

2025

ISSUE 4

Guide to Next.



5 Trends Shaping the
Consumer Products
Industry in 2025

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GUIDE TO NEXT

2025

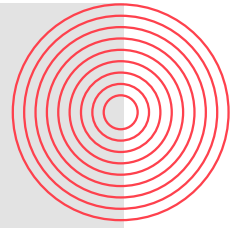


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Introduction



The consumer products industry is on the cusp of significant transformation as we enter 2025. A confluence of technological advancements, evolving consumer behaviors and economic shifts is reshaping the landscape. Economic pressures, including inflation, have reduced disposable income for many, creating distinct customer segments with a growing emphasis on value.

At the same time, brands are scrambling to stand out and better understand their consumers by harnessing artificial intelligence (AI) to personalize marketing content and surface consumer insights. While some companies are far ahead, creating centralized AI insights centers of excellence, data sharing with retail partners and even building e-commerce marketplaces, many brands are just scratching the surface of generative AI experimentation.

Next year, consumer products brands will have to strategically balance AI-driven transformation on both the back end and front end, reinventing their value propositions and revenue streams to engage with a diverse and constantly changing set of consumers.

In this report, Publicis Sapient consumer products industry experts break down the top five trends that will shape the consumer products industry a year from now, based on our market research and industry expertise.

01 GENERATIVE AI WILL DRIVE THE CONTENT SUPPLY CHAIN

Creating targeted or personalized marketing content at scale and speed has been challenging for brands, and most consumer products brands haven't been able to execute it effectively. However, in 2025, brands can integrate generative AI content creation tools to automate their content supply chains.

Speed to market is a critical investment for consumer products firms in 2025. With accelerating AI technology, brands are focusing more on efficiency. The content marketing supply chain, which encompasses the entire process brands use to deliver marketing content and personalized experiences, offers significant opportunities for AI integration in the consumer products industry.



01

Economic instability has led to a rise in private-label retail brands, which now hold a more substantial market share, increasing [from 24.7 percent in 2022 to 25.5 percent last year](#). This growth in private-label brands presents a direct challenge to consumer products brands, making personalized content more crucial than ever. Private labels often attract cost-conscious consumers with competitive pricing, and the personalization of marketing content allows established brands to differentiate themselves by highlighting unique value propositions that resonate on an individual level.

ACCORDING TO PUBLICIS
SAPIENT RESEARCH, 53
PERCENT OF CONSUMER
PRODUCTS EXECUTIVES
IN THE C-SUITE VIEW
PERSONALIZATION OR
HYPER-PERSONALIZATION
AS EXTREMELY (22 PERCENT)
OR VERY (31 PERCENT)
IMPORTANT.



Helen Merriott, senior vice president of consumer products, EMEA and APAC, emphasizes the need for brands to communicate their value proposition and differentiate themselves from white-label brands. AI can create personalized, efficient and cost-effective content. For example, a global brand can use AI to develop and adapt marketing content for different regions, analyze performance and generate recommendations for future content.

In 2025, consumer products brands should focus on integrating AI into their content supply chains and getting their workforce on board.

02 LEGACY IT AND TRADITIONAL OPERATING MODELS WILL HINDER AI

The drive to modernize operating models and legacy systems has gone to the back burner for many companies in the last year due to economic challenges. However, generative AI is about to change this significantly, acting as a catalyst for more agile operating models and systems modernization. A year ago, discussions around AI transformation were more theoretical. Now, generative AI is rapidly propelling these changes, pushing companies to adopt nimbler operating models, reskill their workforce, restructure their organizations and, in many cases, upgrade legacy systems.

“Generative AI is the forcing function,” says Sabrina McPherson, senior managing director and senior vice president at Publicis Sapient. Companies are starting to see substantial efficiency gains. Tasks that previously took weeks and significant human effort can now be completed in minutes with generative AI. This makes the benefits of operational and IT transformation more tangible and compelling to senior executives. As McPherson highlights, “It’s harder to make the case against change when the benefits are so clear and immediate.”

