

INTELLIGENT COMMERCE

INTEGRATING AI, ANALYTICS, AND UNIFIED SYSTEMS

IHL GROUP

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The retail industry is undergoing rapid transformation driven by emerging technologies such as composable commerce, advanced order management systems (OMS), and AI/ML-powered automation. At the heart of this evolution is the convergence of technologies that allow businesses to drive intelligent commerce and create customer experiences while improving operational efficiency. Composable commerce enables retailers to build modular, scalable ecosystems, integrating best-of-breed solutions to quickly adapt to market trends. Unified retail strategies bridge the gap between online and offline channels, ensuring customers experience consistent touchpoints regardless of how or where they shop. Advanced OMS platforms streamline complex fulfillment processes and improve inventory visibility, forming the backbone of smooth operations across channels.

AI, including generative AI (GenAI) and machine learning (ML), plays a crucial role in automating retail operations. These technologies enhance order management, inventory forecasting, customer engagement, and fraud detection, while also driving efficiencies in fulfillment and supply chains. This report explores how these technologies intersect to unlock value and enable future-ready retail strategies.

BRIEF OVERVIEW OF AI/ML AND GENERATIVE AI IN RETAIL AUTOMATION

AI is the umbrella term for the simulation of human intelligence processes by machines, particularly computer systems. These processes include learning, reasoning, and self-correction. ML, a subset of AI, involves the development of algorithms that allow computers to learn from and make decisions based on data. Generative AI (GenAI), another subset of AI, specifically focuses on systems that can generate new content, such as text, images, or music, based on existing data.

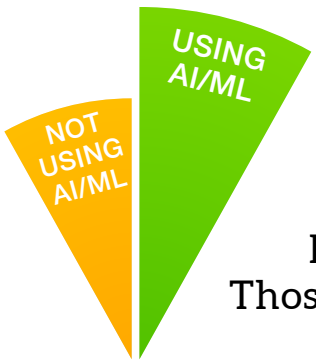
In retail, AI/ML technologies are employed to optimize various operations, including supply chain management, inventory control, demand forecasting, customer personalization, and fraud detection. For instance, AI-driven predictive analytics can forecast inventory needs with remarkable accuracy, reducing the risk of overstocks or out-of-stocks. ML algorithms analyze customer data to relevant shopping experiences, enhancing customer satisfaction and loyalty. Generative AI can create personalized marketing materials, product descriptions, and even virtual fitting room experiences, significantly enhancing customer engagement.

OVERALL POTENTIAL IMPACT OF AI

The potential impact of AI on the retail industry is immense. According to the IHL Group, AI presents a $9.2 trillion worldwide opportunity to enhance sales, improve gross margins, and lower costs by the end of the decade. This staggering figure underscores the transformative power of AI in retail, with the potential to revolutionize every aspect of the industry.

Retailers using AI/ML technologies have already seen impressive results. According to IHL Group's research, those using AI/ML experienced 16% higher sales growth in 2024 and 134% higher profit growth than those not using these technologies.

AI technologies enable retailers to achieve real-time inventory visibility, optimize pricing strategies, enhance supply chain efficiency, and deliver relevant customer experiences. By leveraging AI, retailers can make data-driven decisions that improve their bottom line and strengthen their market position. The adoption of AI also enables retailers to swiftly respond to market changes, ensuring they remain agile and competitive in a dynamic industry.



134%

Higher Profit Growth for Those Using vs. Not Using AI/ML

$9.2 Trillion

$9,200,000,000,000

Worldwide AI Impact on Retail Through 2029

Source: IHL Group

Some quick definitions to help better understand the data.

SALES WINNERS
- Retailers experiencing 10% or higher sales growth in 2024.

SALES LAGGARDS
- Retailers with flat or negative sales growth in 2024.

PROFIT WINNERS
- Retailers achieving 10% or higher profit growth in 2024.

PROFIT LAGGARDS
- Retailers with flat or negative profit growth in 2024.

As you will see from the data, it clearly shows a strong correlation between the adoption of AI/ML technologies and improved financial performance.

Bottom line, the integration of AI/ML and Generative AI into retail automation represents a paradigm shift in the industry. These technologies offer unparalleled opportunities for retailers to innovate, optimize operations, and enhance customer experiences. The potential impact of AI on the retail sector is significant gains in sales, profitability, and efficiency.

