



# Deloitte Global Retail Outlook: Oracle Perspective

Navigating transformation and embracing opportunities

# Challenges and opportunities



The last few years in the retail industry have been anything but ordinary. While the shadow of past disruptions may linger, a surprising wave of optimism is sweeping the retail industry. This sentiment, despite ongoing economic uncertainties, stems from a newfound belief in the transformative power of technology, particularly the emergence of Generative AI (GenAI). The retailers interviewed as part of [Deloitte's 2024 Global Retail Outlook](#) provided a hopeful outlook for both top- and bottom-line performance across the sector.

Though things won't be easy for retailers this year, the industry is poised to face several systemic challenges head-on. At the same time, changing consumer behavior and disruptive technology can help them seize opportunities for growth. We highlighted these contrasting themes throughout the survey, exploring how businesses planned to respond to challenges and where they saw opportunities. This perspective examines two systemic challenges and two opportunities that could define the retail industry in the years ahead, and shares Deloitte's methodology and approach for using Oracle's extensive portfolio of technology to help deliver the next generation of retail solutions.

## **Systematic challenge #1: A shortage of workers**

Despite some recovery in labor force participation and migration, the labor supply remains insufficient, influenced by factors such as long COVID and aging populations and declining birth rates, particularly in Europe. These constraints have spurred companies to invest in automation and labor-enhancing technologies to boost productivity. Labor scarcity continues to fuel competition for skilled talent, prompting retailers to strategically adopt hybrid work policies to attract and retain employees. Retailers are also cognizant of the potential impact of staff shortages on customer experience.

*"Organizations are now preparing to have fewer but more highly skilled and highly paid workers. Leveraging technology to operate in a leaner, more efficient manner is a long-term strategy. Regardless of the employment market, the focus is on streamlining operations and upskilling the workforce. Tools like Oracle Retail, which are very data-led, provide the necessary information to support decision-making. This shift requires a workforce with a higher level of numeracy, moving away from decisions based on gut instinct to those driven by data."*

**- Jeremy Rossell**

Chief Retail Architect, Deloitte MCS Limited

Given the pressing need for automation, the retail industry should strategically focus on reskilling and upskilling employees to align with emerging technology trends. Retailers should also continue to embrace AI as a strategic tool to enhance workforce management, task prioritization in the store, recruitment processes, and employee satisfaction/training.

### How Oracle helps retailers address the worker shortage

Oracle's store solution empowers retail associates with real-time data and AI-driven insights, empowering swift and informed decision-making. The application of AI can help facilitate guided learning through various interfaces such as chatbots, which streamline the decision-making process across all levels of the organization. Such capabilities can help ensure that associates can perform their roles effectively, from making precise procurement decisions to engaging directly with consumers.

With vacancy rates of 20%-30%, retailers must operate with reduced staff, increasing the need for efficiency. To streamline operations and enhance consumer engagement, Oracle tailored its tools to adapt to the dynamic retail environment. Oracle's Retail Xstore Point of Service (POS) solution, for example, offers both assisted selling and self-checkout modes, allowing for flexibility in response to staffing fluctuations and peak times. Additionally, Oracle's Store Inventory Operations Cloud Service simplifies tasks such as receiving and displaying goods, thereby freeing up employee time for more critical customer engagement activities.

*"With one of the largest Oracle retail consulting practices, Deloitte brings hands-on transformation experience and capabilities that open new opportunities to address the worker shortage. For example, to optimize workforce productivity in store, our team built a task management solution that helps workers make decisions and prioritize their actions. The result: workers are 100% focused on the right tasks with the greatest impact."*

#### - Rudy Kulas

*Managing Director, Oracle Retail & Consumer Products, Deloitte Consulting LLP*

To enhance last-mile fulfillment capabilities, Oracle has strategically partnered with a ride-sharing company, which allows retailers to leverage a variable workforce to meet demand without increasing permanent staff levels. This partnership not only improves operational efficiency but also enhances the consumer experience through timely and reliable product delivery.