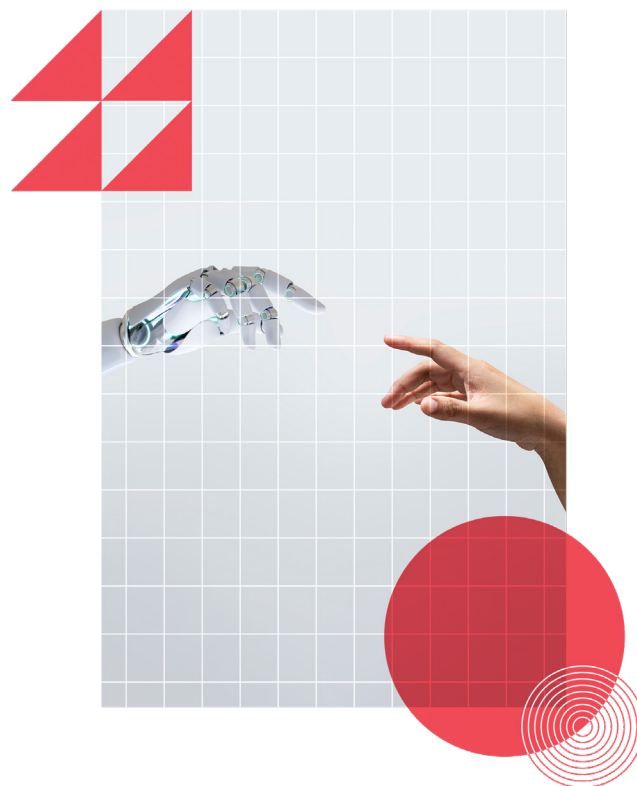
Today, fragmented business structures create confusion about who should own and fund AI initiatives and how to implement them effectively. There is also a disconnect between the V-suite and C-suite regarding generative AI initiatives, priorities and operating model changes, causing delays between the prototype and production stages.



02

For instance, 56 percent of V-suite consumer products leaders believe generative AI is easier to implement than other emerging technologies, while 63 percent of the C-suite think it's more difficult. V-suite leaders place more importance on generative AI in IT, with 40 percent saying it will be extremely important for IT in the next three years, compared to only 9 percent of C-suite leaders.

THIS DIFFERENCE EXTENDS TO TECH MODERNIZATION PRIORITIES: 38 PERCENT OF THE C-SUITE PRIORITIZE SECURITY AND COMPLIANCE, WHILE ONLY 10 PERCENT OF THE V-SUITE DO. CONVERSELY, 25 PERCENT OF THE V-SUITE PRIORITIZE MACHINE LEARNING AND GENERATIVE AI, COMPARED TO JUST 6 PERCENT OF THE C-SUITE.



Additionally, 44 percent of the C-suite believe their IT systems are very mature, compared to only 25 percent of the V-suite.

To achieve a return on investment from generative AI, operational models and tech investments are necessary, and C-suite buy-in is crucial. By 2025, the challenge for companies will be shifting from convincing C-suites of generative AI's value to investing in the necessary back-end technology and establishing a digital operating model.

03 GEN Z VALUES WILL GUIDE LOYALTY STRATEGIES

As Gen Z (ages 12-27) is projected to increase their spending power to around \$12 trillion globally by 2030, and with Gen Alpha (ages 1-14) following, brands are adapting their digital strategies to foster long-term loyalty. The next generation of consumers values sustainability, purpose and authenticity. Additionally, social media plays a significant role in their shopping habits, with a survey from Walmart and Morning Consult revealing that 55 percent of Gen Z made an online purchase while browsing social media in the last six months, and 44 percent begin their shopping journey with online searches.

This trend benefits consumer products brands, enabling them to connect directly with consumers through online search and social channels, bypassing traditional retailers. However, the challenge lies in navigating saturated platforms like TikTok and Instagram, where sponsored content risks appearing inauthentic and causing consumer fatigue.

"INFLUENCERS ARE THE MODERN-DAY WORD OF MOUTH. DESPITE THE RISING ANTI-INFLUENCER SENTIMENT, THE RECOMMENDATION ASPECT REMAINS STRONG. PEOPLE ARE MORE AWARE NOW, THINKING, 'THESE INFLUENCERS ARE MAKING A LOT OF MONEY OFF OF ME.' AUTHENTICITY IS KEY."

