

The logo for WAKEFIELD, featuring the word in a bold, white, sans-serif font. The letter 'W' is stylized with three vertical bars of varying heights on its left side. The logo is positioned on a red rectangular background that is part of a larger graphic design.

**WAKEFIELD**

# Tech Surge: Retail Execs Predict Double-Digit Investment Increases for 2024

Market Report on  
Large U.S. Retailers

January 2024

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# Executive Summary



As new tech becomes the new normal, retail executives are laying out ambitious plans for 2024 and beyond. **Virtually all retail execs (99%) predict increased investment in new technology in 2024, averaging 10% among them**, according to a survey of 100 U.S. retail executives in charge of IT, product development, or customer experience at companies with a minimum annual revenue of \$1B USD, conducted by Wakefield Research on behalf of SoftServe.

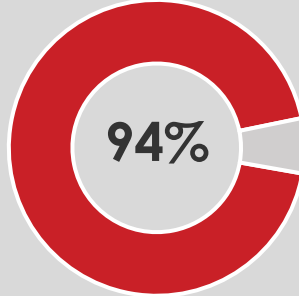
These investments are about more than optimizing tech or back-end efficiency: they're about the people retailers serve. **An overwhelming 94% of retail executives rank new technology as a significant driver for drawing in new customers — including 35% who cite it as the main driver.**

Tech's importance to customers and their experience — and, accordingly, to executives' investment strategies — all speak to a major push to make 2024 not just the year of new tech, but of new customer experiences. **Retail executives' top-three goals for 2024 include improving customer experience (44%) and customer retention (38%) — with customer acquisition (32%) not far behind.** To achieve these goals, retailers are investing both to overcome roadblocks and to make the most of their new tech and reimagine success.

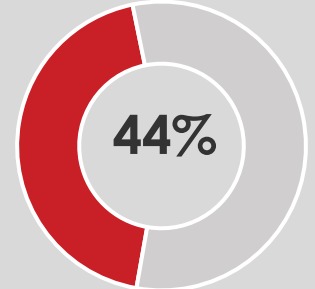
# Key Findings



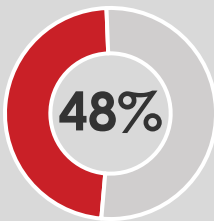
will increase investments in new technology, by an impressive average of 10%



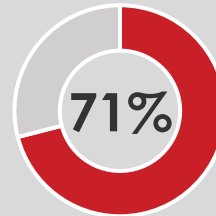
rank new technology as a significant driver for drawing in new customers



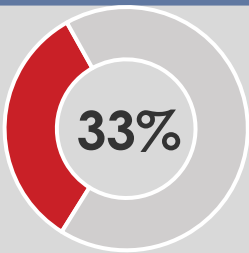
put improving customer experience in their top-three goals for their 2024 technology strategy



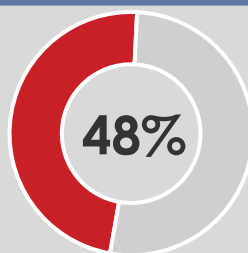
will prioritize investments in inventory management systems in 2024



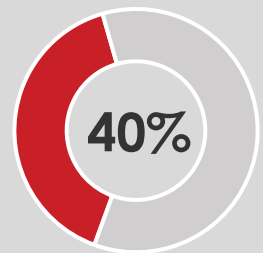
cite store operations as a top-three driver for their technology investment strategy



rank consumer data management and protection as a top challenge in 2024



make technology investments without the customer experience in mind



have limited in-house expertise on new technologies preventing them from being early adopters

# 2024 and Beyond

Nearly all retail executives in charge of IT, product development, or customer experience at companies with a minimum revenue of \$1B USD (99%) predict increased investments in new technology in 2024. The growth is sizable, with executives expecting a 10% increase on average, including nearly a quarter (23%) who predict 15% or more. **In fact, all executives have already implemented technology to meet their 2024 goals, including mobile apps and technologies (48%), and big data and analytics (40%) — investments that align closely with planned 2024 investment priorities of in-store analytics (46%) and customer mobile apps (41%).**

Other existing implementations highlight how retailers are taking different tracks to meet different goals. This includes implementing familiar but important solutions, such as IoT and other connected technologies (40%), legacy systems modernization (38%) and cloud computing and storage (38%)—**but retailers aren't afraid to try even newer innovations, such as blockchain (36%), augmented and virtual reality (36%) and robotic process automation (29%).**

However, these ambitious implementations aren't all that are growing and evolving: threats are emerging and mutating as well.

**Retailers cite consumer data management/protection (33%) as a top-three concern — mirroring the 28% who put cybersecurity in the same ranking.** With in-store theft (31%) emerging as a problem, retailers are taking major action against these threat vectors by investing in inventory management systems (48%), echoing the more than 2 in 5 who have already implemented enhanced security and fraud protection (46%).

Retailers' challenges are about more than technology: **33% cite ever-changing consumer preferences and nearly as many (32%) cite workforce shortages as challenges for 2024, drawing out the human element technology strategies must take into account.** In response to expected shortages, nearly 3 in 10 (29%) expect to face rising labor costs as retailers seek to attract talent in a competitive market.



## Key Insights: E-Commerce Putting Pressure On Supply Chains

Retailers may be emphasizing in-store solutions, but they are not slowing down on online sales and e-commerce. This means big investments in the technology that powers this revenue stream — while still being aware of how these efforts put even more pressure on the supply chain. This extends from end to end, in everything from retailers' tech solutions and the big picture problems they face to the challenges they encounter in the supply chain and last-mile delivery.

In 2024, retailers are likely to invest in:



44%  
e-commerce  
platforms



44%  
omnichannel  
solutions

But this will not be easy, as macro roadblocks emerge and prevent retailers from optimizing online sales and other revenue streams.

