

Where are retail logistics leaders allocating their budgets in 2025?

New survey finds that customer experience enhancement and tech are leading investment priorities for retail operations in 2025.



INTRODUCTION

The retail industry is transforming even further in 2025, driven by technological advancements and shifting consumer demands. In addition, the results of the recent election and the upcoming administration's tariff announcements demand that brands assess their supply chain among potential regulatory and policy changes, including the looming rule change that will close the 321 de minimis loophole.

Amid these industry evolutions, retail operations leaders who are growth-focused are adjusting their budgets to focus on innovation, particularly in automation, AI and real-time data. This reallocation will boost agility and address critical challenges like rising costs and delivery demands. They also plan to pause some budgetary decisions until the new administration is in place with the intention of increasing flexibility to navigate emerging challenges.

While some 2024 investments fell short of expectations, leaders are doubling down on promising areas such as digitalization, warehouse automation and last-mile delivery. By recalibrating their budgets and learning from past disappointments, these leaders are positioning their organizations for long-term success.

Survey methodology

Cart.com commissioned an independent market research firm to survey 351 retail operations leaders on the topic of budget allocations for 2025. The margin of error for this study is +/- 5.2% at the 95% confidence level.

What you will learn in this eBook

The top budget priorities for retail logistics leaders in 2025.

- Key areas where leaders are reallocating budgets after 2024 disappointments.
- The technologies driving automation, digitalization and efficiency in retail.
- Challenges and opportunities in last-mile delivery and supply chain management.
- Strategic actions to align investments with organizational goals.

Who this eBook is for

Retail operations executives: Learn where industry leaders are focusing their budgets to stay competitive.

Supply chain managers: Discover insights into automation and logistics strategies for 2025.

Technology vendors: Understand the needs and priorities of retail leaders to align solutions effectively.

Ecommerce strategists: Explore trends in customer experience and delivery enhancements.

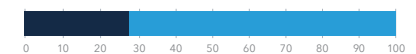
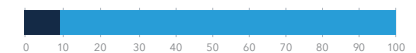
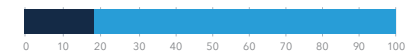
Logistics analysts: Gain data-driven perspectives on emerging challenges and opportunities in the sector.

Respondent breakout



Industries represented are:

- Apparel and footwear
- Fashion accessories
- Health and beauty
- Home goods
- Sporting goods



OVERVIEW

Retail leaders are prioritizing investments in customer experience, AI, and inventory management.

The overall top budget priorities for retail operations leaders in 2025:

- Customer experience enhancement
- AI and machine learning
- Inventory management systems
- Real-time data analytics
- Cybersecurity measures

RECOMMENDED ACTION: Align your budgets with these top priorities by investing in tools that improve customer satisfaction, enhance security, and streamline operations.

Lower-priority initiatives still hold potential for long-term value.

Lower budget priorities for retail operations leaders in 2025:

- Cost-effective 3PL partnerships
- Predictive maintenance
- Last-mile delivery solutions
- Mobile payment solutions
- Robotics in warehousing

RECOMMENDED ACTION: While not immediate priorities, explore these areas for secondary opportunities that align with long-term goals or niche needs.

Leaders are learning from 2024 investment disappointments.

The top “investment disappointments” in 2024 for retail operations leaders:

- Inventory management software issues
- Costly last-mile delivery solutions
- Failed omnichannel integration
- Delayed automation ROI
- Underperforming 3PL providers

RECOMMENDED ACTION: Evaluate these areas to understand past failures and adjust future investment strategies to mitigate risks.

Budgets are being redirected to address inefficiencies.

How leaders are reallocating budgets away from 2024 “disappointments”:

- Cheaper last-mile delivery solutions
- Inventory management software solutions
- Better AI tools
- Improved omnichannel integration
- Stronger cybersecurity

RECOMMENDED ACTION: Focus on proven solutions in these areas to resolve past inefficiencies and achieve measurable improvements.

