Artificial Intelligence (AI) in Retail Market to Surge to USD 138.3 Billion by 2035, Fact.MR Report

Analysis Of Artificial Intelligence (AI) In Retail Market Covering 30+ Countries Including Analysis Of US, Canada, UK, Germany, France, Nordics, GCC Countries

ROCKVILLE, MD, UNITED STATES, August 18, 2025 /EINPresswire.com/ -- Fact.MR today released its latest report on the Artificial Intelligence (AI) in Retail Market, providing comprehensive insights into the global market's explosive growth driven by advancements in AI-driven

personalization, demand forecasting, and operational efficiencies. Valued at USD 9.8 billion in 2025, the market is projected to grow at a compound annual growth rate (CAGR) of 30.3%, reaching USD 138.3 billion by 2035.

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Market Outlook and Growth Projections:

The AI in retail market is poised for unprecedented growth from 2025 to 2035, fueled by the increasing adoption of AI technologies to deliver personalized customer experiences and streamline business operations. AI solutions, encompassing machine learning, natural language processing, and computer vision, are revolutionizing retail through applications like tailored product recommendations, inventory optimization, and predictive analytics. The report highlights the market's projected leap from USD 9.8 billion in 2025 to USD 138.3 billion by 2035, driven by the rapid digitalization of retail, rising consumer expectations for seamless shopping experiences, and the integration of AI into e-commerce and brick-and-mortar stores.

Key Drivers Fueling Market Demand:

The growth of the AI in retail market is propelled by several key drivers. The surge in e-commerce and omnichannel retailing has heightened the need for AI-driven personalization, enabling retailers to offer tailored recommendations and enhance customer engagement. AI-powered demand forecasting is optimizing inventory management, reducing overstock and stockouts, and minimizing operational inefficiencies. The report emphasizes the role of machine learning and predictive analytics in enabling retailers to anticipate consumer trends and streamline supply chains. Additionally, the rise of generative AI for content creation, such as personalized marketing campaigns, and computer vision for in-store analytics, such as footfall tracking, are accelerating adoption. Consumer demand for seamless, data-driven shopping experiences, coupled with retailer investments in automation and efficiency, further drives market expansion.

Challenges and Restraints in the Sector:

Despite its promising outlook, the AI in retail market faces challenges that could temper growth. High implementation costs for AI systems, including infrastructure, software, and skilled personnel, pose barriers, particularly for small and medium-sized retailers. Data privacy concerns and regulatory compliance, such as GDPR in Europe and CCPA in the U.S., add complexity to AI deployments, requiring robust data governance frameworks. The report notes that a lack of skilled professionals to manage AI systems and integrate them with existing retail infrastructure may slow adoption in some regions.

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Segment-Wise Insights and Dominant Trends:

The report provides detailed segmentation analysis, identifying software as the leading offering, holding a 62.4% market share in 2025 due to its versatility in applications like personalization and inventory management. By type, machine learning dominates, driven by its use in predictive analytics and recommendation engines. Key technologies include natural language processing for chatbots and computer vision for visual search and in-store analytics. Cloud-based deployment is expected to grow at a CAGR of 32.1%, favored for its scalability and cost-efficiency. Applications span customer relationship management, supply chain optimization, and fraud detection, with personalization and demand forecasting leading due to their direct impact on revenue.

Regional Outlook and Growth Hotspots:

North America holds the largest market share, driven by advanced AI adoption, a mature e-commerce ecosystem, and significant investments by retailers in the U.S. and Canada. The U.S. market is projected to grow at a CAGR of 29.8%, fueled by AI-driven personalization and supply chain solutions. Europe follows closely, with Germany, the UK, and France leading due to strict data regulations and investments in smart retail technologies. The Asia-Pacific region is expected

to exhibit the fastest growth, with China (CAGR of 33.5%) and India (CAGR of 31.2%) driving demand through e-commerce expansion and digital transformation initiatives.

Recent Developments:

The AI in retail market has seen significant advancements in 2024 and early 2025. In 2024, Amazon expanded its Just Walk Out technology, using computer vision and AI to enable cashierless stores, with deployments in over 100 locations globally. Walmart partnered with Salesforce to integrate AI-driven personalization into its e-commerce platform, enhancing customer engagement. In India, Reliance Retail launched an AI-powered recommendation engine in 2024, boosting online sales by 15%. Alibaba introduced generative AI tools for personalized marketing content, adopted by merchants across its Tmall platform. Additionally, AI-driven inventory forecasting systems gained traction, with retailers like Target implementing machine learning models in 2024 to reduce stockouts by 20%. The rise of AI-powered chatbots and virtual assistants, such as those deployed by Sephora, has improved customer service efficiency, aligning with the broader trend toward automation and personalization.

Key Players Insights:

Leading players in the AI in retail market are driving innovation through advanced AI solutions and strategic partnerships. IBM Corporation leads with its Watson AI platform, offering predictive analytics and personalization tools, with recent integrations for supply chain optimization in 2024. Microsoft Corporation excels in cloud-based AI solutions, partnering with retailers like Kroger for smart store systems. Google LLC advances computer vision and recommendation engines, with its Vertex AI platform adopted by e-commerce giants in 2025. Other key players, including Amazon Web Services (AWS), Salesforce, Inc., SAP SE, Oracle Corporation, and NVIDIA Corporation, are innovating in generative AI, fraud detection, and in-store analytics. AWS launched AI-driven inventory tools for SMEs in 2024.

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Wearable AI market is anticipated to jump US$ 230 Billion at a CAGR of 27.6% during forecast period. North America held 39% share of the global market.

The AI toolpathing market is projected to reach $1.95 billion by 2035, driven by automation, cloud AI, and real-time optimization across diverse industries.

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