## Among retailers' top big picture challenges for 2024 are:

### Omnichannel development issues

30%

### Sustainability and Environmental concerns

30%

### Rising labor costs

29%

### Supply chain disruptions

27%

Indeed, these macro concerns highlight just how much difficulty retailers face not only in maximizing online revenue, but in addressing the stress it puts on the supply chain.

## Retailer' top issues specific to the supply chain include:

### Cost volatility

67%

### Omnichannel complexities

50%

### Disruptions

48%

### Lack of visibility

46%

### Poor data management

40%

Perhaps nowhere is this clearer than in last-mile delivery, where the rubber quite literally meets the road — and reveals the overlaps between top-line concerns and specific supply chain roadblocks.

## Retailers' top challenges for last-mile delivery include:

### Availability of labor

55%

### Accuracy

53%

### Keeping costs under control

52%

### Consistency

48%

### Time

32%

# Making Investments Count

As executives at retailers with a minimum revenue of \$1B USD increase their tech investments, they have critical metrics in place to measure ROI. Customers, of course, are at the center of those metrics. The majority assess the number of new customers that came in (54%), while nearly half gauge their success at retaining previous customers (47%). How much those customers spend is also scrutinized, as executives study any increase in sales (48%) or cost savings (48%) that can be attributed to their investments in technology. **But despite customers being at the center of ROI metrics, nearly half of executives work at organizations that invest in technology without thinking about the customer experience (48%).**

This alarming blind spot is not limited to outward-looking considerations either. **More than 2 in 5 (41%) do not seek or consider employee input for these same technology investments, despite the impact this tech will have on employees and the valuable insight they have into how it affects customers.** Another 37% work for organizations where communications about these new technologies or how to use them are not made or are unclear. These twin oversights draw out a worrisome pattern in which technology's impact on the people who use it is overlooked, jeopardizing the chances of investments in this tech reaping appreciable rewards.

## ROI metrics for new technology investments:

### New customers

54%

### Cost savings

48%

### Increase in sales

48%

### Customer retention

47%

## Spotlight: Big Data, Big Problems

Understanding their customers is essential for retail companies. In fact, a top 2024 objective for a quarter of executives is leveraging customer data and analytics (25%). Despite this goal, nearly half (46%) invest in new technology that does not leverage or integrate with data and analytics.

In an effort to solve this problem and close the gap, 40% have already implemented big data and analytics — **and another 44% are prioritizing customer data analytics in 2024.**



This risk is clear to retailers. Executives readily admit that people are at the center of what makes technology work: 61% rank well-prepared and well-informed staff equipped with new technologies as the most important factor for a successful in-store experience, with other people-centric factors such as enabling customer self-service (55%) also rising to the top. **Yet 2 in 5 (40%) lack in-house expertise to make the most of these new technologies.**

For retail executives, overcoming these blind spots means more than investing in new technology; it means equipping their team with the knowledge and skills to optimize the customer experience. Retailers are emphasizing the human element as they zero in on people-centric **factors for success such as providing personalized promotions, recommendations, and customer communication (50%) and implementing technology solutions such as digital price tags or interactive kiosks (47%)** — spaces where technology has to work for real people in real time in order to be considered a success.

As they put the pressure on themselves to make tech investments count, retail execs are also putting pressure on their partners. **Top expectations from tech vendors include people-focused must-haves such as accessibility of solutions (50%) and the ability to build long-term partnerships (48%)** — both of which outrank cutting edge technology (46%). More than 2 in 5 (45%) demand retail industry expertise, which may go hand in hand when considering use cases for technology solutions (42%).

## Spotlight: How May AI Help You?

Shoppers may have already noticed artificial intelligence making its way into store aisles. **A quarter of executives at retailers with a minimum revenue of \$1B USD (25%) have already implemented Generative AI, with even more (36%) putting non-generative AI or machine learning into place to meet their 2024 technology goals.**

AI will continue to change the retail landscape in 2024. Half of retailers **plan to invest in AI-powered customer recommendations to increase customer engagement in 2024.** Nearly as many see generative AI (47%) or online chatbots (46%) as a priority for investment.

## Technologies that are a priority for investment in 2024:

Inventory management systems

48%

Generative AI-powered solutions

47%

In-store analytics

46%

Customer data analytics

44%

# Conclusion

With the right solutions and the right mindset, retail executives have a chance to turn 2024 into a success story that highlights how technology can meet and exceed consumer demands— charting a course for the future of retail.

Retailers are already on their way, having implemented tools such as mobile apps and technologies (48%) and even Generative AI (25%). For many, more tools are on the horizon as they prioritize inventory management systems (48%) and Generative AI (47%).

Although these implementations and plans — as well as increased technology investments averaging 10% — are an auspicious sign, putting this tech into place will be no easy task. Nearly half (44%) struggle to keep up with the pace of these new technologies, and they'll be overcoming top-three roadblocks such as consumer data management and protection (33%) and ever-changing consumer preferences (33%).

Fortunately, retail executives recognize the value of putting these powerful tools in the right people's hands, emphasizing well-prepared and well-informed staff equipped with new technologies as the most important factor for their success (61%) and placing high demands on technology vendors who understand the retail world and the unique pressures this industry faces — as well as the opportunities they have to make a difference in the lives of their customers.

## Methodological Notes

*The SoftServe Survey was conducted by Wakefield Research ([www.wakefieldresearch.com](http://www.wakefieldresearch.com)) among 100 US executives responsible for IT, Product Development, or Customer Experience, working in the Retail Industry, with a minimum seniority of VP at companies with a minimum revenue of \$1B USD, between November 1st and November 13th, 2023, using an email invitation and an online survey.*

*Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 9.8 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.*



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## Thank You

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