Retail leaders are facing a range of operational and customer-driven challenges.

The top challenges that retail operation leaders are facing in 2025:

- Inventory accuracy issues
- Managing high customer expectations
- Rising supply chain costs
- Delivery speed demands
- Sustainability pressures

RECOMMENDED ACTION: Address these challenges by prioritizing investments in technologies that improve accuracy, speed, and sustainability while maintaining cost control.

In summary, as retail leaders prepare for 2025, strategic investments in customer experience, technology and operational efficiency are shaping the future. Budgets and strategies around targeted areas are imperative for building agile and responsive operations. Decisions will be driven by key takeaways from industry leaders and survey responses, including these themes:

- **Customer experience dominates:** Investments in customer-centric tools are critical for improving satisfaction and loyalty.
- **AI is essential:** AI and machine learning are driving advancements in personalization, data analytics and operational efficiency.
- **Inventory management is a focus area:** Real-time systems and enhanced processes ensure better stock control and fulfillment speed.
- **Cybersecurity cannot be overlooked:** Protecting data and maintaining customer trust remain pivotal in today’s digital landscape.
- **Past pitfalls inform future moves:** Leaders are shifting budgets to address inefficiencies in inventory management, last-mile delivery and automation.

TECHNOLOGY

Brands must prioritize agility, responsiveness and have contingency plans in place to remain resilient in 2025. These characteristics allow businesses to stay competitive while meeting customer expectations. The themes most important to retail supply chain, logistics and fulfillment leaders included inventory management, automation, delivery times and 3PL partnerships – all of which are key in efficient and adaptable operations. Remaining aware of rapid changes to the economy or government policies was also top of mind.

Technology plays a pivotal role in enhancing both operational efficiency and security across the supply chain. Advanced tools like AI, automation and real-time data analytics improve inventory accuracy, streamline workflows and protect sensitive data. With the right tools, brands can streamline operations, boosting efficiency and cost-effectiveness.

Strategies for 2025 emphasize agility and responsiveness.

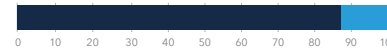
The top retail operations and logistics strategies being implemented in 2025:

- Optimizing inventory management
- Increasing automation in warehouses
- Implementing AI for demand forecasting

- Expanding same-day delivery options
- Strengthening supplier partnerships

RECOMMENDED ACTION: Implement strategies that align with customer demands for speed and accuracy, ensuring investments deliver tangible results.

Automation remains a central focus across retail sectors.



87% of retail operations leaders plan to increase investment in automation technologies in 2025.

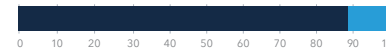
RECOMMENDED ACTION: Prioritize automation solutions that directly address operational bottlenecks, such as warehouse management systems or AI-driven tools.

Retailers across sectors are heavily investing in automation.

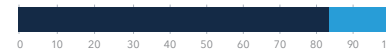
How different retailers are increasing investing in automation:



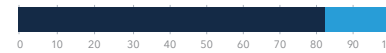
Apparel & footwear / 92%



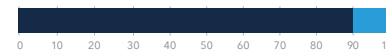
Fashion accessories / 89%



Health & beauty / 85%



Home goods / 82%



Sporting goods / 90%

RECOMMENDED ACTION: Tailor automation investments to your industry's specific needs, focusing on technologies that align with operational goals and customer expectations.

Key digitalization priorities focus on data and visibility.

The top digitalization priorities for retail operations and logistics leaders:

- Supply chain visibility
- Real-time inventory tracking
- Data-driven decision-making tools
- End-to-end order tracking
- Automated inventory replenishment

RECOMMENDED ACTION: Adopt technologies that provide actionable insights and improve supply chain transparency, enabling faster and smarter decision-making.

Leaders are targeting specific technologies for automation.