Unified Commerce Challenges

Unified commerce is a strategic approach that integrates all retail sales channels, customer touchpoints, and backend systems into a cohesive platform. Its aim is to enhance the customer experience by providing a seamless and personalized shopping journey across various platforms, including brick-and-mortar stores, online websites, and mobile applications. It does so by unifying inventory management, order fulfillment, customer service, and sales data. One of the primary advantages of unified commerce is its ability to eliminate silos between different sales channels. Unlike traditional omnichannel strategies, which often operate independently, unified commerce ensures that all channels communicate effectively. This integration allows customers to transition effortlessly between online and offline environments without losing access to their purchase history or preferences.

Furthermore, unified commerce centralizes customer data, enabling businesses to deliver tailored experiences based on individual preferences and behaviors. For instance, customers can receive AI-powered recommendations and offers regardless of the channel they use, fostering brand loyalty and increasing satisfaction. Employing real-time inventory visibility ensures that customers have accurate information about product availability, enhancing their confidence in making purchases.

19x Retail laggards are **more likely** to mention staffing challenges for fulfillment as major pain point.

Source: IHL Group

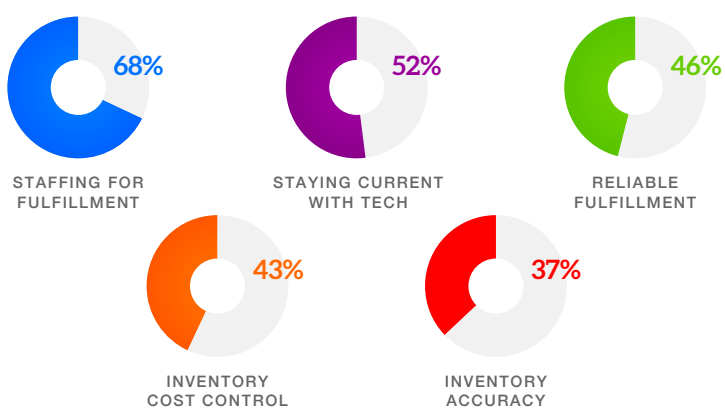
TOP 5 UNIFIED COMMERCE CHALLENGES

Implementing unified commerce is no small feat and comes with its own set of challenges for retailers. **The top five challenges, as identified by our study, include:**

1. Enough Staffing for Fulfillment (68%) Labor issues have been a significant challenge for retail the past few years, and maintaining adequate staffing levels to meet fulfillment demands remains difficult. With the rise of e-commerce, the need for efficient and timely order fulfillment has increased dramatically. More than two-thirds (68%) of retailers report that insufficient staffing for fulfillment is an issue. This problem is further exacerbated during peak shopping seasons, such as holidays, where the volume of orders can overwhelm existing staff.

TOP 5 UNIFIED COMMERCE CHALLENGES

Source: IHL Group



2. Staying Current with Tech (52%) More than half of retailers find it difficult to stay current with technological trends and innovations. This includes deploying new software solutions, upgrading existing systems, and ensuring that all technology components work seamlessly together. Falling behind in technology adoption can lead to inefficiencies, higher operational costs, and a poor customer experience.

3. Reliable Fulfillment (46%) 46% of retailers struggle with ensuring a reliable fulfillment process. They end up with delayed shipments, incorrect orders, and problems with last-mile delivery, among others. Inconsistent fulfillment can erode customer trust and result in lost sales and negative reviews.

4. Inventory Cost Control (43%) More than 40% of retailers report difficulties in managing inventory costs effectively. This includes optimizing inventory levels to avoid overstocks or out-of-stocks, negotiating favorable terms with suppliers, and minimizing storage and handling costs. Poor inventory cost control can lead to reduced profitability and cash flow issues.

5. Inventory Accuracy (37%) Accurate inventory management is essential for providing a seamless shopping experience across all channels. However, 37% of retailers face challenges with maintaining inventory accuracy. Discrepancies between actual stock levels and recorded inventory can result in lost sales, dissatisfied customers, and increased operational costs.

