Retail Tech
Forecast 2025

Empowering Customers Decode

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About Retail Tech Forecast

Retail Tech Forecast: Empowering Customers Decode marks the inaugural edition of the Forward Forecast by SmartOSC, a leading full-spectrum digital enabler. This comprehensive report brings together insights from 41 top executives across the Asia-Pacific region, offering an in-depth analysis of economic and consumer behavior complexities, trending strategies, and strategic solutions to help retailers navigate today's landscape.

Drawing on diverse sources - including in-depth interviews, an online survey, and third-party data, this Forecast offers a detailed perspective on the current state and future outlook of the retail industry as we move toward 2025.

Project Team

- **Pham Minh Thao,** *Content & Growth Manager*
- **Nong Thi Bao Thu,** *Marketing Executive*
- **Phan Cao Phuong Linh,** *Marketing Executive*
- **Dao Minh Tuan,** *Designer*

Key Contributors

We'd like to extend our sincerest gratitude to the 35 top retail executives and the following experts for their contributions to this Forecast.

Rakesh Mani, Asia Pacific Consumer Markets Leader of PwC Malaysia

George Hartel, Chief Commercial Officer of GQ Apparel - Supara Group

Simon Torring, Co-Founder of Cube Asia

Wilasinee Parnurat, ex-Country Manager of BATA Thailand

Mal Chia, Advisory Board Member of NORA ~ National Online Retailers Association

Duong Bui, Director of SmartOSC A/NZ

Executive Summary

Welcome to the first issue of Retail Tech Forecast 2025: Empowering Customers Decode.

In recent years, brands have struggled with a myriad of trends and risks that have significantly impacted their growth. The overwhelming array of how-tos and strategies in multiple channels, from social commerce to marketplaces, influencer marketing, and generative AI, can be both daunting and confusing. To thrive in this volatile environment, brands are expected to do everything, be everywhere, and provide everything all at once.

This demands a delicate balance, as concerns about focus and prioritization persist.

One can't afford to be left behind, but the rewards are not that clear either.

In this 1st issue, we surveyed 41 top executives in the APAC areas, asking them about the evolving nature of consumers and how it affects their forecasts for 2025. We explore how their views have changed since the pandemic and economic downturn, and how the influence of younger, tech-savvy generations is shaping their operation plans. Based on these insights, we will reveal the growth and technology advice from leaders at leading organizations such as PwC, National Online Retailers Association, Cube Asia, and more to drive growth.

Explore how the right mindset and technologies can drive brand resilience while navigating the complexities of customer demand and economic circumstances.

We hope you find these actionable insights informative and inspiring.

Best regards,
The Forward Forecast Editorial Team

Methodology

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To understand the evolving
landscape and opportunity
in the retail industry,
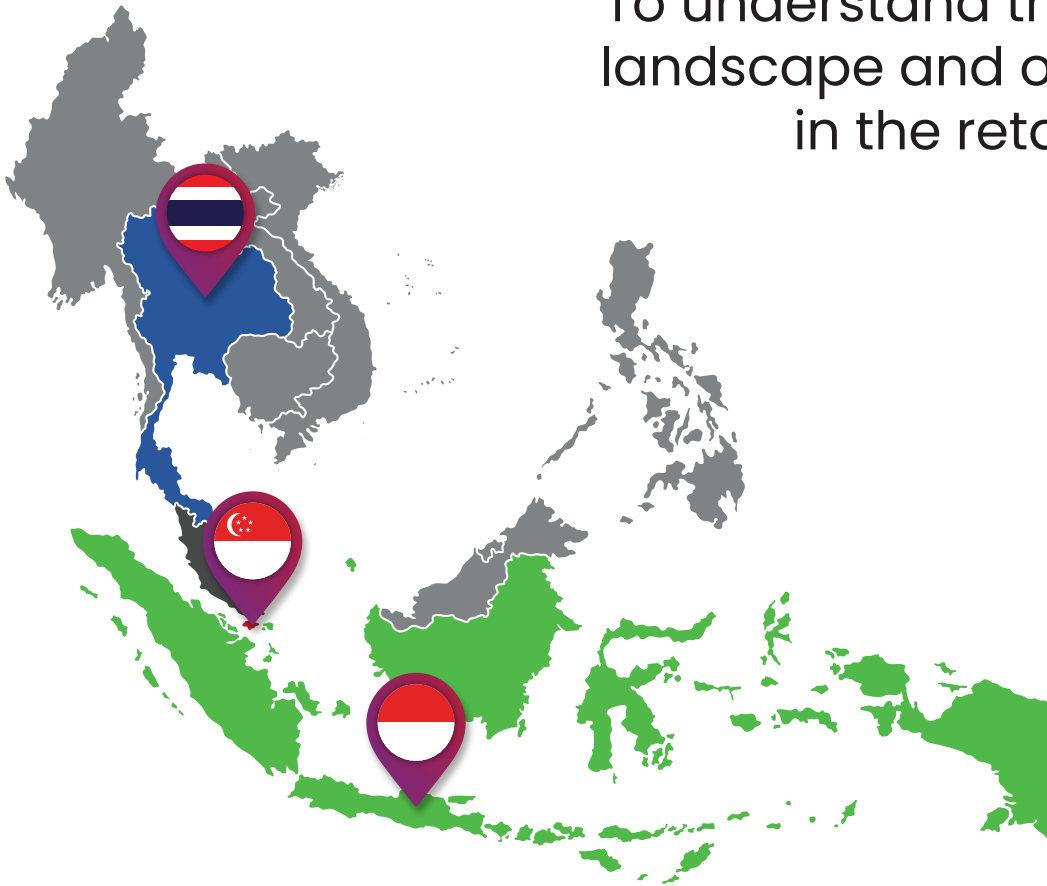
we surveyed
retail leaders
in four
countries
across APAC.

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This forecast draws on data from a range of qualitative and quantitative sources—including interviews, surveys, and statistical analysis—to provide APAC retail leaders with insights into major shifts in consumer behavior and coping mechanisms, helping to inform optimal retail strategies.

Our key findings are derived from in-depth interviews with 6 industry experts and an online survey involving 35 top executives from the APAC retail sector. Percentage values are rounded to the nearest whole number for clarity. Commentary in this report is informed by an extrapolation of this data, supplemented by relevant insights from additional reports.

This study began in June 2024 and was completed in November 2024.