Elizabeth Papasakelariou Group Vice President
and Managing Partner



03

Interestingly, TikTok users, mainly Gen Z, are less averse to ads compared to users on other platforms. [Thirty-eight percent accept ads in exchange for free content](#), and [28 percent have purchased products](#) promoted by celebrities or influencers.

For 2025, it's vital for brands to ensure their marketing content on social platforms is genuine and meaningful to stand out, with a focus on user-generated content.



04 DATA SECURITY WILL BECOME A TOP PRIORITY

In 2025, ensuring data security will be paramount for consumer products firms. Companies across various industries frequently face penalties for consumer data privacy violations and significant data breaches. To navigate this landscape, firms must enhance transparency in data usage, invest in robust security measures and organize their data infrastructures in preparation for upcoming and proposed AI and data privacy regulations.

While many brands focus on acquiring first-party consumer data and integrating proprietary data into AI models, it is equally crucial to prioritize updating data privacy and security safeguards. So far, many brands have experimented with generative AI without integrating potentially sensitive data—only 12 percent of consumer products leaders report doing so. However, as more organizations adopt open-source large language models like OpenAI and Google Gemini, those that can integrate their proprietary data at scale for specific use cases will generate more value over time. This approach, though riskier initially, will establish a foundation for future growth.

Despite these advancements, 50 percent of consumer products executives admit to lacking a comprehensive data strategy or having only partial integration across departments. Only 6 percent possess a mature, fully integrated enterprise data strategy that leverages advanced analytics, AI and modern data collaboration tactics. This lack of maturity presents challenges for the C-suite, as 53 percent of C-suite industry leaders report that data quality, access, silos and privacy concerns significantly impact their organization's growth.

"The number one priority for consumer products firms next year is getting their data houses in order. It's not the time to focus on gaining access to more data, but to better utilize and safeguard the data you already have," says McPherson.

04

The EU AI Act, set to take effect in 2026, is unlikely to impact many consumer products brands' use of data within AI due to the noncritical nature of their tools. However, other proposed legislation, such as the U.S. COPIED Act, which aims to require AI tools to let users attach information about their origin, is gaining traction in various regions.

As data becomes increasingly valuable and AI regulation evolves, organizations that can successfully integrate data into their AI solutions while establishing risk mitigation strategies will emerge as leaders in 2025 and beyond.



05 HEALTH AND WELLNESS BECOMES 1:1

The health and wellness trend has fundamentally reshaped consumer products, transforming consumer behavior and driving significant growth. In 2025, we'll see this trend expand even more, especially as Gen Z gains purchasing power. The surge in demand for fitness and wellness products, exemplified by the success of brands like HOKA, has made health a core consumer value.

To capitalize on this opportunity, brands must integrate personalized wellness experiences across product categories. While many brands are doubling down on health and wellness-oriented products, the focus is shifting towards personalized health. For example, Unilever's AI-powered personal experiences, like Dove's virtual Scalp + Hair Therapist, are boosting purchases and consumer engagement. Consumers who discover new products on the BeautyHub PRO AI tool are 43 percent more likely [to complete a purchase](#), according to a Unilever press release.

Consumers are also increasingly willing to invest in their overall health, [with spending on wellness products and experiences rising](#). This is especially true for younger generations, who view health and beauty as interconnected aspects of personal care. The convergence of health and beauty is a key trend for 2025, driven by the influence of social media platforms like TikTok.

NielsenIQ reports that health and beauty products are projected to account for 81 percent of TikTok's dollar sales. Gen Z consumers are seeking "clean," cruelty-free items with natural scents, reflecting their overall preference for food that is low in sugar, high in protein and free from artificial ingredients.

By strategically incorporating mental wellness products and services, and by emphasizing the intersection of health and beauty within owned brands, brands can effectively tap into this expanding market and drive sales growth. In order to keep up with the pace of consumer behavior, consumer products firms will need to incorporate AI-powered analytics into their strategy.