ADDITIONAL CHALLENGES FACED BY SALES LAGGARDS

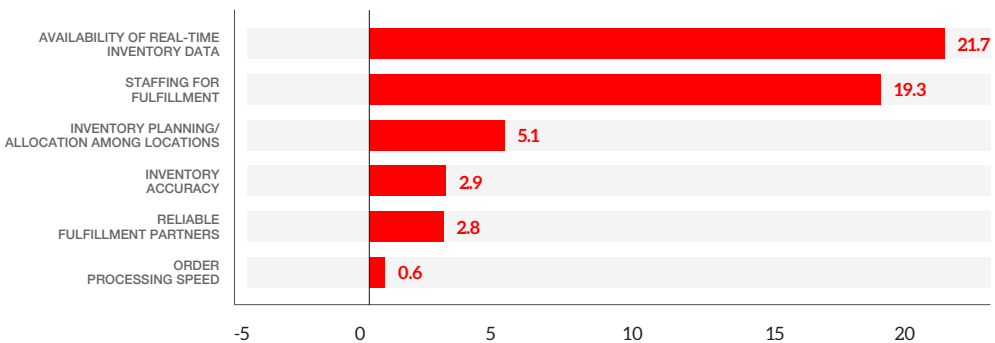
Sales laggards, or retailers experiencing flat or negative sales growth in 2024, face additional challenges that further hinder their ability to implement unified commerce effectively:

- Sales laggards are 22x more likely to report challenges with getting real-time data for inventory compared to best performers.
- They are 2.9x more likely to report challenges with inventory accuracy.
- Sales laggards are 5.1x more likely to have challenges with inventory Planning/Allocation among their locations than their more successful counterparts.

In short, unified commerce presents a transformative opportunity for retailers to enhance their operations and deliver exceptional customer experiences. As the retail landscape continues to evolve, those who embrace unified commerce and tackle its associated challenges will be better equipped to thrive and prosper in the years to come.

LAGGARDS - HIGHER UNIFIED COMMERCE CHALLENGES

Source: IHL Group



Order Management Systems:
A Critical Component of the Unified Customer Experience

RECENT ADVANCEMENTS IN OMS TECHNOLOGY

Order Management Systems (OMS) have evolved significantly over the past few years, driven by the growing complexity of retail operations and the need for seamless omni-channel experiences. Recent advancements in OMS technology have introduced a 'single version of the truth,' offering visibility across the entire supply chain. This visibility ensures that retailers can make informed decisions based on accurate, real-time data, minimizing errors and enhancing overall efficiency.

92% higher profit growth expected
for those who use AI/ML in order management.

The integration of advanced analytics with OMS provides retailers with insights into customer behavior, inventory levels, and sales trends. By leveraging these insights, retailers can optimize their operations, reduce costs, and deliver superior customer experiences. Additionally, modern OMS platforms offer seamless integration with other enterprise systems, such as Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP), ensuring a cohesive and synchronized operational environment.

BENEFITS OF AI AND ITS IMPACT ON ORDER MANAGEMENT

The incorporation of Artificial Intelligence (AI) and Machine Learning (ML) into OMS has revolutionized order management processes. AI-driven OMS can automate routine tasks, such as order processing, inventory tracking, and demand forecasting, freeing up valuable time for employees to focus on strategic initiatives. The predictive capabilities of AI enable retailers to anticipate customer needs and adjust their inventory levels accordingly, reducing the risk of overstock or out-of-stock situations.

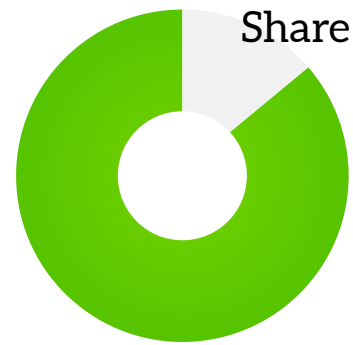
The data is striking. Retailers utilizing AI and ML in their order management systems have reported significant improvements in profit growth. Specifically, those employing AI/ML in Order Management expect a 92% higher profit growth compared to those who do not. Furthermore, 'Profit Winners,' with a 2024 profit growth of 10% or more, have achieved positive results from AI/ML in Order Management at a rate 2.0 times greater than that of laggards.

BENEFITS OF AI-DRIVEN INVENTORY FORECASTING AND ALLOCATION

AI-driven inventory forecasting and allocation offer numerous benefits to retailers, including enhanced accuracy, efficiency, and responsiveness. By analyzing historical data and current market trends, AI algorithms can predict future demand with high precision. This allows retailers to optimize their inventory levels, ensuring that they have the right products in the right quantities at the right time.

Sales Winners saw 6.2x greater sales growth when using AI/ML in their demand forecasting efforts compared to their less successful counterparts. Additionally, profit winners saw 2x greater profit growth when leveraging AI/ML in their demand forecasting, highlighting the significant impact of these technologies on retail success. An impressive 77% of Sales Winners plan to use AI/ML in their merchandise allocation efforts, compared to only 66% of Sales Laggards.