Demographics

Country	
Thailand	34%
Singapore	23%
Australia	26%
Indonesia	17%

Department of respondent	
Technology	43%
Commercial	46%
Marketing	11%

Position of respondent	
C-level Executive	46%
Head of Department	26%
Senior Manager	28%

Supplemental Material

1. Voice of the Consumer Survey 2024: Respond, Rethink, Reimagine: Strengthening Consumer Trust in Asia Pacific, PwC, June 2024.
2. The Future of Retail in Asia-Pacific: From Turbulence to Resurgence, Bain & Company, June 2024.
3. Mid-Year Consumer Outlook: Guide to 2025, NielsenIQ, September 2024.
4. An update on consumer sentiment in Asia-Pacific, McKinsey & Company, July 2024.
5. 4 strategies to thrive in Asia Pacific's consumer landscape of 2024, NielsenIQ, May 2024.
6. Digital 2024 October Global Statshot Report, We Are Social & Meltwater, October 2024.
7. Forecast: Enterprise IT Spending for the Retail Market, Worldwide, 2021-2027, 4Q23 Update, Gartner Research, February 2024.
8. Artificial Intelligence (AI) in Retail Market, Fortune Business Insights, October 2024.
9. Supply Chain Management Market - Analysis, Industry Size & Forecast, Markets and Markets, June 2022.
10. Retail Supply Chain - Statistics & Facts, Statista, March 2024.
11. Digital Wallets: Platform Analysis, Key Trends & Market Forecasts 2023-2028, Juniper Research, September 2024.
12. Share of eCommerce Payment Methods APAC 2023, Statista, March 2024.
13. How Big Is The Mobile AR Market?, ARtillery Intelligence, February 2021.
14. Augmented Retail: The New Consumer Reality, NielsenIQ, December 2019.
15. Retail Omni-Channel Commerce Platform - Global Strategic Business Report, Research and Markets, November 2024.
16. Social Commerce Revenue Worldwide from 2018 - 2028, Statista, March 2024.
17. Southeast Asia Retail Report, Shopify, July 2024.
18. Omnichannel Retail Usage Asia 2023 by Country and Channel, Statista, September 2024.
19. Tech and AI to Bring the Next Growth in Retail, Deloitte, February 2024.
20. AI Adoption in the Business World: Current Trends and Future Predictions, PwC, April 2023.

Key findings

01

New-generation pragmatic consumers driven by a complex economy

Due to economic pressures from inflation and rising living costs, today's consumers are evolving toward a more pragmatic, value-focused approach. With priorities switching to affordability and durability, consumers in APAC are increasingly leveraging digital platforms and social media to compare prices, access deals, and make informed choices.

Most surveyed executives agree that the new consumer mindset is defined by three key traits: intentionality and value-driven choices, tech-savvy and empowered decision-making, and adaptability with selective spending.

02

Social commerce as a tool to foster authentic connections

Social commerce is a top investment priority for 2025 according to a majority of surveyed APAC retailers. To connect with the new generation of discerning consumers, retailers are leveraging three key community-driven strategies: user-generated content, influencer marketing, and livestreaming.

However, social commerce isn't without its challenges. It straddles the line between a shopping platform and a discovery tool, prompting brands to integrate diverse formats like live commerce and conversational commerce to influence purchases in real time. This multi-platform approach, while extremely important for brand visibility, introduces complexities: fragmented messaging across platforms, data privacy concerns on third-party platforms, and potential difficulties in utilizing customer data effectively.

03 Omnichannel fuels long-term success

Omnichannel remains a top strategic priority for retailers, with a majority of surveyed retail leaders planning to increase their investment in unified commerce platforms. The goal is to deliver exceptional online and in-store experiences, fostering seamless customer journeys, increased loyalty, and long-term revenue growth.

When it comes to in-person shopping, respondents emphasized several key factors, from Flexibility (the freedom to shop and pay at their convenience), personalized service (knowledgeable and attentive in-store staff), deals (access to the best deals across all brand channels), and more. While achieving these goals necessitates centralized, real-time data, it also raises significant privacy concerns that must be carefully addressed.

04 AI integration's path: Into the unknown

AI is rapidly transforming the retail industry, with a significant number of executives recognizing its potential to revolutionize various aspects of the business. However, many companies are stuck in "pilot purgatory," deploying AI in isolated projects rather than integrating it into core operations. This is often due to various challenges, including high implementation costs, a shortage of AI talent, complex integration with legacy systems, data privacy and security risks, and uncertainty about the return on investment.

The most digitized companies go further by retraining and upskilling their operation teams and actively automating functions like customer service, IT, and operations to scale capabilities without reducing headcount. Retailers should emulate this approach to ensure the internal expertise needed to leverage AI strategically while fostering a workforce that grows alongside digital advancements.

OVERVIEW

# Economy's complexity drives the new-generation pragmatic customers

In this economy, consumers are viewing shopping more as a task to be completed rather than an activity

Unlike in the US, where the term "recession" is being discussed openly by economists, market analysts, and industry leaders globally - the APAC economy is showing signs of resurgence, with renewed optimism observed in the region's growth engine. According to Bain & Company, the region's share of global growth increased by 8% in 2023 compared to the COVID-19 period, signaling a rebound that positions APAC once again as a major growth driver, similar to pre-pandemic times.

Despite these promising growth indicators, economic realities remain challenging. Weak global economic growth often triggers a domino effect, leading to unemployment spikes, consumer spending declines, and potential business bankruptcies.

Consumer optimism rises, but pragmatism rules

61% of APAC consumers cite inflation as their top concern for the coming year

61%
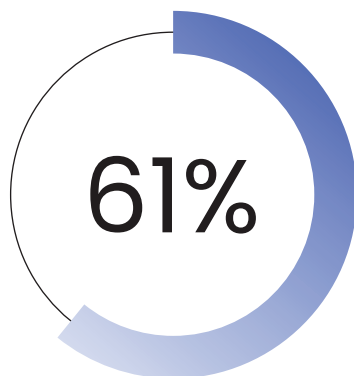
A broader global trend also highlights the financial strain consumers are facing. According to NielsenIQ, 32% of global consumers report that their financial situation has worsened over the past year, with 76% of them citing the rising cost of living as the primary cause.

Source: PwC's Voice of the Consumer Survey 2024: Asia Pacific

The new-generation pragmatic consumers

The new-generation of pragmatic consumers, shaped by macroeconomic pressures, can be characterized by three key traits:

- Intentionality and value-driven choices
- Tech-savvy, empowered decision-making
- Adaptability and selective spending

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Intentionality and value-driven choices

More than

60%

of APAC consumers say the primary motivation for switching brands or retailers is the pursuit of better value. (McKinsey)

APAC consumers are now placing greater emphasis on value and quality in their purchases, increasingly focusing on how products and brands align with their lifestyles and deliver real value. They seek products that not only come at an affordable price but also offer durability and longevity, reflecting a deeper consideration of overall value rather than just the upfront cost. According to NIQ, 59% of APAC consumers express openness to new or innovative products tailored to meet their health and wellness needs, and 61% of global consumers would pay a premium for a product that lasts longer before needing to be replaced.

Percentage of Consumers Altering Shopping Behavior in Search of Greater Value by Country

China — 86%

India — 92%

Australia — 75%

South Korea — 74%

Source: McKinsey's An update on consumer sentiment in Asia-Pacific

Consumers now strategically evaluate their purchases by comparing prices across multiple platforms and channels. This shows that they're seeking both affordability and convenience, considering not just the price but also factors like shipping costs, delivery speed, and return policies.