## Challenge #2: Supply chains under pressure

COVID-19 exposed the vulnerability of global supply chains when a surge in consumer demand aligned with pandemic-imposed production and distribution restrictions. While much of this disruption has subsided, the experience drove companies worldwide to recognize the fragility of their supply chains and renew focus on resilience over mere cost-effectiveness and efficiency.

While acutely aware of these challenges, fewer than 50% of retailers say they effectively manage supply chain disruptions. As a result, companies are looking to improve operational supply chain efficiency, reduce vulnerabilities, and respond to disruptions with agility. To this end, **one in four or 25%** of retailers are looking to acquire logistics capabilities. Retailers also expect to significantly increase data sharing and collaboration with value chain collaborators to improve forecasting effectiveness.

## How Oracle helps alleviate supply chain pressures

Many retailers have disconnected operations—this can lead to duplication and inefficiency in planning processes, data, and procurement or purchasing. Oracle's Retail platform unifies data across applications, providing a single record so retailers can stay in sync across all business processes—from purchasing through stocking the shelves—and enhance decision-making at all levels, from CEOs to store personnel.

Most retailers also do not have visibility into their true costs, which can negatively impact profitability. Having one complete view of all cost information allows retailers to see the actual cost and true profitability of getting a product into the store, on the shelf, and to the customer. Retailers further benefit from a deeper understanding of the entire supply chain, from commodity prices to sustainability practices. These actionable insights—powered by AI and analytics capabilities within Oracle Cloud—help retailers make informed decisions to anticipate, avoid, and plan for disruption.

*"In a world with growing market complexity and variety of ways to shop, different ways to fulfill customer demand, and fewer workers in the store, retailers need to be much more precise with inventory management. Together, Deloitte and Oracle can help everyone—associates in store, planners in the corporate office, trade partners, and customers online—see the same accurate inventory information."*

### - Ryan Blask

*Managing Director, Retail & Consumer Products, Deloitte Consulting LLP*

To gain greater control over their supply chain, many retailers are increasing the percentage of private-label branded items on store shelves. Oracle's Retail Brand Compliance Management solution, currently used by 45% of grocers in the US and over 80% in the UK, helps retailers manage their own brands across multiple tiers—from premium to value. This capability offers several advantages: it can enhance the retailer's ability to deliver on their own-brand promise and it boosts profitability through improved margins. This approach provides retailers with greater flexibility in pricing, promotions, and other consumer engagement strategies.





### **Opportunity #1: Technology supports a shift from mass to micro**

Consumers are becoming increasingly distinct from each other in their purchasing preferences and in what they want from retailers, driving the industry to consider shifting its paradigm from mass to micro, or from supply-driven to demand-driven retail. Switching from mass to micro means creating personalized digital and in-store offerings and experiences for customers. And the expectation is that inventory will match individual needs more precisely. Mass to micro also means there won't be just one successful format, but rather a greater blend of core and localized, digital and physical, delivery and in-store, niche offerings at a higher volume, configured around different consumers' priorities (e.g., quality, value, choice, convenience, etc.)

In this evolution, technology plays a critical role. Retailers have many expectations around the anticipated technological changes over the next five years, especially related to improving forecasting effectiveness and tailoring the overall shopping experience—almost 50% of the surveyed retailers identified artificial intelligence (AI) as a key tool in automating this process.

### **How Oracle helps retailers shift from mass to micro**

The shift from mass to micro could be one of the most powerful trends in retail; however, most of the industry cannot effectively make this shift because the state of their data and solution architecture can't support it.

To deliver retail personalization and innovation at scale, organizations need connected and centralized core retail processes. Together Deloitte and Oracle connect all points of the data supply chain in a single unified and automated platform to deliver retail personalization and innovation at scale.