AI-driven inventory forecasting not only improves accuracy but also enhances the agility of retail operations. By quickly adapting to changing market conditions and consumer preferences, retailers can maintain optimal inventory levels and reduce carrying costs. This agility is particularly crucial in today's fast-paced retail environment, where customer expectations are constantly evolving.



Share of Winners Using AI/ML In at Least One Demand Chain Category:

86%

(12 CATEGORIES: DEMAND PLANNING/FORECASTING, ORDER MANAGEMENT, ORDER FULFILLMENT, SUPPLY CHAIN/WH MGT, MERCHANDISING/ALLOCATION, PRICING/PROMOTIONS, BUSINESS INTELLIGENCE/ANALYTICS, LOSS PREVENTION, SALES & MARKETING, HR/WFM/APP DEV, PRODUCTION OR DELIVERY ACCURACY, CUSTOMER SERVICE/SUPPORT)

ORDER FULFILLMENT

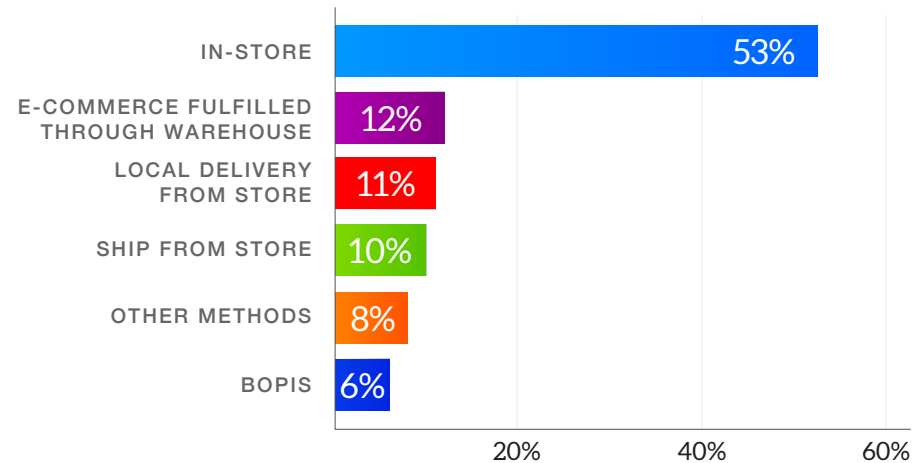
Today, retailers must navigate a complex landscape where products reach consumers through various channels, each with its own set of challenges and opportunities.

Retail fulfillment encompasses several methods to ensure products reach customers efficiently and conveniently:

- **Walk-In to Store:** More than half (53%) of consumers still prefer the traditional method of purchasing by walking into a store. This method offers immediate gratification and the tactile experience of shopping.
- **E-commerce Fulfilled by Warehouse:** Around 12% of orders are fulfilled directly from warehouses, ensuring a broad selection and availability of products beyond what is stocked in physical stores.
- **Buy Online Pickup In-Store (BOPIS):** This method accounts for 6% of retail fulfillment, combining the convenience of online shopping with the immediacy of in-store pickup.
- **Local Delivery:** Representing 11%, local delivery caters to the growing demand for quick and convenient doorstep delivery services.
- **Ship from Store:** Another 8% of orders are fulfilled directly from store inventories, optimizing stock levels and reducing delivery times.
- **Other Methods:** The remaining 8% includes various other fulfillment methods tailored to specific retail strategies and customer needs.