"There will be more channel-switching than ever. Consumers remain brand conscious but, unlike shoppers elsewhere, they focus on value so intensely that brand loyalty is often secondary. In the past, many retailers, especially larger ones, aimed to be a one-stop shop during the high season, particularly during the holiday season. Now, they're recognizing that consumers don't shop that way anymore. Shoppers are buying individual items from various retailers across multiple channels, both online and in-store."

- Duong Bui, Director of SmartOSC A/NZ

"In the footwear and fashion segment, we observe a significant increase in demand for fancy clothes and items, such as a nice pair of party heels. However, consumers are still basing their buying decisions on casual and wellness items, like relaxing sandals. Hence, there is now an obvious trend of comfort with style as they don't want to sacrifice any of these."

- Wilasinee Parnurat, ex-Country Manager of BATA Thailand

Tech-savvy and empowered decisions

Amid economic challenges that strain their budgets, today's customers are strategic, resourceful, and technologically savvy, allowing them to navigate the retail landscape with greater control and resilience.

A recent report from We Are Social & Meltwater found that social media users in Southeast Asia are, on average, more active than their global counterparts. Notably, in Indonesia, 65.2% of shoppers use social media to research brands before making a purchase, showing how these platforms support informed decision-making and help consumers find value.

With digital tools at their fingertips, customers are increasingly efficient and discerning, leveraging social media to make well-informed purchasing decisions.

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Adaptability and selective spending

While APAC shoppers are being selective with their spending on necessities, they're also willing to splurge in certain high-value categories.

Asia–Pacific consumers are facing a conflict of spending while saving.

Share of consumers who splurged in Q2 2024,[1] % of respondents

	Splurge	Change vs Q1 2024	Selected categories for splurging	
India	77	−2%	• Groceries (45%) • Footwear (43%)	• Restaurants (42%) • Beauty and personal care (42%)
China	65	+3%	• Apparel (43%) • Restaurants (41%)	• Travel (37%) • Footwear (32%)
Australia	29	0%	• Restaurants (29%) • Beauty and personal care (28%)	• Groceries (28%) • Travel (27%)
South Korea	27	+1%	• Travel (34%) • Apparel (31%)	• Groceries (29%) • Footwear (25%)
Japan	25	−3%	• Restaurants (40%) • Travel (40%)	• Apparel (24%) • Jewelry and accessories (14%)

Source: Mc Kinsey's An update on consumer sentiment in Asia-Pacific

With an increasing focus on "inner values" like personal wellness and meaningful connections, many consumers view occasional splurges as investments that enhance their overall well-being. This shift is reflected in areas like dining, fashion, beauty care, and travel, which contribute to a sense of prosperity and fulfillment.
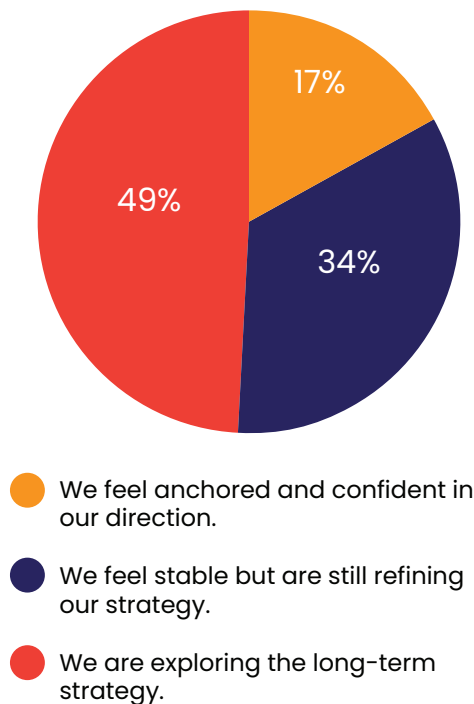
*"As the cost of living rises, many are steering away from luxury items, **turning their attention towards necessities** instead. Yet, discretionary spending has not entirely evaporated; consumers remain willing to allocate funds for travel, electronic devices and home improvement. Overall, there is growing caution about how money is spent. This is likely to manifest in various ways, from more diligent price comparisons across channels and retailers, to seeking value through promotions or discounts, or even deferring purchases in certain categories altogether."*

- Rakesh Mani, Asia Pacific Consumer Markets Leader of PwC Malaysia

The bungee jump state of APAC retailers

Like a bungee jump, APAC retailers are bouncing back, driven by a slightly improved economy. However, a majority of them are **still exploring** where they will land, feeling somewhat unanchored as they look ahead to 2025.

Which of the following best describes your outlook on your approach for 2025?

- 🟠 We feel anchored and confident in our direction.
- 🔵 We feel stable but are still refining our strategy.
- 🔴 We are exploring the long-term strategy.

With the increasing complexity of the economy and shifting consumer behavior, discounters and eCommerce platforms have consistently outpaced market growth. Consumers are most likely to purchase whatever is being promoted, and brands are increasingly running promotional campaigns on emerging platforms like TikTok, Shopee, and others.

The prevalence of discount campaigns across multiple retail channels and platforms has resulted in elevated operational costs and restricted allocations for other essential investments, including technology spending—a vital component for optimizing operations. In response to these challenges, many retailers are reassessing their approach and seeking appropriate strategic directions for 2025.

*"**For retailers**, the current economic conditions necessitate a **shift towards more aggressive discounting** and marketing strategies to attract price-sensitive customers. However, this approach is **leading to margin erosion, forcing retailers to rethink and streamline their operations**. Many are pivoting towards omnichannel strategies, integrating digital and physical experiences to meet the evolving demands for comprehensive customer experiences."*

- Mal Chia, Advisory Board Member of NORA ~ National Online Retailers Association

An industry formed by overachievers and agility

Retailers remain agile and forward-thinking

68%

of executives plan to increase their IT and retail operations budget, while 26% will maintain their current investment levels with adjustments anticipated in the first quarter.

The rapid week-to-week and even day-to-day shifts in global shopping trends—especially in APAC—highlight the value of immediate data access. Retailers who can leverage up-to-the-minute insights are better positioned to make informed, impactful investments compared to those relying on older data.

Among surveyed executives, 68% plan to increase their IT and retail operations budget, while 26% will maintain their current investment levels with adjustments anticipated in the first quarter. Only 6% intend to reduce their budget.

In the long term, retail spending is projected to grow at a compound annual growth rate of 6.9%, reaching an estimated $262.6 billion by 2027 (Gartner).

This growth trajectory underscores the industry's relentless pursuit of technology innovation.

It also raises the question: Which areas of retail IT are they prioritizing?

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Retail IT spending, a breakdown

A number of transformative trends are likely to have a significant impact on the future trajectory of retail.

1. Artificial intelligence (AI)

The global AI in retail market size was valued at $7.14 billion in 2023 and is projected to grow from **$9.36 billion in 2024 to $85.07 billion by 2032.** [(Fortune Business Insights)](#)

Artificial intelligence stands at the forefront, offering retailers unprecedented capabilities to personalise the shopping experience, fine-tune inventory management, and implement dynamic pricing strategies. All these features can be tailored to individual preferences and market trends by using generative AI.