LOOKING AHEAD TO 2025

In conclusion, consumer products companies often have a tendency to start and stop initiatives without giving them enough time to prove their value. This pattern has been seen with direct-to-consumer strategies, influencer marketing and now with generative AI. For these new technologies and business models to truly demonstrate their return on investment, companies need to commit and allow these innovations to take their course.

Just as iconic campaigns like Nike's "Just Do It" didn't become successful overnight, the adoption of generative AI and other advanced technologies requires patience and persistence. By committing fully and allowing these technologies to prove their worth, businesses can achieve the operational efficiency and growth they seek in today's competitive digital landscape.



CONTACT US

Publicis Sapient is building digital business transformation solutions for consumer products firms, powered by our unique SPEED formula. Our approach combines strategic growth and business value, modern digital product thinking, next-generation customer experience, engineering, data and AI, all while leveraging our premier partnerships with Microsoft, Google, AWS and OpenAI.

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Publicis Sapient is a digital transformation partner helping established organizations get digitally enabled, both in the way they work and how they serve their customers. We help unlock value through a startup mindset and modern methods, fusing strategy, consulting and customer experience with agile engineering and problem-solving creativity. As digital pioneers with 20,000 people and 53 offices worldwide, our experience spanning technology, data sciences, consulting and customer obsession—combined with our culture of curiosity and relentlessness—enables us to accelerate our clients' businesses by designing the products and services their customers truly value. Publicis Sapient is the digital business transformation hub of Publicis Groupe.

For more hand-picked insights from our experts, visit publicissapient.com.

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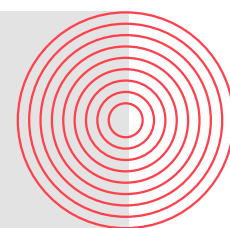


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Introduction



The future is here.

As the energy and commodities industry approaches 2025, it faces a dynamic landscape fueled by technological advancements and questions about sustainability. What specifically will organizations face—and how can they set themselves up for success?

AI has dominated headlines over the past few years, and that will not change in 2025. Instead, it will be a pivotal year in which companies will continue to create new use cases for artificial intelligence (AI) focused on efficiency and value for all sectors.

While AI has advanced rapidly in recent years, the development of renewables has not been as robust. As a result, energy and commodities organizations will likely face questions surrounding the integration of renewables and the security of the supply chain.

In 2025, organizations will have to reimagine operations and lean on new strategies to meet these challenges. Digital transformation offers a key way that they can integrate, streamline and modernize their systems to drive growth and stay resilient in a challenging environment.

Drawing from market research and industry analysis, Publicis Sapient energy and commodities experts break down the top five trends that will shape the industry in 2025.

01 MAKING THE MOST OF AI

AI was the big story of 2023 and 2024, and that has not changed. In fact, AI adoption will likely begin to accelerate in 2025 as energy and commodities companies gain confidence in use cases that promote optimization and innovation. For the renewables market alone, [AI is predicted to be worth \\$4.6 billion](#) by 2032.

Use cases have emphasized the power of AI in driving data-driven decisions or supporting customers through chatbots. The year 2025 will likely see more proofs of concept (POCs) transitioning into full-scale implementations as companies recognize the tangible benefits of AI.

As Alberto Bruno, executive client partner, EMEA, at Publicis Sapient, notes, “AI and generative AI offer new opportunities to optimize and streamline how digital ecosystems integrate with external as well as internal systems.” This integration is crucial for optimizing operations and reducing costs across the industry.

HOW DO ENERGY
AND COMMODITIES
LEADERS SEE THEIR
ORGANIZATIONS USING
GENERATIVE AI? IN
2024 PUBLICIS SAPIENT
RESEARCH, C-SUITE
EXECUTIVES IN THE
INDUSTRY RATED RISK
MANAGEMENT AND
COMPLIANCE AND SALES
AS THE TWO BEST USES
OF GENERATIVE AI FOR
THEIR COMPANIES.



01

AI-driven systems are essential for integrating renewable assets into core trading systems. Predictive analytics can forecast energy production and demand more accurately, enabling better balancing and reducing waste.

