IoT in Retail Market to Hit $177.9 Bn by 2031, Driven by Automation & Smart Store Demand

IoT in retail is transforming store operations, customer engagement, and supply chains through automation, real-time analytics, and connected technologies.

WILMINGTON, DE, UNITED STATES, December 1, 2025 /EINPresswire.com/ -- According to a new report IoT in Retail Market Size, Share, Competitive Landscape and Trend Analysis Report, by Offering (Solution, Service), by Application (Supply Chain Operations Management, Customer Management, Sales and Customer Management, Asset Management, Others), by Deployment Mode (On-premise, Cloud), by Enterprise Size (Large Enterprise, SMEs): Global Opportunity Analysis and Industry Forecast, 2021-2031, The global IoT in retail market size was valued at $28.14 billion in 2021, and is projected to reach $177.90 billion by 2031, growing at a CAGR of 20.3% from 2022 to 2031.

The IoT in retail market is experiencing rapid growth as retailers increasingly adopt connected technologies to enhance customer experience, optimize operations, and reduce costs. The integration of smart devices, sensors, RFID tags, and cloud platforms helps retailers gain real-time visibility into store activities and customer behavior. This shift is driven by the need for operational efficiency, improved inventory management, and advanced analytics for strategic decision-making.

Moreover, rising digitalization, the expansion of omnichannel retail, and the demand for personalized shopping experiences are accelerating IoT adoption. Retailers are leveraging IoT solutions to streamline checkout processes, enable smart shelves, automate supply chains, and implement predictive maintenance. As consumer expectations for seamless experiences grow, IoT continues to evolve as a critical pillar in modern retail innovation.

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The increasing emphasis on customer experience enhancement is one of the major drivers propelling the IoT in retail market. IoT-powered solutions enable personalized promotions, targeted marketing, and real-time engagement through beacons and smart devices, significantly improving customer satisfaction and loyalty.

Rising demand for advanced inventory management and real-time tracking is also fueling market growth. IoT solutions such as RFID, smart shelves, and connected warehouse systems help retailers maintain optimal stock levels and reduce shrinkage, boosting overall operational efficiency.

Another key factor driving the market is the expansion of the omnichannel ecosystem. IoT bridges online and offline channels by synchronizing supply chain data, monitoring consumer preferences, and enabling seamless order fulfillment across platforms. This integration supports unified commerce strategies adopted by leading retailers.

However, data security and privacy concerns pose challenges to market expansion. With massive volumes of customer and operational data being processed, retailers must invest heavily in cybersecurity solutions to safeguard against breaches, unauthorized access, and misuse of information.

Additionally, the high initial investment and complexities associated with system integration may restrict adoption among small and mid-sized retailers. Ensuring interoperability between legacy infrastructure and advanced IoT platforms requires specialized expertise and robust implementation frameworks.

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The IoT in retail market is segmented by component (hardware, software, and services), application (customer experience management, supply chain operations, inventory management, smart payments, and others), and deployment mode (on-premise and cloud). Hardware, including sensors and RFID tags, accounts for the majority share, driven by increasing demand for real-time monitoring, while cloud-based solutions are expanding rapidly due to scalability and cost-effectiveness.

By offering, the solutions segment held the largest share of the Internet of Things in Retail market in 2021 and is expected to maintain its lead in the coming years. The widespread use of smartphones and mobile applications is significantly driving the adoption of retail IoT solutions. In addition, the rise of application-specific hardware and retailers’ increasing focus on integrated solution ecosystems are further supporting segment growth.

However, the services segment is projected to record the highest growth rate during the forecast period. Retailers are increasingly adopting IoT services to ensure seamless performance of platforms and solutions throughout their operations. The growing use of data analytics tools and cloud-based platforms is also accelerating the demand for IoT services in the retail sector.

By organization size, large enterprises dominated the market in 2021 and are expected to continue leading, driven by their rising adoption of IoT software to connect and optimize existing inventory systems. Meanwhile, small and medium-sized enterprises (SMEs) are anticipated to exhibit the fastest growth, supported by increasing uptake of cost-effective, cloud-based IoT solutions that enhance operational efficiency.

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Regionally, North America leads the IoT in retail market due to rapid digitalization, strong adoption of IoT technologies, and the presence of major industry players. In contrast, Asia-Pacific is expected to experience the highest growth during the forecast period, fueled by expanding retail ecosystems and rising investment in connected technologies across emerging economies.

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Some of the key IoT in retail industry players profiled in the report include are Cisco System, Inc., International Business Machine Corporation, Intel Corporation, Microsoft Corporation, PTC, Huawei technologies Co. Ltd., Sierra Wireless, Amazon Web Service (AWS), SAP SE, Software AG, Bosch.IO GmbH, Google LLC., NEC Corporation, Oracle Corporation, AT&T Intellectual Property, Vodafone Idea limited, and Happiest Minds. This study includes market trends, IoT in retail market analysis, and future estimations to determine the imminent investment pockets.

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- By Offering, in 2021 the solution segment dominated the IoT in retail market size.
- Depending on deployment, the on-premise generated the highest revenue in 2021 of IoT in retail market share. However, cloud segment is expected to exhibit significant growth during the forecast period.
- Region wise, the IoT in retail market forecast was dominated by North America region. However, Asia-Pacific is expected to witness significant growth in the upcoming years.

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