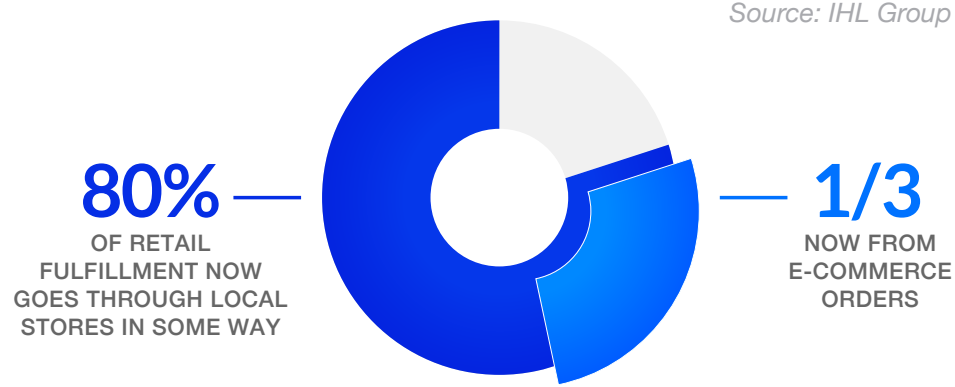
CUSTOMER JOURNEYS TODAY

Source: IHL Group



RISE OF STORE AS DISTRIBUTION HUB

Source: IHL Group



REAL-TIME ORDER TRACKING AND FULFILLMENT OPTIMIZATION

Real-time order tracking and fulfillment optimization are critical components of a successful retail strategy. By providing customers with up-to-date information on their order status, retailers can enhance the shopping experience and build trust. Additionally, optimizing fulfillment processes ensures that orders are processed quickly and accurately, reducing errors and delays.

AI plays a pivotal role and can offer numerous advantages:

- **Enhanced Efficiency:** AI-driven systems streamline fulfillment processes, reducing the time and effort required to process and ship orders.
- **Improved Accuracy:** Algorithms help minimize errors in order processing and delivery, ensuring that customers receive the correct products on time.
- **Agility and Adaptability:** Allowing companies to quickly adapt to changing market conditions and consumer behaviors, maintaining optimal inventory levels and reducing carrying costs.

Overall, 46% of retailers in the IHL study use AI/ML to aid order fulfillment. Notably, Sales Winners are 38% more likely, and Profit Winners are 7% more likely than Laggards to leverage AI/ML in their fulfillment processes. The impact of these differences is key, however, as sales Winners have a 7x higher sales growth and profit Winners show a 6x higher profit growth than Laggards when using AI/ML for order fulfillment. This underscores the importance of AI/ML in achieving retail success.

Furthermore, AI is also extensively used to ensure production/delivery accuracy. Nearly three-quarters (72%) of the overall sample use AI/ML for this, and Sales Winners are 26% more likely to employ these technologies. This highlights the crucial role of AI in enhancing the reliability and precision of retail fulfillment operations.

RICHER GET RICHER

Source: IHL Group

While **sales winners** are only **38% more likely to use AI/ML** in order fulfillment, **this results in 7x higher sales growth**.

Profit winners have only **7% higher use of AI/ML**, but **this multiplies to 6x the profit growth**.

The “Not Really Sexy” Enhancements

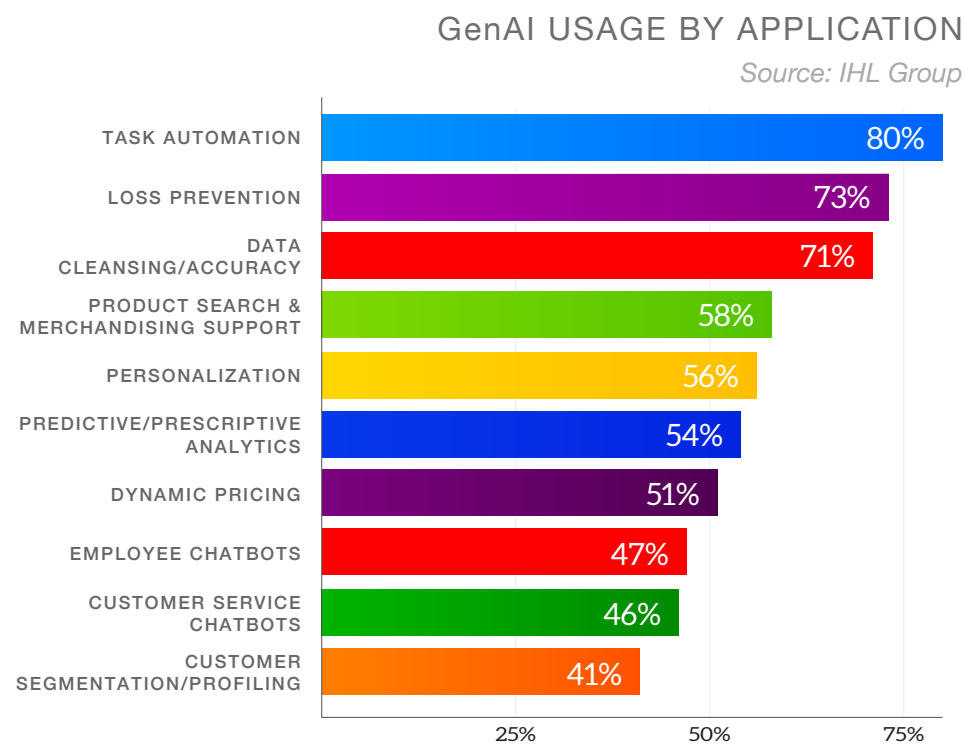
In this section, we will explore the significant enhancements in some of retail’s less-than-buzzworthy operations, focusing on Task Automation and Loss Prevention. Task Automation and Loss Prevention are two critical components where Generative AI (GenAI) has made substantial inroads. Retailers are increasingly leveraging these technologies to stay competitive in a fast-paced market.