> *"As generative AI and AI-based personal assistants become more common we will need to adjust our commerce systems to interfacing with those agents at scale, for instance, to look up stock availability or answer detailed queries about products"*
>
> **- Simon Torring, Co-Founder of Cube Asia**

In IHL Group's "Winning the Race of Innovation: How Top Performing Retailers are Investing in Technology", data maturity and the use of AI with machine learning (ML) across a variety of software functions is becoming a true differentiator in 11 categories of software, including:

Forecasting	Order management	Order fulfillment
Supply chain/warehouse management	Merchandise allocation	Pricing/promotions
BI/analytics	Loss prevention	Sales and marketing
HR/workforce management	App development	Customer service

2. Supply chain management

The global Supply Chain Management Market is estimated to be worth $28.9 billion in 2022. It is projected to reach **$45.2 billion by 2027.** (MarketsandMarkets)

While the COVID-19 years were about rebalancing and de-risking supply chains, APAC retailers now face a new environment. Economic volatility driven by inflation, energy crises and geopolitical tensions, among other forces. have created a new reality for business leaders. The retail supply chain has become more complex because of online commerce. Technology solutions for the supply chain include advanced, real-time management; cross-channel order management; and automated logistics, HR, and finance.
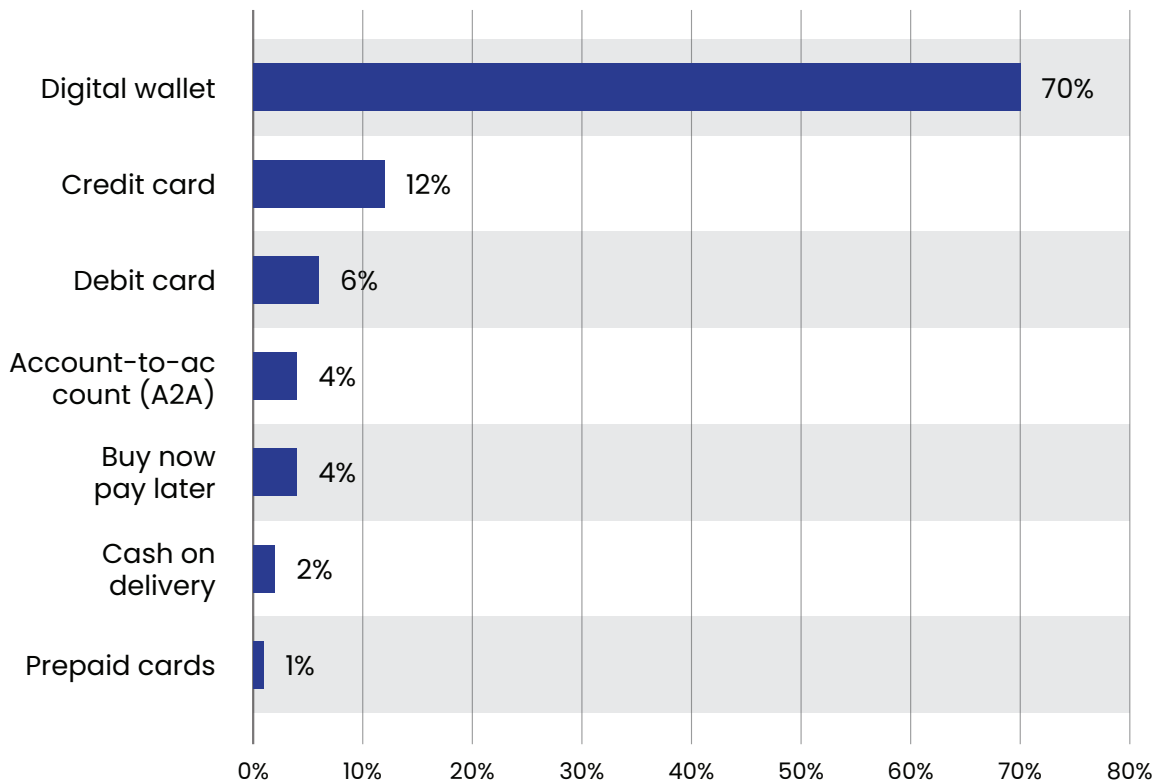
In this more competitive scenario, retailers are challenged to shorten delivery times and lower delivery costs.

According to retail supply chain executives, a greater flexibility and planning setup is among the top investment priorities. (Statista)

3. Digital payments

$16 trillion in global transaction value is anticipated for digital wallets by 2028, as the digital revolution reshapes retail payments and transforms consumer spending habits worldwide. (Juniper Research)

Payment method	Percentage
Digital wallet	70%
Credit card	12%
Debit card	6%
Account-to-account (A2A)	4%
Buy now pay later	4%
Cash on delivery	2%
Prepaid cards	1%

Payment choice is important to consumers, even to the point of influencing where to shop.

Digital wallets accounted for the largest share of eCommerce payment methods in the Asia-Pacific region with 70%. The share was forecast to increase to a share of 77% by 2027. (Statista)

Merchants are expanding the types of payments they expect beyond enabling customers to insert cards into a card reader, including cashier-less systems that allow shoppers to check in on an app, Buy Now, Pay Later (BNPL), or even pay through fingerprint and finger palms.

4. Immersive experiences (augmented and virtual reality)

~ 1.73 billion augmented reality devices are projected to be in use worldwide by the end of 2024.
(ARtillery Intelligence)

AR is a software capability, but it requires hardware to use. Tech companies will increasingly invest in products that bring AR experiences to life. Perhaps the most anticipated tool has been Apple's Vision Pro AR/VR headset.

A more affordable version is expected to debut in 2025. In the meantime, smartphones are the primary conduit for AR product experiences.

56% of consumers reported that AR technology increases their confidence in a product's quality. (NielsenIQ)

The AR market is a rapidly growing industry with an estimated market value of $198 billion by 2025. AR has the potential to impact every corner of the economy, ranging from medicine to automotive to entertainment and more.

5. Omnichannel & Cross-channel order management

The market for global omnichannel retail platforms, which was valued at $5.8 billion in 2020, is now worth **$6.6 billion.**
(Research & Markets)

When today's customers shop, they use everything from traditional brick-and-mortar stores to websites to social media to mobile apps. Customers expect connected journeys, and 76% of customers expect consistent interactions across departments.

With an integrated omnichannel strategy, retailers can provide hyper-convenient, personalized shopping experiences at every point in the customer journey—whether that customer is shopping online, via their mobile device, or in a store. The idea behind omnichannel retail is to create frictionless and personalized customer experiences at the exact moment of relevance.

6. Social commerce

Worldwide social commerce revenue is set to reach **$913 billion** this year and will grow by 31.6% per year, according to a report by Straits Research, verified by Statista.

Social media is now the biggest driver of brand and product discovery in Southeast Asia, with more than 4 in 5 consumers (82%) discovering new products through social media, according to Shopify.

68%

of Southeast Asian retailers plan to boost their investment in social commerce over the next 12 months, according to the latest data from Shopify, highlighting a strong commitment to social media strategies. (Shopify)

Social commerce platforms are seeing staggering growth in the region, with platforms like TikTok projected to grow their user base in Asia-Pacific by 11.3% in 2024. In line with this, 39% of retailers surveyed for the report said social media engagement is one of the most crucial metrics for determining the ROI of commerce infrastructure, ranking just behind profit margin (44%), according to Shopify.

