

Retail talking points in 2025

The Next Generation of Loss Prevention: Detecting Theft through AI Reading Body Language

Richard Clarke, Head of Global Sales Consumer Industries at Fujitsu

In 2025, AI-powered computer vision will transform retail loss prevention beyond monitoring shoppers. It will detect subtle behavioral cues indicating theft, like checkout irregularities involving customers and employees.

AI's body language analysis offers insights into dishonest shoppers based on movements and glances. This technology will identify suspicious patterns, such as how shoppers dress, move and interact with store staff.

Beyond checkout, AI flags behaviors like lingering in aisles, avoiding eye contact, or handling products without purchasing them as potential theft indicators. AI excels in self-checkout areas, tracking customer scanning speed and item accuracy, and countering tactics like scanning mislabeled goods. By observing patterns of internal theft, AI flags excessive refund rates, voided transactions, discount manipulations and anomalies in ringing up products.

Real-time alerts provide immediate insights into suspicious activities, allowing loss prevention teams to respond swiftly. This reduces the need for manual video monitoring and helps teams prioritize critical cases. As AI processes more data, it improves its ability to identify theft patterns and trends. Collaborative efforts between AI and human workers enhance loss prevention strategies, ensuring efficient detection and response while promoting a positive customer experience.

The Mid-Market Squeeze: Retailers Must Evolve or Face Extinction

By 2025, mid-market retailers will confront significant challenges as they balance profitability and relevance. Cracks appeared in 2024 when strong players faced shrinking margins.

Mid-market retailers have struggled with profitability for years. In 2024, many established brands saw margins drop, with some nearing financial distress due to competition from discount giants like Lidl and Aldi and premium brands like Marks & Spencer and Waitrose. These discounters attract customers through low prices and quality, while premium brands emphasize superior experiences. Mid-market retailers, lacking resources, find themselves trapped in a shrinking space.

Mid-market retailers need to work out how to avoid a simple binary choice between going 'premium' or going 'discount'. This means focusing on unique offerings like expertise or providing immersive in-store experiences. Innovative brands will redesign stores to engage consumers seeking personalized shopping and invest in AI-powered aids that attract customers interested in more than discounts.

This focus on experience and lifestyles aligns with younger consumers' preference for ethical shopping; brands focused on sustainability gain a competitive edge. Conversely, some retailers can achieve cost efficiency by emulating discount strategies through operational optimization and data-driven methods. Technology aids this transition, enabling better inventory management and pricing strategies.

Investing in digital and physical channels is essential. The lines between commerce blur, making unified commerce strategies critical for seamless customer experiences. Retailers can enhance in-store interactions using digital tools, creating loyalty through personalized offers and inventory visibility across platforms. On-product or on-shelf QR codes, for instance, help shoppers compare products in-store, improving experiences without large investments.

Retailers face a fundamental choice: adapt or face extinction amid declining margins and intensified competition. Retailers don't need to go high price luxury or low-price discount, there is a third way and it is founded on investing in digital tools to deliver a new shopping experience. The technologies for transformation exist; unified commerce, microservices, and AI are vital for operational efficiency and differentiation. Swift action is required—the middle ground in retail is disappearing, and only those willing to adapt will survive.

Sustainability Moves from Niche to Necessity

Sustainability is no longer just a marketing strategy but a core business imperative for retailers in 2025. The era of purpose-driven consumption, where sustainability becomes essential, requires brands to act.

This is partly driven by new EU regulations mandating companies with over EUR 40 million in revenue to comply with the Corporate Sustainability Reporting Directive (CSRD) by 2026, increasing scrutiny from regulators and stakeholders.

Brands must now provide substantiated sustainability reports or face fines and reputational damage. This trend aligns with consumer demand for ethical brands, especially Gen Z and Millennials, who prioritize transparency and environmental responsibility while seeking value. Retailers will invest in sustainable practices to attract a loyal customer base willing to pay a premium for a genuine commitment to sustainability, such as significantly reducing plastic use.

Advanced technologies, including AI, enhance supply chain optimization and energy efficiency, while blockchain enhances transparency. Automation in logistics and sustainable alternatives for packaging can significantly reduce environmental impact. Sustainability is evolving into a critical operational strategy that improves profitability and customer loyalty, making energy-efficient practices and sustainable logistics essential for future success.

Sustainability transcends mere regulations and is a vital tool for brand differentiation. In today's competitive retail market, sustainability helps retailers stand out. Brands that commit to sustainability forge deeper emotional connections with customers, boosting loyalty and lifetime value.

Brands like Gymshark and Marks & Spencer exemplify this approach, integrating sustainability into their ethos by using eco-friendly materials and ethical sourcing. They illustrate that sustainability is not just about compliance; it aligns with today's consumer values.

Sustainability will increasingly become central to retail strategy. Leaders in this space will meet regulations while establishing more resilient businesses. The pressure from regulators and consumers is escalating, making sustainability essential.

By 2025, sustainability will be embedded across all retail operations, from product design to customer engagement. Retailers executing this shift will thrive in a market prioritizing purpose, transparency, and responsibility.

Laggards risk regulatory fines, loss of consumer trust, and a competitive edge. The race for a sustainable future has clear winners and losers. Which side will you be on?

Richard Clarke
Head of Global Sales, Consumer Industries at Fujitsu

Richard is responsible for bringing the best of Fujitsu's industry vision, consulting capabilities and solutions and services to its customers in the consumer industries across the world.

Reporting into Fujitsu's global leadership in Japan, Richard and his team develop and execute compelling and relevant strategies to expand key markets and define differentiated propositions to meet the needs of existing and new customers.