*"Delivering retail personalization at scale is a key differentiator and strength that Oracle and Deloitte bring. Oracle's unified platform connects science, connects capabilities and connects intent, giving retailers visibility and access to the data that allows them to be more targeted and more precise in the product that they're bringing to market—empowering retailers to achieve more accurate, market driven results to drive business success."*

**- Paul Woodward**

*Head of Product, Oracle Retail*

Oracle helps retailers respond to evolving consumer demands and preferences with more targeted, efficient, and customer-focused strategies. For example, with access to extensive POS data, retailers can tailor their sales and marketing strategies to individual preferences, enhancing customer engagement and profitability. This approach can also empower retailers with the insights to tailor pricing and promotional strategies to cater to specific customer groups.

*"I say to retailers, you can tell me everything about the consumer that was in your store yesterday, but can you tell me anything about the consumer that's in your store right now? By integrating diverse data sources into one unified platform with embedded AI capabilities, Oracle's technology, combined with Deloitte's vast digital transformation experience, empowers retailers to make timely and impactful decisions. This synergy enables immediate action, driving real-time outcomes rather than delayed responses."*

**- Jeffrey Warren**

Vice President of Retail Customer Operations, Oracle

As our research notes, technology will play a crucial role in demand-driven retail. By leveraging an AI foundational layer and embedded AI capabilities, Oracle's store solution captures consumer interactions in real-time, both online and in-store. By integrating this data into the planning process through advanced analytics and retail data stores, Oracle Retail helps retailers bring products to market with better targeting and precision.

### Technology changes potentially occurring in the next five years

Companies will significantly increase data-sharing and collaboration with value chain partners to improve forecasting effectiveness



The number of automated micro-fulfillment centers will expand significantly



Cashierless checkout technology will be deployed in most retail stores



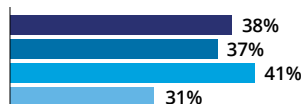
Digital twins technology combining IoT, big data analytics, modeling, and simulation will be more widely adopted



AI will largely automate demand forecasting, assortment optimization, personalization, fraud detection, etc.



Delivery via autonomous vehicles and drones will be very common



Total
  Retail United States
  Retail Europe
  Retail Middle East Asia Australia

## Opportunity #2: Unlocking the power of artificial intelligence

The retail sector stands to gain significantly from GenAI. GenAI's ability to create engaging content on-demand and at-scale can empower retailers to hyper-personalize customer engagement across various markets and channels. Moreover, GenAI's data analysis, pattern recognition, and predictive modeling capabilities can help extract insights and identify opportunities from vast data volumes quickly. Prioritized areas for retailers include using AI/GenAI to enhance supply chain visibility (46% of respondents), enable personalized product recommendations (42%), and improve workforce management, hiring, and training (41%).

These top priorities link to distinct areas of retail—supply chain, marketing, and talent—demonstrating the potential impact that GenAI might have on a business. It also suggests the need for retailers to take a holistic, strategic view of how to implement and use GenAI across their organizations.