The race for tech investment is getting hot

Some analysts say that a consumer shift toward the biggest chains capable of offering better deals and experiences could turn into something more permanent, as years of investments in technology and eCommerce by those retail giants have started to pay off.

The race between SME retailers and enterprise retailers has become a sprint with Usalt Bolt. Not only did the giants start early, but they're also pulling ahead at every step, thanks to their investments.

As a result, retailers of all sizes in APAC feel the omnichannel squeeze, particularly with managing online returns and reducing losses caused by theft, fraud, and other factors, they are tapping into the power of technology to drive profitability.

The most talked-about strategies are catching the eye of retail leaders aiming to build resilience

Live Commerce

Omnichannel

Conversational
Commerce

Influencer Marketing

Affiliates

Data Centralization

AI

User-Generated Content

Innovation

Loyalty
Program

Community Collaboration

**Social
Commerce**

In-store Experience

Amid fierce competition, retailers across APAC are reimagining their strategies to stay resilient and keep pace with industry leaders. We surveyed 35 top executives in the region to identify the key trends shaping the future of APAC retail. Below are the impactful approaches driving change.

FORECAST

Key predicted trends

The following forecast draws on the compilation of 35 surveyed industry leaders and advice from our contributors.

01 Social Commerce: Retailers are increasingly embracing social commerce as both a shopping platform and a tool for customers to discover brands.

02 Omnichannel: Retailers continue to prioritize omnichannel strategies to provide customers with a seamless shopping experience across online and offline channels.

03 AI Innovation: Retailers are significantly investing in artificial intelligence (AI) to enhance various aspects of their businesses. AI-powered solutions can improve personalization, target marketing efforts more effectively, and optimize supply chain operations.

Social commerce is a growing factor shaping retailers' budgets for 2025

01

91%

APAC retailers say that they plan to either increase their investment in social commerce or will maintain the same level of investment.

China and other Asian nations are leading the social commerce revolution, making it an increasingly significant component of the eCommerce landscape. NIQ reported that there is an impressive **double-digit sales growth of 55% increase compared to the previous year** via sales on Tiktok in China. In other emerging markets like Thailand, Vietnam and Indonesia, this trend also is even more pronounced as it surpasses the global average of 46%.

Social Commerce Adoption Rates in Emerging Asian Markets

Market	Rate
Thailand	73%
Vietnam	71%
Indonesia	69%

Source: PwC's Voice of the Consumer Survey 2024: Asia Pacific

"A full 25% of the region's online sales are influenced by social experiences and interactions, such as live selling, conversational commerce, and social platform commerce."

- Simon Torring, Co-Founder of Cube Asia

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Rising integration of social commerce archetypes

A blend of eCommerce purchasing archetypes is rising, highlighting the interconnected nature of platforms and purchasing behaviors. **By 2025, these archetypes will continue to overlap, combine, and be embraced by retailers,** with multiple influences shaping purchasing decisions simultaneously.

Conversational Commerce

Involves chat-and-shop features, facilitating real-time customer engagement.

Live Commerce

Now a significant segment, leveraging livestream sales.
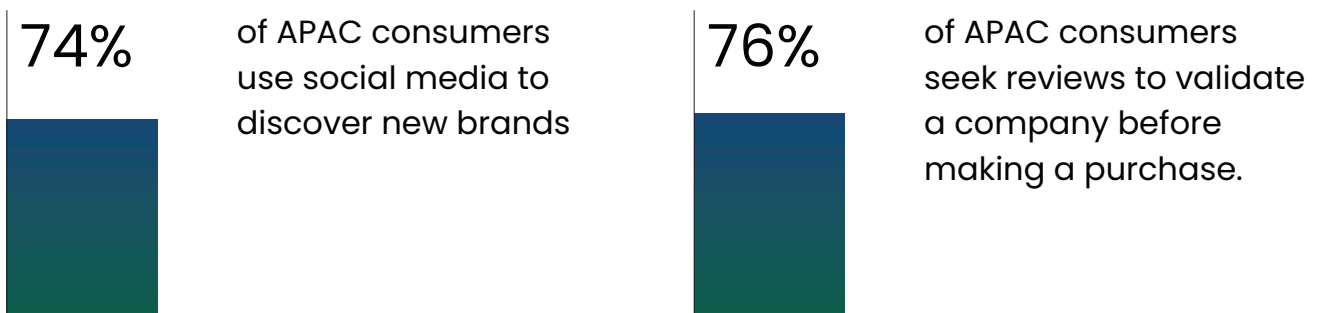
Social Platform Commerce

eCommerce integrated directly into social apps, like TikTok Shop, allowing in-app purchases.

Community Group Buying

A niche approach popular in rural Southeast Asia, where consumers purchase via resellers due to limited access to eCommerce or trust concerns.

Presence across multiple platforms

Social media has evolved into both **a shopping platform and a discovery tool,** significantly shaping purchasing choices for the new-gen pragmatic consumers.

74% of APAC consumers use social media to discover new brands

76% of APAC consumers seek reviews to validate a company before making a purchase.

PwC's Voice of the Consumer Survey 2024: Asia Pacific

This transformation has intensified competition in social commerce, especially with YouTube entering the space via a partnership with Shopee to streamline the shopping journey.

Brands now face pressure to be early adopters, stretching thinner to maintain visibility across all trending platforms and capitalize on growth before these channels become oversaturated.

This also signals a trend toward the convergence of intent-driven eCommerce giants and impulse-driven platforms.

"The most interesting kind of battle we'll see this year is between the intent-driven eCommerce giants like Shopee and Lazada—places for users to search or browse category trees for specific products and impulse-driven platforms like TikTok Shop. Looking ahead, we're seeing these two types of platforms blend as impulse-driven players, like TikTok, work to strengthen their intent-driven eCommerce capabilities."

**- Simon Torring, Co-Founder of Cube Asia**

Resilient success through community-based approach

88%

of respondents believe it is extremely important to adopt a community-based approach to build lasting communities that foster emotional connections, according to our survey.

In today's complex retail environment, brands that build strong, authentic connections with their audience will win the loyalty of new-gen pragmatic consumers. Authentic social content-created through user-generated content (UGC), live streaming, and influencer marketing-will be pivotal in shaping brands' social commerce strategies in 2025.

Community-based strategies that brands have already adopted and plan to continue developing in 2025.

User-generated content
63%

Livestreaming
77%

Influencer marketing
46%
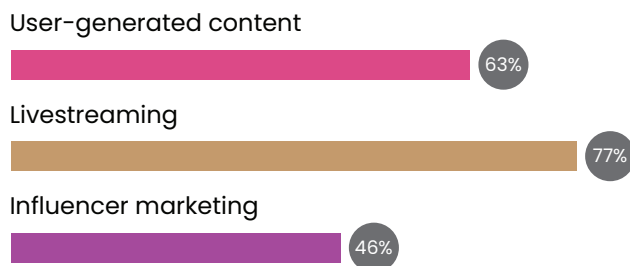
Nothing engages consumers like active discussions that spark shared ideas and reactions.