The top kinds of automation technology that retail operations leaders will be investing in:

- Inventory management software
- Warehouse management systems
- Conveyor and sortation systems
- Robotic picking arms
- Pick-to-light systems

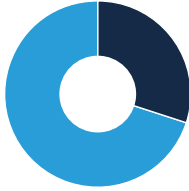
RECOMMENDED ACTION: Focus on automation technologies that address critical operational pain points, such as inventory accuracy and order fulfillment speed.



TECHNOLOGY CONT.

Modern order management systems (OMS) are replacing traditional ERP systems.

30% of retail operations leaders definitely plan to reduce investments in traditional ERP systems in favor of modern OMS solutions.



RECOMMENDED

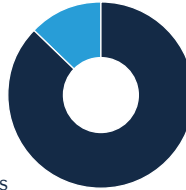
ACTION: Transition to OMS platforms that provide flexibility, scalability and seamless integration with other digital tools.

Digitalization is driving efficiency and supply chain visibility.

83% of retail operations leaders say digitalization is the top priority for 2025 to enhance supply chain efficiency.

RECOMMENDED

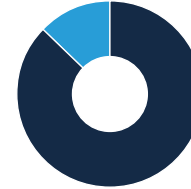
ACTION: Invest in digital tools that enable real-time tracking, data analysis and seamless communication across supply chain touchpoints.



Extending the value of existing technology is a priority.

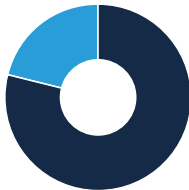
81% of retail operations leaders aim to extend the benefit of existing tech investments instead of adding new tools, to optimize costs.

RECOMMENDED ACTION: Perform regular audits of existing systems to maximize their potential and avoid unnecessary expenditures on new technology.



Cloud-based warehouse systems are replacing physical infrastructure.

79% of retail operations leaders report shifting budget from physical infrastructure to cloud-based warehouse management systems.



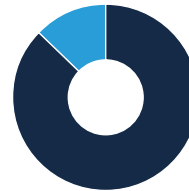
RECOMMENDED ACTION: Transition to cloud-based solutions for greater scalability, real-time updates and reduced operational costs.

Warehouse automation is critical, but planning is lagging.

82% of retail operations leaders see warehouse automation as a critical area for achieving operational agility in 2025, but only 71% have a finalized automation plan.

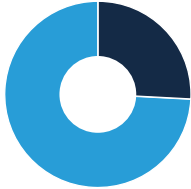


RECOMMENDED ACTION: Expedite automation strategy development to ensure operational efficiency and avoid falling behind competitors.



TECHNOLOGY CONT.

Confidence in robotics as a standalone solution is limited.



Only **26%** of retail operations leaders are highly confident robotics alone can drive meaningful improvements in supply chain efficiency.

RECOMMENDED ACTION: Combine robotics with other technologies, such as AI and warehouse management systems, for a more holistic approach to operational improvement.

AI investments are focused on operational efficiency and cost reduction.

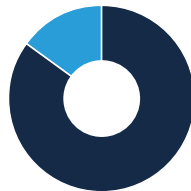
The top retail operations goals for AI investments:

- Optimize inventory management
- Automate customer service
- Streamline supply chain processes
- Increase sales conversions
- Reduce operational costs

RECOMMENDED ACTION: Prioritize AI projects that address high-impact areas like inventory optimization and supply chain efficiency to achieve measurable ROI.

Real-time tracking is essential for technology upgrades.

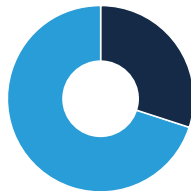
85% of retail operations leaders rank real-time tracking as a high priority for tech upgrades.



RECOMMENDED ACTION: Invest in real-time tracking systems to enhance visibility, improve decision-making and increase customer satisfaction.

Satisfaction with digital investment ROI remains low.

Only **30%** of retail operations leaders are highly satisfied with the ROI on recent digital investments.



RECOMMENDED ACTION: Audit underperforming digital tools and shift focus to investments with a proven track record of delivering measurable ROI.