## How Oracle helps retailers unlock the power of AI

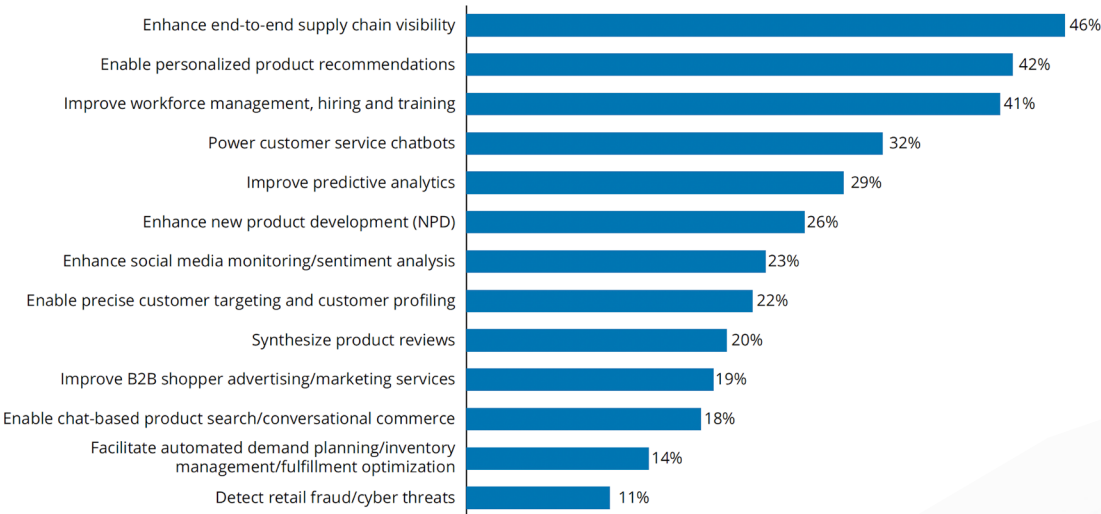
When it comes to AI, retailers typically start with multiple questions: How much of my budget do I devote to GenAI? And what does that mean? What should that look like?

*“GenAI is exciting because it makes the impossible, possible in terms of data analysis and the beauty of Oracle is that they’re making a huge investment in AI on our customer’s behalf, embedding GenAI within the product set. By leveraging insights from multiple retailers, we’re able to configure powerful, relevant solutions that help retailers solve problems.”*

**- Rudy Kulas**

Managing Director, Oracle Retail & Consumer Products, Deloitte Consulting LLP

AI/GenAI usage most likely to prioritize in 2024



While technology is crucial to a retailer's success, it is the combination of Deloitte and Oracle's thirty years of collaboration and proven methodologies that uniquely position retailers to achieve business value and tangible outcomes. As a result, retailers may leverage AI not just as a tool, but as a strategic asset to enable their success. A few examples:

***Data classification and integration:***

By classifying and organizing data effectively, Oracle provides businesses with a foundation of knowledge that can enhance process improvements and enables more accurate forecasting and predictions. This capability allows retailers to anticipate market trends and make informed decisions.

***Efficiency and productivity:***

Whether through generating text based on keywords, providing real-time information about tasks, or converting documents into actionable data, Oracle's AI solutions can help store associates improve efficiency and productivity.

Beyond business value, Oracle also focuses on how AI can support various roles within an organization—from CEOs and CFOs to store associates and supply chain managers—in making better decisions and enhancing efficiency and productivity. For IT leaders and CIOs, however, the focus shifts towards the art of the possible with AI. Oracle offers a robust platform that allows retailers to adopt, configure, and develop their own AI-driven solutions, maximizing the value derived from their data.

## Final Considerations

Embracing technology is just the beginning; the true focus for retailers should be on driving a business-led transformation. Together with Deloitte and Oracle, retailers can navigate challenges effectively and seize opportunities to position themselves for success. With a reputation for delivering successful business transformations, our goal is to understand how our teams can best serve your vision and mission—and deliver true business value.

## Let's connect

Interested in harnessing the power of the Oracle ecosystem and Deloitte's deep industry experience? Together, we can help create a data-driven, human-centric retail experience and ultimately reimagine the future of retail for your organization. Reach out to one of our leaders to learn more:

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# About the survey



The Deloitte Global Retail Outlook 2024 is based on research carried out by independent market research agency Coleman-Parkes on Deloitte Global's behalf. The survey was conducted by telephone and online with 200 retail professionals comprising c-suite and senior

decision makers with direct responsibility for strategic initiatives within their organizations. The survey was conducted between 10 November to 7 December 2023.

North America	50 Respondants	United States
Europe	100 Respondants	United Kingdom, Germany, France and other European countries
MEAA	50 Respondants	UAE, KSA and other Middle East countries, South Africa and Australia





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