We’ll also look at Data Cleansing/Accuracy and Predictive/ Prescriptive Analytics, two areas where Winners have been very deliberate in their deployments, but have paid off handsomely.

Adoption Rates: Overall, 80% of retailers claim to use GenAI in Task Automation and 73% in Loss Prevention Activities. The numbers for Data Cleansing and Predictive / Prescriptive Analytics are 71% and 54%, respectively.

Task Automation: Sales Winners have been very selective about where their initial focus has been when deploying Generative AI. One of the specific areas where they show a clear advantage in current deployment is Task Automation (19% greater current deployment than laggards). GenAI can automate routine processes, predict inventory needs, and optimize staff scheduling. It can generate personalized to-do lists, prioritize tasks based on real-time data, and even suggest efficient store layouts. This technology enhances productivity, reduces human error, and allows retail staff to focus on high-value customer interactions. Sales growth is 6x that of the Laggards for this technology.

Loss Prevention: Another area where Winners have deployed GenAI at much higher rates today (26% greater than Laggards) is Loss Prevention. GenAi can analyze vast amounts of data to detect anomalies and predict potential theft. It can enhance video surveillance systems, automate fraud detection in transactions, and generate real-time alerts for suspicious behavior. This technology also aids in creating more effective training scenarios and optimizing inventory management to reduce shrink. Sales growth here is also 6x that of Laggards.



Data Cleansing/Accuracy: Winners' deployment of GenAI for Data Cleansing / Accuracy lags that of the rest of retail, but the results they have seen far surpass other retailers. Current deployment rates are 16% for Winners vs 66% for Laggards. GenAI can automate and enhance data quality processes. For instance, it can identify and correct inconsistencies, fill in missing information, and standardize formats across large datasets. By analyzing patterns and context, AI can detect anomalies and potential errors faster and more accurately than can human beings. It also helps in merging data from multiple sources, ensuring a unified and accurate view of product information, customer profiles, inventory and orders. Ultimately, GenAI improves decision-making, enhances customer experiences, and optimizes operations by providing retailers with cleaner, more reliable data. The real story, however, is the fact that those Winners that have deployed it are experiencing sales growth rates 10x higher and profit growth 6x higher than the rest of retail, and there remains significant untapped potential.

Predictive/Prescriptive Analytics: Similarly, the deployment of GenAI in Predictive / Prescriptive Analytics is rather sober compared to the rest of retail (16% vs 91% for the rest of retail). GenAI can process vast amounts of data to forecast trends, demand, and consumer behavior with unprecedented accuracy. It can generate detailed scenarios, recommend optimal pricing strategies, and suggest inventory adjustments in real-time. This technology enables retailers to make data-driven decisions, reduce risks, and capitalize on emerging opportunities more effectively. As with Data Cleansing/ Accuracy, Winners show much greater sales and profit growth (10x and 3x, respectively) than the rest of retail.

One Scary Trend: The data suggests a scary trend which is poor performing retailers planning to leverage Generative AI as a performance enhancer in 2025 despite not having their data in order. This is a recipe for disaster. In several cases in the research, the companies who shared that their greatest pain point is poor data quality are those trying to leverage Generative AI at the highest levels. This Hail Mary could end badly, as it truly is garbage in and garbage out.



AI-POWERED PRODUCT RECOMMENDATIONS AND CUSTOMER SERVICE

AI-powered product recommendations and customer service have become a cornerstone of modern e-commerce strategies. This data-driven approach not only enhances the customer experience but also drives higher conversion rates and increases average order value.

Increased Customer Engagement: When shoppers feel that a retailer understands their needs and preferences, they are more likely to return to the site and make repeat purchases. This fosters brand loyalty and helps retailers build long-term relationships with their customers.