ROI satisfaction varies widely by sector.

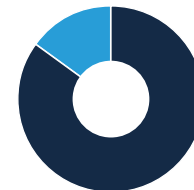
Retailers who are highly satisfied in the ROI of recent digital investments:



RECOMMENDED ACTION: Benchmark your sector's performance and identify successful strategies from higher-performing industries to improve digital ROI.

Cybersecurity remains a top priority in an increasingly digital landscape.

84% of retail operations leaders are prioritizing cybersecurity enhancements to protect logistics and customer data.



RECOMMENDED ACTION: Invest in advanced cybersecurity tools and training programs to safeguard critical systems and data from cyber threats.

LAST-MILE, SHIPPING AND DELIVERY

Last-mile delivery, a critical touchpoint in the customer journey, can be optimized for cost-effectiveness through route optimization, local micro-fulfillment centers and partnerships with flexible delivery networks. As customer expectations for faster shipping and seamless delivery continue to rise, brands must balance speed, reliability and cost to remain competitive. Leveraging technology and data-driven strategies ensures deliveries are not only efficient but also meet the increasing demand for same-day and next-day options.

Last-mile delivery solutions are seeing increased investments.

Among retail operations leaders, 19% are allocating more than half of their budgets to last-mile delivery solutions.

RECOMMENDED ACTION: Focus on optimizing last-mile logistics through route optimization software, strategic partnerships and sustainable delivery methods.



Leaders are facing persistent challenges in last-mile delivery.

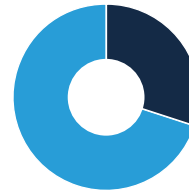
The top last-mile delivery challenges for retail operations in 2025:

- Managing delivery time windows
- Rising delivery costs
- Meeting same-day delivery demands
- Traffic congestion
- Environmental impact concerns

RECOMMENDED ACTION: Address these challenges by implementing advanced delivery technologies and exploring eco-friendly solutions to mitigate rising costs.

Route optimization is a targeted strategy for last-mile efficiency.

31% of retail operations leaders are sure to be investing in route optimization software to cut down last-mile delivery times.

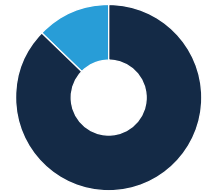


RECOMMENDED ACTION: Implement advanced route planning tools and a modern transportation management system (TMS software) to streamline delivery operations, reduce costs and improve customer satisfaction.

Shipping cost optimization is a key focus for 2025.

80% of retail operations leaders plan to focus on optimizing shipping costs through advanced TMS tools.

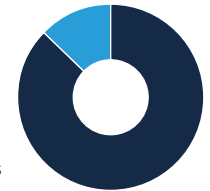
RECOMMENDED ACTION: Invest in transportation management systems to enhance route efficiency, reduce freight expenses and improve logistics planning.



Balancing two-day delivery costs and expectations is a significant hurdle.

81% of retail operations leaders expect challenges in balancing costs and customer expectations for two-day delivery.

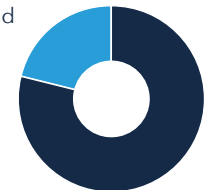
RECOMMENDED ACTION: Optimize delivery processes with technologies like route planning and warehouse automation to meet expectations while managing costs.



Carrier collaboration is critical for navigating peak season costs.

78% of retail operations leaders intend to increase collaboration with carrier partners to navigate peak season surcharges.

RECOMMENDED ACTION: Strengthen relationships with carriers by sharing demand forecasts, negotiating seasonal contracts and leveraging data-driven planning tools.

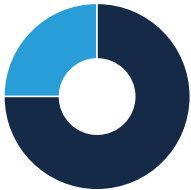


3PL PARTNERSHIPS

A reliable and tech-enabled 3PL partner serves as an extension of a brand's team, offering expertise, scalable fulfillment solutions and technology integration to support growth and agility. By managing complex logistics operations, they allow brands to focus on core business strategies and customer engagement. With access to advanced tools and a nationwide network, 3PLs provide the flexibility needed to adapt to changing market demands and scale efficiently during peak seasons.