Leveraging influential community figures helps brands resonate deeply with their target audiences. Their endorsements enhance credibility, highlight product value, and foster a sense of community around the brand. As pragmatic consumers increasingly value authenticity and core product values, brands also have to adapt to the demand for organic, genuine content. Finally, the immediacy of live streaming builds urgency and trust, allowing consumers to see products in action and interact with brands in real time.

The complex challenges of social commerce

As social commerce reshapes consumer behavior, brands encounter both opportunities and challenges because of the decentralized nature of communication on these platforms.

Fragmented brand messages across platforms

77%

of respondents said they encounter fragmented brand communication and messaging when engaging in social commerce activities.

An expanded presence across multiple channels and diverse social commerce models can complicate brand communication, and in some cases, lead to uncontrolled messaging. To manage brand messaging effectively in this dynamic landscape, brands must develop strategic approaches that maintain a consistent message while strengthening customer connections across channels.

"With the evolution of media consumption, shifting from polished traditional advertising to raw user-generated content (UGC), new opportunities and threats have emerged for uncontrolled communication on social platforms like TikTok. The advertising landscape has undergone dramatic changes, and brands must adapt to these new communication trends to stay relevant."

**– George Hartel, Chief Commercial Officer of GQ Apparel - Supara Group**

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Consumers data privacy on 3rd-party social commerce platform

83%

of surveyed retailers are concerned about the privacy and data security of their customers on third-party social commerce platforms.

In the relationship between consumers and social commerce, convenience meets caution. While consumers are actively purchasing on social media, their engagement with social commerce platforms is tempered by significant trust concerns, as social media companies and platforms are often ranked among the least trustworthy by users.

74% are concerned about privacy and data-sharing

74%
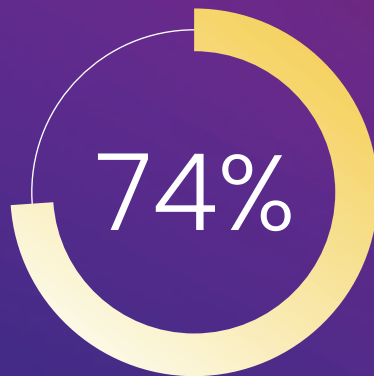
50% are not comfortable purchasing via social media.

50%

PwC's Voice of the Consumer Survey 2024: Asia Pacific

These aspects are managed by the 3rd-party platforms themselves, leaving retailers with limited control. Consequently, retailers must navigate these constraints and adapt their strategies to facilitate genuine customer engagement while strengthening trust in a space where data is externally governed.

Missing opportunities for leveraging consumer data

77%

of surveyed retailers find managing customer interactions and feedback complex

80%

of surveyed retailers view the lack of first-party data as a major challenge when implementing social commerce strategy.

Collecting data from disparate third-party sources presents challenges, making it difficult to analyze consumer shopping behavior effectively. Retailers operating on social commerce platforms also miss valuable opportunities to own first-party data, limiting their insights into consumer preferences and behaviors.

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Key recommendations

01

Building a single source of truth for seamless content management

To effectively manage brand messages and content across diverse platforms, a single source of truth powered by a content management system (CMS) is essential. Centralizing all brand assets, content, and data in one place minimizes the risks associated with scattered information, such as outdated content, miscommunication, or inconsistent messaging. Additionally, any updates to brand tone, style, or product information automatically reflect across all channels, ensuring that audiences consistently experience a unified brand presence.

02

Utilizing AI and machine learning for a strong data infrastructure

AI and machine learning are powerful tools that can clean and structure unstructured data, enhance data processing capabilities, and extract valuable insights from diverse data sources like social media. By linking social media data to insights derived from big data, AI and machine learning can uncover deep insights into customer behavior, preferences, and trends.

03 Focusing on data training to build trust and ensure security

To comply with social commerce regulations and maintain consumer trust, retailers need to prioritize data training as a core part of their social commerce strategy. This includes fostering a strong understanding of data privacy, security, and platform policies across their teams to build consumer trust and stay competitive. By implementing robust data training, retailers can protect consumer trust, maximize the efficiency of social commerce initiatives, and remain compliant with the fast-paced changes in social media policies and consumer expectations.

04 Owning an online store to deepen customer relationships and build loyalty

81% of APAC consumers agree that companies with a website are more trustworthy and credible than those without. In an environment saturated by diverse social commerce platforms, brands need authentic ways to connect with their audiences. A brand's own website allows retailers to leverage 1st-party data to engage with customers more meaningfully, enhancing loyalty and delivering personalized service. Especially as nearly half of APAC consumers feel uneasy about purchasing through social media, a brand's website provides a space to showcase an authentic story, strengthening customer connections. Prioritizing transparency, consistency, and emotional resonance is essential throughout the entire customer journey.

Omnichannel stays central to retail's investment

02

89%

of surveyed retailers say omnichannel strategies are "extremely important" to their plan and thus, increasing technology investment in unified commerce in the next 12 months.

Consumers' shopping journeys are non-linear. They're shifting between digital and physical channels when making purchase decisions. The seamless integration (or lack thereof) of online and offline experiences, from product discovery through post-purchase support, influences consumers' purchase decisions and subsequent loyalty.

"Operating eCommerce in a silo away from the offline channel business is no longer an option for consumer brands and retailers. Modern consumers research and shop both online and offline and are savvy at comparing prices and options across channels. The winners of tomorrow will be those companies that manage to present their products and offers in a coherent manner across multiple online and offline channels."

- Simon Torring, Co-Founder of Cube Asia

What Omnichannel means for business?

- [ ] The ability for customers to buy online, pick up in-store (BOPIS)
- [ ] Buy online, pick up curbside
- [ ] Search for in-store product availability on a brand's digital properties (desktop site, mobile site, mobile app)
- [ ] Have a shared cart across channels for logged-in shoppers (mobile site to desktop; app to desktop)
- [ ] Earn and redeem loyalty points/rewards across channels
- [ ] Return products across channels (return online purchases in-store)
- [ ] Pay for purchases in-store via a mobile wallet and/or app
- [ ] Access customer service help across multiple channels
- [ ] Make purchases and check in-store stock levels via a mobile app

Omnichannel is a strategic game

According to a survey by Rakuten Insight among consumers in Asia, browsing products online and buying them in a retail store was the leading shopping channel. Finding the items and purchasing them online was a popular shopping channel for most surveyed Asian countries.