In other sectors, AI's applications are equally transformative. AI-driven farming management tools can optimize planting schedules, for example, leading to higher yields and enhancing food security. Predictive maintenance in oil and gas can foresee equipment failures, thereby minimizing downtime and operational costs.

At the same time, the use of AI also presents challenges. Data privacy, cybersecurity and the need for a skilled workforce are critical issues that companies must address. Once AI demonstrates its value and also addresses these concerns, many energy and commodities organizations will be more willing to adopt it in 2025 and beyond.

"AI WAS *well recognized* BY 2016 AND 2017 IN PREDICTIVE MAINTENANCE AND WELL CONSTRUCTION BUILDING. BUT IT TOOK 3-5 YEARS TO BUILD TRUST IN THE TECHNOLOGY TO GRAB THE RIGHT DATA AND BEGIN REAL EXPERIMENTATION WITH IT. SIMILARLY, WE EXPECT LOTS OF PROOFS OF CONCEPT WITH GENERATIVE AI NOW"

Boris Leshchinskiy *Associate Managing Director*



02 BOLSTERING THE SUPPLY CHAIN

The first few years of the decade have seen wild volatility in the energy and food supply chain due to health crises, extreme weather events and geopolitical developments around the world. It may be difficult to predict what exactly will cause the next disruption, but businesses should understand that 2025 will bring a host of unique circumstances that will continue to put pressure on the supply chain.

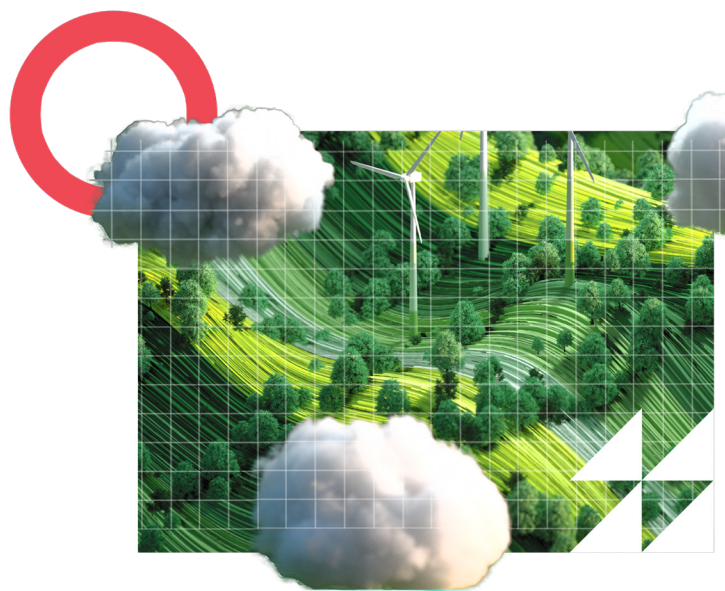
In 2025, different supply chains will encounter different challenges. This is especially true in supply chains that rely on specific materials. “I see a lot of challenges on the supply chain right now with the renewables market still,” says Boris Leshchinskiy, associate managing director. “There’s a lot of geopolitical components in that market, like how you build windmills, solar panels and chips.”

Copper, for example, is a key commodity for a variety of products, such as batteries for electric vehicles and wind turbines. The data centers that power AI are now consuming vast quantities of the metal. As a result, [copper shortages could persist](#) through 2030.

Advanced analytics and AI are becoming essential for optimizing supply chains to minimize disruptions. Leshchinskiy notes, “AI can analyze market trends and consumer behavior to predict demand spikes, allowing companies to adjust their inventory levels accordingly.”

Companies are leveraging these technologies to forecast demand, manage inventory and identify potential disruptions in the supply chain for everything from oil and gas to crops and parts for farm equipment.

Companies that invest in these areas will be better positioned to navigate geopolitical uncertainties and market disruptions.



03 EMPOWERING THE RENEWABLES REVOLUTION

Efforts to reduce carbon emissions and adopt renewable sources of energy have been ongoing, though the pace of adoption is not as rapid as it could be. Nonetheless, 2025 represents an opportunity to accelerate the renewables revolution.