3PL partnerships are set to grow.

75% of retail operations leaders are planning to increase spending on partnerships with third-party logistics (3PL) providers.



RECOMMENDED ACTION: Choose 3PL providers with strong track records in scalability and efficiency and establish clear KPIs to measure their performance.

Leaders expect ROI in critical areas from 3PL providers.

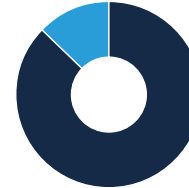
Where retail operations leaders expect to see their ROI with 3PL providers:

- Improved inventory management
- Faster delivery times
- Enhanced scalability
- Reduced overhead expenses
- Improved customer satisfaction

RECOMMENDED ACTION: Evaluate 3PL providers based on their ability to deliver these outcomes, and monitor performance to ensure ROI aligns with expectations.

Warehouse layouts are being redesigned to boost fulfillment speed.

81% of retail operations leaders aim to improve warehouse layout and item positioning for faster order fulfillment.



RECOMMENDED ACTION: Conduct warehouse layout assessments and leverage data analytics to optimize item positioning for reduced picking times.

ECONOMY AND CHANGING INDUSTRY POLICIES

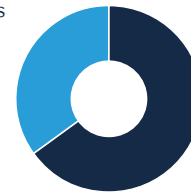
2025 introduces a new administration and changing economic and supply chain policies, requiring retailers to assess how these potential changes and challenges will influence their budget and strategy. Experts are encouraging brands to stay abreast of current news while putting contingency plans in place to remain flexible and adaptable.

Economic volatility is driving flexible budgeting strategies.

65% of retail operations leaders are concerned that economic volatility will necessitate flexible budget allocations.

RECOMMENDED ACTION:

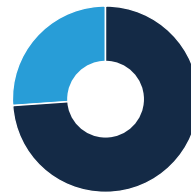
Build contingency budgets that prioritize essential investments while maintaining flexibility for unexpected economic shifts.



Policy uncertainty is delaying budget commitments.

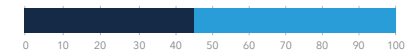
74% of retail operations leaders say they're waiting to see what the new administration does before fully dedicating their budget.

RECOMMENDED ACTION: Stay informed about potential policy changes and prepare adaptable investment plans to act quickly once clarity emerges.

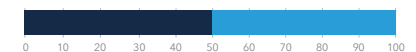


Economic stability or volatility will shape budget increases or cuts.

How will the anticipated 2025 economy affect budgets?



44% of leaders say a tight economy will likely cause them to lower budgets



50% of leaders say a stable economy will likely cause them to increase budgets

RECOMMENDED ACTION: Monitor economic conditions closely and prioritize scalable, high-ROI investments to adapt to either scenario.

REPORT SUMMARY

The 2025 Retail Operations Budget Report highlights a shift in priorities toward automation, digitalization, and customer experience enhancements, with leaders reallocating budgets to address inefficiencies from 2024. Investments in real-time data tracking, AI and warehouse automation are driving operational agility, while cybersecurity and cost optimization remain critical amid economic uncertainties.

Brands can use the insights gained from the survey to:

- **Prioritize top budget areas:** Invest in tools and technologies that enhance customer satisfaction, improve operational efficiency and bolster cybersecurity.
- **Evaluate secondary opportunities:** Explore lower-priority areas like robotics and 3PL partnerships for potential long-term value.
- **Learn from the past:** Identify what caused investment failures in 2024 and take steps to mitigate similar risks in 2025.
- **Adopt proven solutions:** Focus on initiatives with measurable success, such as better AI tools, cost-effective delivery and omnichannel integration.

By focusing on these areas, retail leaders aim to meet rising customer expectations and position themselves for long-term success.