Omnichannel retail usage in Asia, by country or territory and channel (Statista)

	Browse products online and buy them in a retail store	Order products online and pickup in a retail store	Browse prices in a retail store and buy them on another retailer's website	Browse prices in a retail store and buy them on that retailer's website	Purchase items using mobile while in-store	Purchase items in-store and get them delivered to your home	Find the item and purchase it directly in a physical store	Find the item and purchase it online
China	56%	42%	32%	37%	43%	33%	43%	47%
Hongkong	55%	44%	29%	29%	21%	20%	62%	43%
Indonesia	48%	19%	19%	18%	12%	21%	46%	66%
India	44%	28%	27%	24%	24%	26%	31%	34%
Japan	22%	7%	21%	9%	4%	4%	67%	62%
South Korea	29%	10%	16%	15%	11%	15%	54%	69%
Malaysia	50%	21%	23%	23%	18%	23%	47%	56%
Philippines	46%	18%	17%	18%	17%	29%	45%	55%
Singapore	44%	30%	29%	27%	18%	23%	41%	48%
Thailand	59%	32%	18%	17%	13%	22%	29%	50%
Taiwan	56%	46%	30%	29%	18%	18%	62%	69%
Vietnam	49%	31%	27%	28%	19%	30%	28%	47%

"There is a shift from purely performance-led strategies to brand-led retail, where brand identity, value proposition and customer loyalty are becoming as important as immediate sales metrics."

- Mal Chia, Advisory Board Member of NORA ~ National Online Retailers Association

I data, therefore I omnichannel

Omnichannel comes with the cost of establishing a cross-channel data hub to leverage owned data for personalized experiences. As a result, retailers are moving to integrate data – traditionally siloed throughout an organization and its partners – into a single source of truth.

> *"Everyone talks about a lot of fancy technologies nowadays but a lot of it boils down to ensuring that you know, first and foremost, it's rubbish in, rubbish out."*
>
> **– Dione Song, CEO of Love, Bonito.**

By using technology to unify data from different places on the customer's purchasing journey – from viewing stock online, researching, or trying on products in-store and transacting at any point of sale, retailers can build clear pictures on who their most loyal and profitable customers are, and which demographic groups they should be targeting for optimal results.

The future of seamless commerce will likely require a common data model that supports a customer's journey across channels. It will be the foundation for using tools such as generative AI to explore new business models and selling opportunities and to improve efficiencies.

Data centralization and privacy considerations

Centralizing owned data across all touchpoints is essential for achieving a unified customer view, enabling personalized experiences, and optimizing business operations. However, this approach also raises privacy concerns, especially as businesses navigate the increasing complexities of global data regulations.

"Compared to their global counterparts, APAC consumers display greater trust in the responsible storage (59% vs 52%) and sharing (60% vs 53%) of their data, suggesting that they may be more prepared for AI adoption. They are more inclined to allow technology brands to use their data to deliver useful features (60% vs 49%)."

– Dione Song, CEO of Love, Bonito.

In the survey,

87%

of executives predict that **data security and privacy will continue to be top challenges that APAC retailers can expect in 2025.**

Frameworks such as GDPR are reshaping how companies approach omnichannel data strategies. While these regulations primarily apply to the European market, their influence is global, prompting businesses to adopt stricter privacy measures and rethink how they collect, store, and use consumer data. For APAC companies, balancing the benefits of centralized data with robust compliance and security measures is critical to maintaining consumer trust and fostering long-term success.

Key recommendations

01

Develop a balanced marketplace and eCommerce strategy

Leverage both marketplace platforms (e.g., Shopee, Lazada), social commerce platforms (Tiktok) and owned eCommerce sites to maximize reach and customer engagement. Marketplaces and social media can help with discovery and sales, while your eCommerce site builds brand loyalty and retention by allowing more control over customer data and experience.

02

Centralize and secure customer data

To sell more easily, better manage inventory and better understand customers, businesses need a unified commerce system to bring all sales channels—online, offline, and B2B—into one centralized platform that offers efficiency and provides a holistic view of the entire business. Establish a unified data hub to integrate customer insights across channels, creating a comprehensive view of shopping behaviors. This will support business operations, personalized experiences and optimized marketing efforts.

03

Address data privacy and compliance challenges

APAC consumers show a higher level of trust in data usage but still require robust privacy measures. Ensure your centralized data approach aligns with regional and global data regulations, maintaining transparency and adopting best practices in data protection to enhance customer trust and retention.

Challenges in AI adoption: Strategy and skills gaps

03

95%

of executives expressed concern about lagging behind competitors in adopting new technologies, a figure that has since risen significantly.

Retail is on the brink of massive transformation propelled by AI, rapidly getting adopted, disrupting practices, and redefining customer experiences. According to our survey, by 2025, 20% of top APAC retailers will drive holistic results using distributed AI systems across personalization, marketing, supply chain, operations, etc.

Investing in digital transformation such as AI, ML, and blockchain and reducing operational costs are among the top three strategic priorities for 2025 investment.

There is a lot of hype surrounding AI, and it is crucial to approach the topic with a critical eye. AI is not a panacea for all business problems, and it is essential to have realistic expectations about what it can and cannot do.

Personalization at its finest

AI empowers highly tailored shopping experiences through personalized recommendations and enhanced customer solutions. Real-time adaptability allows AI to refine personalization in response to evolving customer preferences, allowing customers to receive content that resonates with their interests.

Use case:
- Dynamic pricing: AI-driven algorithms analyse real-time data and market trends to continually adjust product prices. This dynamic pricing approach optimizes profitability while maintaining competitiveness by aligning prices with demand.

- Conversational commerce: AI-powered chatbots and virtual assistants provide 24/7 support, answer product inquiries, and facilitate purchases, enhancing the shopping experience.

- Predictive recommendations: AI leverages customer data to suggest relevant products, offering personalized evaluations that enhance conversion rates and increase average order value.

Revolutionising in-store operations

AI's predictive capabilities enable efficient queue management for a seamless in-store experience and improve operations efficiency for more successful retail environments.

Use case:

- Smart shelves: These monitor inventory levels in real-time, triggering automatic reorders and preventing stockouts. A hypermarket chain's implementation of smart shelves ensures that shelves are always stocked, offering a hasslefree shopping experience.

- Loss prevention: AI cameras analyse customer behaviour and detect suspicious activity, deterring theft and improving store security.

- In-store analytics: AI tracks customer movement and analyses purchase patterns, optimizing store layout and product placement.

Optimizing the supply chain

AI supports retail supply chains, delivering significant benefits and ensuring complete transparency and traceability in the supply chain.

Use case:

- Demand forecasting: AI accurately predicts future demand, optimizing inventory levels and reducing warehousing costs.

- Inventory optimization: AI-based inventory optimization uses advanced algorithms to analyse historical data and demand patterns, helping retailers minimize stockouts and overstock, boosting supply chain efficiency and streamlining inventory management cost-effectively.

As retail continues embracing AI, strategic integration of these technologies will redefine standards and drive unprecedented growth and efficiency.

Marketing with precision

Around

45%

of marketing leaders plan to invest in GenAI in the next 12–24 months (Deloitte)

Through machine learning, AI helps retailers decode customer preferences, forecast trends, and adjust pricing strategies for optimal outcomes. Automated processes like dynamic pricing and tailored campaigns boost efficiency, allowing brands to adapt swiftly to market changes and deliver targeted promotions.