Sustainability and the use of renewable energy remains a critical priority for consumers, businesses, nongovernmental organizations and states alike. Indeed, some progress has been made. In early 2024, for instance, the International Energy Agency predicted that [renewable energy production would outpace coal](#) by 2025.

Sustainable farming practices are also gaining traction, driven by regulatory pressures and consumer demand. Techniques such as crop rotation, organic farming and reduced chemical use are becoming more common. Leshchinskiy notes, "These practices are essential for preserving soil health, reducing emissions and ensuring long-term food security."

Despite this limited progress, the world overall [has not been meeting its climate goals](#). Why has there been a gap in progress?



03

According to Bruno, "The overarching logic is still that of how to solve the energy trilemma: How do you balance security, affordability and sustainability of energy?" This balance is crucial for ensuring long-term sustainability. Moreover, high interest rates in recent years have stymied investment in renewables.



Finding ways to make renewable energy and sustainable practices more profitable is essential for driving the transition. Carbon credits are one way that companies can offset the cost of renewables investment. Another potential solution is increasing the pricing of renewable energy. However, this could lead to high inflation and energy-saving behaviors among consumers.

What could stimulate renewable development in 2025? "Policy regulation may be the very important pivot to give it much-needed impetus," says Bruno. The United States' Inflation Reduction Act of 2022, for example, can serve as a model for the type of [policy-driven revolution](#) that the renewables sector may need to thrive.

04 MODERNIZING FOR NEW VALUE

Many power and energy organizations have long relied on outdated physical and digital infrastructure—bulky generators, old power lines and legacy technology systems that are siloed and sluggish. Yet, new technology and renewable sources of energy require new infrastructure.

Modernization efforts will become increasingly critical in 2025 and beyond. These include the integration of renewable assets with traditional energy systems and the adoption of smart grids and energy storage technologies. As Leshchinskiy points out, “Modernizing systems can lead to significant cost savings and operational efficiencies.”

Bruno highlights the necessity of modernizing digital ecosystems: “There’s a lot of effort and cost in managing disparate external platforms and integrations in a way that hasn’t been designed to be coherent, consistent and highly automated.” Upgrading infrastructure can enhance operational reliability and reduce the risk of failures.

ENERGY AND COMMODITIES
BUSINESSES BY AND
LARGE HAVE A LONG
RUNWAY FOR UNDERTAKING
CLOUD TRANSFORMATION
PROJECTS. ONLY 32 %
OF RESPONDENTS IN
2024 PUBLICIS SAPIENT
RESEARCH IDENTIFIED THEIR
CLOUD TRANSFORMATION
AS “VERY MATURE.”



04

In agriculture, modern farming equipment, devices and systems are transforming operations. These technologies optimize resource use, reduce waste and improve supply chain management to enhance productivity and sustainability.

By 2025, modernization efforts will likely accelerate, driven by technological advancements and regulatory pressures. However, the transition to modern physical and digital infrastructure will require significant investments into capabilities that can manage and maintain these advanced technologies.

Publicis Sapient empowered a global agriculture conglomerate to enhance its value chain with the help of digital business transformation. By developing a robust technology ecosystem that included new commodity, trading and risk management and customer relationship management platforms, the organization's modernized system improved operations, marketing efforts and supply planning.



05 GROWING IN A CHALLENGING ENVIRONMENT

How can energy and commodities organizations achieve and maintain profitability in an uncertain environment?

Traditional energy sources continue to offer high returns on investment. For oil and gas companies, profits remain robust. Exxon Mobil, for example, recorded a [profit of \\$36 billion](#) in 2023. Renewables, however, have yet to demonstrate long-term profitability, making it [difficult for companies to justify](#) large-scale renewable projects.

By 2025, when interest rates are widely expected to dip, companies will need to be more strategic in their investments, focusing on capital discipline and operational efficiency. As Bruno notes, "We will probably see investments still being highly scrutinized for a prolonged period of time. So it will be all the more important for organizations to have a clear understanding of what value it will bring."

New revenue streams and business models will emerge, driven by technological advancements and market demands. Profitability will remain a critical consideration, influencing decision-making and strategic planning. Companies must also explore new revenue streams and business models. For instance, retail media networks offer an additional source of income for fuel retailers.