Data-Driven Insights: By understanding what products are popular among different segments of their customer base, retailers can make more informed decisions about inventory management, marketing strategies, and product development.

Better Customer Service: Leveraging an AI chatbot allows shoppers to quickly ask customer service questions about a recent order, product availability, or product recommendations based on their recent purchases.

Accurate Product Information: For merchandising, an AI assistant simplifies updates to product information and content. Providing accurate and relevant information can help drive customer satisfaction while reducing the number of inquiries to customer service related to product information.

STREAMLINED APPROVAL WORKFLOWS AND ACCOUNT HIERARCHIES

The integration of AI/ML into e-commerce platforms has also led to more efficient approval workflows and account hierarchies. These improvements are particularly beneficial for B2B e-commerce, where complex approval processes and multi-level account structures are common.

Faster Decision-Making: AI-driven workflows can automate repetitive tasks and streamline the approval process, reducing the time it takes to make decisions and approve orders. This not only speeds up the sales cycle but also frees up valuable time for employees to focus on more strategic activities.

Improved Accuracy: By automating manual tasks, AI reduces the risk of human error and ensures that processes are executed consistently and accurately. This leads to higher levels of customer satisfaction and fewer issues related to order processing and account management.

Composable Commerce: A Game-Changer in Retail

Composable commerce is an interesting new approach to architecture in the retail industry that allows businesses to build and customize their e-commerce ecosystems using best-of-breed components from different vendors. This modular architecture contrasts sharply with traditional monolithic systems, which often lock retailers into a single vendor's ecosystem, limiting their flexibility and innovation potential. By adopting a composable commerce strategy, retailers can select and integrate specific functionalities tailored to their unique business requirements, thus creating a more agile and responsive e-commerce platform.

Composable architecture offers significant benefits for retailers. Among them are the following.

1. Better Customer Experiences: One of the primary benefits of composable commerce is its ability to enhance customer experiences. By leveraging the most advanced technologies and solutions available, retailers can offer frictionless shopping experiences that cater to individual customer preferences and behaviors. This level of customization can lead to increased customer satisfaction and loyalty, ultimately driving higher sales and revenue. It also allows the retailers to extend their "special sauce" to their IT operations to have systems that work more like they do.

HEADLESS OR COMPOSABLE - YES

Source: IHL Group

HEADLESS COMMERCE

Decoupling the front-end presentation layer from the back-end e-commerce functionality.

COMPOSABLE COMMERCE

Goes further, by breaking down entire e-commerce stack into modular independent components.

2. Faster Innovation: Composable commerce enables retailers to innovate rapidly. With the ability to easily swap out and update individual components, businesses can quickly adapt to changing market conditions and consumer trends. This agility is crucial in today's fast-paced retail environment, where staying ahead of the competition often requires continuous experimentation and innovation.

3. Enhanced Flexibility: Traditional e-commerce platforms often suffer from performance bottlenecks due to their tightly coupled architectures, making it challenging to implement changes or add new features without disrupting the entire system. In contrast, the decoupled nature of composable commerce allows retailers to make incremental updates and improvements to their e-commerce stack, significantly reducing deployment times and minimizing the risk of downtime.

4. Operational Speed: One of the most significant advantages of composable commerce is its ability to enhance operational speed. By allowing retailers to choose the best-performing components for each aspect of their e-commerce operations, composable commerce ensures that businesses can achieve optimal performance levels across the board. For example, a retailer can integrate a high-speed search and navigation solution to improve site search performance, reducing the time it takes for customers to find the products they are looking for.

5. Improved Scalability: Finally, scalability is also a key factor in the success of composable commerce. As retailers grow and expand their operations, they can add new components or scale existing ones to accommodate increased traffic and transaction volumes during peak shopping periods, such as holiday sales events.

6. Omnichannel Consistency: Composable commerce supports seamless integration across multiple channels, ensuring consistent order management and customer experiences whether through online stores, mobile apps, or in-person shopping. A unified architecture provides a cohesive brand experience at every touchpoint.

Those using AI/ML for demand chain solutions are

81x more likely

to already be using Headless Commerce.

7. Data-Driven Insights: The modular design makes it easier to integrate data across platforms, giving retailers actionable insights into customer behavior and order trends. These insights help optimize operations and enhance the shopping experience.

