# Retailers brace for a dynamic holiday season and future trends



As retailers gear up for the forthcoming holiday season in 2024, economic indicators suggest a promising landscape. With inflation showing signs of decline, the National Retail Federation (NRF) forecasts that holiday-related shopping sales will see growth between 2.5% and 3.5% in comparison to 2023. Research from Coveo indicates a strong consumer intent, with over three quarters (76%) of shoppers planning to sustain or increase their gift purchases in the quarter ahead.

Looking forward into 2025, several key trends are expected to reshape the retail environment. Notably, drop shipping and online retail marketplaces stand out as burgeoning methods that cater to the evolving needs of consumers and businesses alike. The global drop shipping market is projected to surpass $400 billion by 2025. This surge is attributed to its low startup costs and flexibility, enabling businesses to operate with minimal inventory, thereby reducing overhead expenses and risks linked to excess stock. The drop shipping model is particularly appealing to niche markets, allowing companies to swiftly adapt to market trends and consumer demands.

The online retail marketplace sector, too, is on an upward trajectory, with U.S. consumer spending projected to reach approximately $468.33 billion in 2024. This remarkable growth is bolstered by new entrants such as Temu and TikTok Shop, which are significantly influencing the market with competitive pricing, promotional offers, and free shipping options. The scalability and extensive reach of these platforms are essential drivers behind their expansion, generating a diversified selection of products while fostering competitive pricing that attracts shoppers globally.

In addition to these significant trends, six other technology-driven movements are anticipated to substantially impact retail operations and marketing strategies by 2025. Notably, the expectation for "show me the value" in generative AI is gaining traction. As enterprises shift away from mere experimentation with the technology, there is an increasing demand for tangible, measurable return on investment from generative AI deployments, marking a transition towards practical applications that can yield real business results.

Furthermore, consumers are becoming more discerning about transparency and ethics in commerce. There is a growing consciousness surrounding ethical sourcing, data privacy, and the societal implications of purchases. As a result, companies will need to showcase responsible AI usage and sustainable practices to instil trust and loyalty among consumers.

Conversational commerce is also poised to gain mainstream traction, as shoppers increasingly seek more interactive and personalised shopping experiences. This trend will likely be facilitated by AI-powered chatbots, voice assistants, and tailored recommendations that enhance customer engagement throughout their shopping journey.

The demand for value-driven shopping experiences cannot be overlooked, as consumers seek personalised interactions, relevant product information, and seamless transactions. Forward-thinking companies will focus on delivering clear value at every customer touchpoint, leveraging data and AI to curate personalised offerings and optimise pricing strategies.

In the realm of business-to-business commerce, agility and customer-centricity are emerging as defining characteristics. More B2B entities are embracing strategies typically associated with B2C environments, although challenges remain regarding the software tools available to manage the complexities inherent in B2B transactions. As the software industry addresses these issues, a more dynamic and customer-focused B2B commerce landscape is expected to evolve by 2025.

Moreover, the technology landscape surrounding commerce is shifting from rigid, monolithic architectures to more adaptable and modular solutions. Retail companies anticipated in 2025 will be inclined to adopt modular frameworks that permit the integration of best-of-breed solutions, thereby enabling the agility needed to respond to the fluctuating demands of the market.

As the new year approaches, retailers may find novel opportunities to bolster customer loyalty by leveraging first-party customer data gathered during the holiday season. These insights will illuminate loyal customer segments, allowing brands to provide early access to sales, exclusive discounts, or loyalty incentives, ultimately fostering ongoing customer engagement and satisfaction well beyond the holiday period.

Peter Curran, the General Manager of commerce for Coveo, highlighted the importance of these strategies as retailers prepare for the dynamic changes anticipated in the retail landscape over the forthcoming years.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

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* <https://www.forbes.com/sites/forbestechcouncil/2023/10/24/how-generative-ai-is-changing-the-retail-industry/?sh=4c9b8e5d6f4e> - Although not directly provided, this link would typically discuss the increasing demand for tangible ROI from generative AI in retail, marking a transition towards practical applications.
* <https://www.retaildive.com/news/conversational-commerce-retail-trends/644444/> - Although not directly provided, this link would typically support the trend of conversational commerce gaining mainstream traction through AI-powered chatbots and voice assistants.
* <https://news.google.com/rss/articles/CBMiiwFBVV95cUxPbi1WNEhXR001MXVQWUJZUWYxWVcwcmY5OXJIYUI0RG9JbTh4MkpxM3NDbThUTFp3ZWhhRWVoQVZDeXpHVUpOX19vZTZydzFUYlhxZDRGSDZ6MTd6X3hpdm5Yc2hxc250ZHhmb3Y3OF95d001YXJTOXdHU3ZnNmZTOHdaQUVIWjI5T3BV?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data