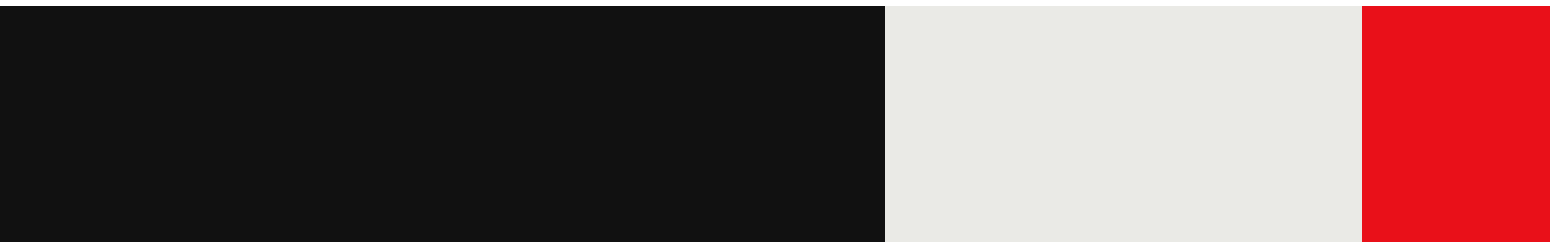



What retail trends will dominate 2025?

Article



The overview: As competition grows and consumers demand more value, retailers must differentiate and engage shoppers with what they want, wherever they are. That means forging new paths to growth.

Here are three key areas we'll be watching:

Retailers will unlock the potential of predictive AI to supercharge growth: For all of genAI's conversational and creative capabilities, it also has limitations. Rather than focusing on genAI in isolation, tech-savvy companies are using predictive AI to greater effect.

- Retailers will make incremental gains on product gross margin with more precise inventory and assortment planning.
- The combined power of genAI with predictive AI will help merchants speed up development by, among other things, using pop culture signals to predict future trends.

China's ecommerce disruptors will be disrupted: Shein, Temu, and TikTok Shop face a reckoning after breakneck expansion. These mobile-first ecommerce players with roots in China have taken off with consumers thanks to their ultra-low pricing, relentless digital marketing, and addictive shoppability. But all three now face mounting pressure from authorities and competitors that will drive further innovation in how they do business.

- Shein will dive deeper into “supply chain as a service.” More brands will take up Shein’s on-demand technology and marketplace to compete with larger fast-fashion players.
- Temu could try appealing to inflation-weary consumers by introducing the gamified, group-buying grocery shopping concept that made sister app **Pinduoduo** enormously popular in China.

Mounting pressure will squeeze the long tail of retail media networks: Amazon and Walmart combined will gobble up more than 84% of all retail media ad spending in 2025, leaving a rather narrow slice of the market for all other players. RMNs that make up the long tail of ad spending will face the harsh reality that they lack the digital footprints necessary to generate meaningful revenues solely by monetizing their owned and operated digital channels.

- Resource-strapped advertisers will consolidate RMN spending across fewer networks.
- Retailers that fail to act decisively will be left further behind. Some will abandon their RMN ambitions beyond outsourcing basic capabilities, while others will fold entirely.

Go further: Dive deeper into these and other predictions for this year in our [Retail Trends to Watch for 2025](#) report.

Dozens of Retail Media Networks Are Fighting Over a Small Slice of the Pie
 % of US retail media digital ad spending, by company, 2025



Note: only select US companies with retail media networks shown; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps; digital ad spending includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: EMARKETER Forecast, Nov 2024

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