One of the primary challenges retailers face when transitioning to a composable commerce model is ensuring compatibility with their existing systems. By adopting open standards and APIs, composable commerce platforms enable retailers to connect and orchestrate a wide range of technologies and services, creating a cohesive and unified e-commerce ecosystem. This interoperability ensures that retailers can leverage their existing investments in technologies, such as content management systems (CMS), customer relationship management (CRM) tools, and enterprise resource planning (ERP) systems, without the need for extensive reengineering.

The ability to integrate with third-party services also enables retailers to create a more seamless and cohesive customer journey. By connecting different touchpoints and channels, such as online stores, mobile apps, and social media platforms, retailers can provide a consistent and unified brand experience across all customer interactions.

Composable commerce represents a paradigm shift in the retail industry, with key benefits in terms of speed, flexibility, and scalability. Those who embrace this innovative approach will be well-positioned to thrive in an increasingly competitive market.

CASE STUDIES AND BEST PRACTICES

Laura Canada, a Canadian women's fashion retailer with over 150 stores, faced challenges with rigid technology and processes that hampered their commerce strategy. They implemented a new order management system to create a seamless omnichannel operation. This allowed them to reassign stores as warehouses and modify them into hybrid fulfillment centers during the COVID-19 crisis. By opening up inventory from stores, Laura Canada generated an extra 25% in revenue. The retailer also made strategic changes, such as in-house product photography and hiring dedicated ecommerce staff. These improvements led to a dramatic 400% increase in online sales over three years. The new system's flexibility enabled Laura Canada to quickly adjust fulfillment rules, even within the same day, to meet changing business needs.

Peavey Mart, a Canadian-owned farm and ranch retailer with 95 stores, undertook a digital transformation to enhance its online shopping experience, particularly for its annual "Chick Days" event. The company faced challenges with its legacy systems in managing complex product delivery processes and scaling its digital commerce needs. Peavey Mart implemented a new order management system and ecommerce platform, which allowed them to streamline fulfillment across their retail network and launch a dedicated microsite for Chick Days. This solution enabled the retailer to expand chick sales from 49 stores in Eastern Canada to 85 stores nationwide. The new platform resulted in a faster time to market, improved customer experience with features like pickup date selection, and significant growth. In the first week alone, the Chick Days microsite attracted over 6,000 daily site visits, and Peavey Mart has sold over 60,000 chicks in 2024.

Honey Birdette, an intimate apparel company, sought to reduce costs and improve customer experiences across all channels. They transitioned to a new order management system and integration platform. In less than 12 weeks, they implemented multiple fulfillment options including Ship to Home from DC and stores, Buy Online Pickup in Store (BOPIS), and Ship to Store. The project delivered new capabilities such as store picking with images on pick sheets, BOPIS transfer to store for stock-outs, and new order ready for pickup emails. This transformation allowed Honey Birdette to accelerate their time to market and reduce costs while maintaining important omnichannel functionality.



Concluding Thoughts

The journey to fully integrated commerce is not without challenges. From labor shortages in fulfillment to inventory cost control, many retailers must navigate operational and technological obstacles to succeed. These challenges are particularly daunting for sales laggards, who often lack the data infrastructure and real-time visibility needed for effective unified commerce. Retailers leveraging the latest advancements in technology have experienced substantially higher growth rates compared to their counterparts, underscoring the critical role of these technologies in maintaining competitiveness.

The adoption of AI/ML-driven Order Management Systems has proven particularly impactful, with profit winners achieving positive results at rates far exceeding those of laggards. The rise of composable commerce represents another significant shift. By enabling retailers to build customized e-commerce ecosystems using best-of-breed components, this architecture enhances flexibility, scalability, and innovation potential.
As the sector evolves, these technologies not only optimize operations but also enable retailers to deliver personalized, engaging customer experiences that drive loyalty and growth.

For retailers aiming to thrive in this new era of commerce, the time for action is now. Consider the following steps:

1. **Assess** your current technology stack and identify areas where AI/ML integration could drive significant improvements and modular enhancements for new features and capabilities.

2. **Invest** in robust Order Management Systems that leverage AI/ML for enhanced efficiency and accuracy.

3. **Explore** composable commerce solutions to increase flexibility and innovation potential in your e-commerce operations.

4. **Prioritize** employee training and change management to ensure smooth adoption of new technologies.

5. **Stay informed** about emerging trends and continuously evaluate opportunities for technological advancement.

By embracing these technologies and strategies, retailers can position themselves at the forefront of the industry, ready to meet the evolving demands of consumers and thrive in the competitive landscape of modern retail.