- Hyper-targeted advertising: Leveraging data analytics and AI algorithms, retailers can analyse consumer preferences, behaviours, and demographics to deliver highly personalized marketing messages. This approach enhances engagement, improves conversion rates, and optimizes advertising budgets for greater impact.

- Predictive analytics: AI-driven forecasts help retailers anticipate future trends and customer behaviours, enabling them to tailor marketing efforts and allocate resources more effectively.

- Dynamic content creation: AI can create personalized marketing materials, product descriptions, social media content, and even suggest new product designs. This not only saves time but also increases engagement and ensures a closer fit with market demands or macro trends and market dynamics.

AI interest is there, but the tech isn't easy to adopt

74%

of respondents said talent acquisition and retention are a moderate or major risk to their company's operations.

Retailers must address several significant challenges when adopting a new AI or automated system: their people, their tools, their data quality, volume, and accuracy.

> *"The fierce competition and direct interaction with consumers make this industry unique—that's why having strong data analytics capabilities is so crucial here. The utilization of data analytics enables seamless data continuity across Sales and Operations Planning (S&OP), forecasts and supplier capabilities. It empowers procurement by facilitating scenario-making for supplier volumes and enhancing strategic decision-making."*
>
> **- Rakesh Mani, Asia Pacific Consumer Markets Leader of PwC Malaysia**

When asked about the biggest challenges to AI adoption, respondents indicated a wide range of barriers, with the most prominent being strategy-related. They most often cite a lack of a clear AI strategy followed by a lack of appropriate talent, functional silos that constrain end-to-end AI solutions, and a lack of leaders who demonstrate ownership of and commitment to AI.

With rising use cases and acceptance, mainstream AI adoption in retail will take 5–10 years to deliver transformative benefits.

Top challenges of adopting AI:

Under resourcing for AI in line organization

Limited usefulness of data

Personal judgment overrides AI-based decision making

Limited relevance of insights from AI

Lack of clear strategy for AI

Lack of talent with appropriate skill sets for AI work

Functional silos constrain end-to-end AI solutions

Lack of leaders' ownership of and commitment to AI

Lack of technological infrastructure to support AI

Lack of available data

Uncertain or low expectations for return on AI investment

Complexity of integration with legacy systems

Uncertainty around ROI

"To effectively evaluate and implement new technologies, retailers must prioritise building consumer trust as they integrate GenAI into their operations. A well-defined GenAI strategy, underpinned by a clear risk management framework, is essential. Transparency and consumer engagement are critical—bring consumers along on the journey by involving them in the process and clearly communicate the approach. To protect your brands, start by piloting GenAI features with targeted, receptive groups, avoiding the pitfalls of hasty rollouts. Focus on GenAI's ability to solve straightforward problems, delivering immediate, tangible benefits."

– Rakesh Mani, Asia Pacific Consumer Markets Leader of PwC Malaysia

Considerations centre on operational costs

39%

of respondents said a lack of skilled digital talent is among their biggest challenges to digitizing operations, topping data issues, phasing out legacy technology and other challenges.

Companies that use AI are motivated by three factors: the ability to cut expenses, develop faster, and grow profitability (PwC)

AI raises two major questions about companies' workforces:

1. Where will we find the knowledgeable talent to deploy AI?
2. To what degree will AI's ability to automate activities that we pay workers to do affect the size of the workforce?

With a cost-driven mindset, retailers are increasingly selective about the technology infrastructure they adopt, favouring solutions that offer a lower total cost of ownership while offering the performance and stability required.

Top five considerations when reviewing potential tech investments across Southeast Asia

54% Operational, platform servicing, and support costs

43% Ease of implementation and maintenance

40% Cost of solution or infrastructure

39% Budget availability

35% Speed of implementation

Key recommendations

01 **Create a clear AI strategy aligned with business goals**

While AI offers transformative potential, it's essential to approach it critically. Recognize AI's limitations and ensure that implementations solve specific business challenges, such as improving customer experience or enhancing operational efficiency, rather than attempting to solve all problems simultaneously. Brands need to prioritize AI initiatives that align with business objectives, focusing on areas with clear and measurable impact, such as supply chain optimization, personalization, and marketing precision.

02 **Invest in data quality and analytics capabilities**

Strong data management is foundational for AI success. Brands need a centralized data hub to ensure accuracy, continuity, and accessibility across departments. High-quality, unified data enables reliable insights and AI-based decision-making across marketing, operations, and procurement.

03 **Address talent and skills gaps**

AI deployment requires skilled digital talent, yet the shortage of qualified professionals is a major hurdle. Brands should build in-house AI expertise, collaborating with agencies that provide the right AI talents while fostering a culture that values data-driven insights and continuous learning to support AI adoption.

04 Pilot GenAI responsibly

To manage risks and build consumer trust, take a measured approach to GenAI. Start by piloting with receptive customer segments and focusing on clear, tangible benefits. Engage consumers by explaining how GenAI solutions will enhance their experience and maintain transparency in data usage.

Select AI and tech infrastructure that offers a lower total cost of ownership with scalability. Factors like operational costs, ease of implementation, and support should guide investment decisions to maximize ROI and support sustainable, long-term AI use.

05 Put key AI enablers in place

Foundational enablers are essential for deriving value from AI at scale, yet they are often lacking in many organizations. These enablers include top-management sponsorship, an enterprise-wide portfolio view of AI opportunities, actions to bridge talent gaps, and the development of a robust data strategy. Business and technology leaders must work collaboratively to establish these enablers, positioning AI as a strategic priority and aligning resources effectively to unlock AI's transformative potential in retail.

For us, it's less about trying to be so predictive that we can predict what people will want next, rather than being the fastest at seeing what's taking the problems and then seeing what's readily available and synthesizing that to put great marketing around it with good distribution online and offline, and then letting consumers enjoy what we've built. And that, for us, we believe that's a better model than maybe trying to predict an invention that we can't think of at this point or trying to get ahead of what consumers might not even realize yet. That's just very difficult. This happens, like, literally once in a lifetime for some really great inventor. But for us, it's just about synthesizing innovation.

– George Hartel, Chief Commercial Officer of GQ Apparel – Supara Group

The Path Forward: Preparing for Retail's AI-Driven Future

As we look toward 2025, it's clear that AI will continue to reshape the retail landscape, creating both opportunities and challenges for businesses. The rapid pace of innovation demands bold strategies, careful planning, and a strong commitment to empowering people and organizations to succeed in this evolving environment.

To navigate the complexities of AI adoption and integration, retailers must focus on three core areas: building talent and capabilities, scaling AI's impact across the enterprise, and putting in place the key enablers that drive sustainable results. By aligning leadership vision, fostering a culture of innovation, and embedding AI into their DNA, businesses can position themselves for long-term success.

At the heart of this transformation lies a fundamental truth: while technology is the catalyst, it is the people and the connections they create—within teams, with customers, and across ecosystems—that will ultimately define the success of AI in retail.

AI is not just about adopting new tools; it's about redefining the future of retail with purpose, precision, and humanity.

Thank you for reading.

Contact Us
For more information, partnerships, or further discussions, please reach out to our team. We're here to support your journey.