Inside Retail Strategy: How Executives Are Adapting to Demand, Tariffs, and Technology in 2025

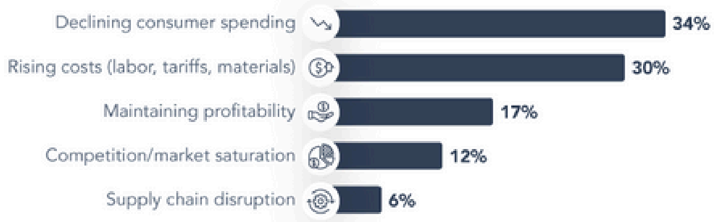
Evolving demand, rising tariffs, and rapid advancements in AI are reshaping the retail landscape. This report analyzes how retail leaders are adapting their strategies, drawing on insights from a survey of over 100 executives. From supply chain confidence to technology adoption, the findings offer a look into the challenges and priorities shaping today's retail strategy.

Demand Is Shifting and Retailers Are Feeling the Pressure

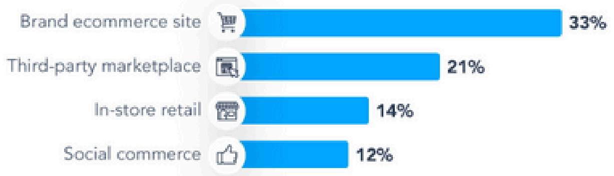
› How has consumer demand changed in the past year?

With **1 in 10 admitting their forecasting is poor** and concerns mounting over consumer spending and rising costs, retail leaders are navigating a highly complex demand landscape. As consumer demand shifts, retailers are seeing the **strongest growth through direct-to-brand experiences.**

› Top Business Concerns For Retailers This Year



› Which sales channels are seeing the most growth?



Retailers Are Reinforcing Supply Chains as Tariff Pressures are Forcing them to Rethink—But Confidence Remains Mixed

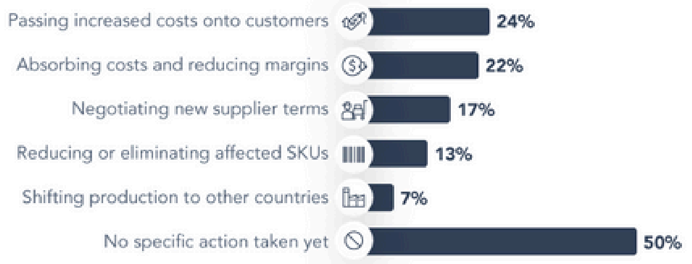
Over 1 in 5 retail executives lack confidence in their supply chain's **ability to handle disruptions.**

› What actions are being taken to reduce inventory risk?

› Top Merchandise Planning Investment Priorities

With **73% of retail executives expressing concern about rising tariffs over the next year**, many are weighing how to manage increased costs and reduce inventory risk. From responsive pricing to renegotiating supplier terms, **24% of retailers are making changes to improve flexibility and resilience** as they navigating an uncertain economic environment.

› How are retailers managing rising tariff costs?



Over **3 out of 4 retailers say they could only absorb less than a 25% tariff increase**—highlighting how limited their flexibility truly is. If tariffs increase in the next 12 months, **35% of retailers say their first response would be to adjust product pricing, 14% would reevaluate their sourcing strategy, and 12% would cut back on product assortment or categories**.

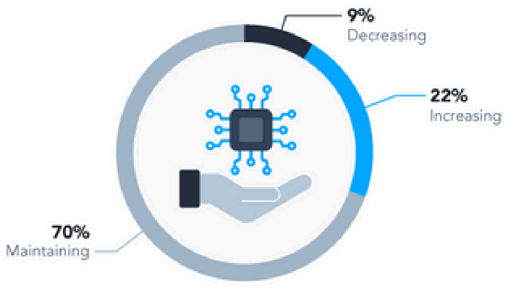
Retailers Are Cautiously Exploring AI

A third of retail executives are already using AI to forecast or analyze demand, and **34% expect it to play a major role in sustaining or growing profits within the next two years**. However, most are maintaining their current tech investments, as adoption is still limited by internal expertise gaps, budget constraints, and uncertainty about ROI.

› Areas Where Retailers Are Adopting AI and Automation

Only **16% are currently using AI for demand forecasting**—despite growing recognition of its potential.

› Are retail executives increasing, maintaining, or cutting back on technology investments?



What's Ahead for Retail Strategy

Retailers are balancing immediate pressures with long-term priorities—from managing tariff impacts to cautiously adopting innovative technology such as AI. Building flexibility, improving forecasting, and investing in strategic planning will be key to staying competitive.

Methology

7thonline surveyed 105 retail executives about their retail strategy. Of the respondents that disclosed their job title, 53% were C-suite executives, 16% were owners, and 8% were directors.