"RENEWABLE GROWTH IS *everything*. BUT COMPANIES WILL BE VERY, VERY SURGICAL IN TERMS OF THE INVESTMENTS THEY'RE MAKING INTO IT DUE TO CAPITAL DISCIPLINE AND QUESTIONS OVER PROFITABILITY."

Boris Leshchinskiy Associate
Managing Director

x
x
x

MODERN WAYS OF
WORKING EMPOWER
COMPANIES TO
RAPIDLY ADAPT.
PUBLICIS SAPIENT
HELPED ENERGY
LEADER RWE
[TRANSFORM ITSELF
AND DE-SILO ITS
PROCESSES](#) WITH A
NEW STRATEGY THAT
EMBRACED AGILITY.

LOOKING AHEAD TO 2025

In 2025's unpredictable environment, the key to success lies in finding new ways to unlock value. As Bruno notes, "The importance of demonstrating direct value in whatever currency the organization requires—whether it's growth, productivity, or else—becomes even more critical."

Companies that proactively address AI, modernization and sustainability will be well positioned to capitalize on emerging opportunities and navigate potential challenges. The journey to 2025 will be marked by significant transformations, but with the right strategies, the energy and commodities industry can achieve sustainable growth and profitability.

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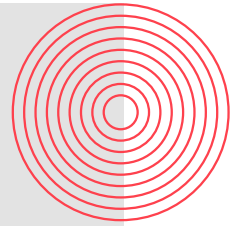
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Introduction



Market volatility. High interest rates. Disruptive tech. Over the past several years, the financial services industry has experienced marked changes. What does the future hold?

Driven by an acceleration in AI adoption, 2025 promises to create both challenges and opportunities for financial institutions. Many organizations will put AI plans into action this year, a move that could fundamentally begin to reshape the way banks do business.

At the same time, the industry will go “back to normal,” according to David Murphy, financial services practice lead, international, at Publicis Sapient. “A lot of what we’ve seen over the last two to three years has been the post-COVID exuberance. I think we’ve reached the bottom of that, which means 2025 should bring more normal growth.”

One way this will manifest is through lower interest rates that are reflective of past norms. This will likely put pressure on banks to find new pathways to profitability, including through customer experience and creating efficiencies, in a tight economic environment.

Drawing from market insights and deep industry knowledge, Publicis Sapient’s financial services experts break down the top five trends that will shape the industry in 2025.

01 THRIVING IN A LOWER-RATE ENVIRONMENT

High interest rates have been a significant story over the past several years, rising steadily between 2022 and 2023. But 2025 is widely expected to be different, with rates likely moving in the opposite direction. For example, Canada [began rate cuts](#) in June 2024, while the [Bank of England started cutting rates](#) in August 2024.

The expected lower interest rates in 2025 will have a significant impact on the financial services industry. It will likely create a tighter economic environment, one in which banks will have to strategize in order to remain profitable. “They’re going to have to think through how to become more competitive in the market,” says Murphy.

One way that they can navigate this period of turbulence is by simplifying and modernizing their business through innovation, adaptation and cost reduction. By doing so, they can pilot the economic challenges and remain competitive in a tightening market.



02 INVESTING IN THE FUTURE OF AI

After AI made significant strides in 2022 and 2023, organizations across all industries raced to develop use cases and incorporate them into their business practices. The financial services industry is no exception, and 2025 will be no different—AI will still be top of mind.

David Donovan, financial services practice lead, North America, expects to see a “hockey stick effect” in 2025 as more and more financial services organizations adopt it. The International Monetary Fund projects that the industry [will spend \\$97 billion on AI](#) in 2027.

Financial services organizations are especially interested in the potential of using generative AI for risk management and compliance over the next three years. According to Publicis Sapient research, 41 percent of survey respondents ranked this generative AI use case as “extremely important.”

ACCORDING TO GARTNER, [80% OF BANKS](#) WILL HAVE ADOPTED GENERATIVE AI TOOLS BY 2026. THIS MEANS THAT 2025 WILL BE A PIVOTAL YEAR FOR THE WIDESPREAD GROWTH OF THE TECHNOLOGY.

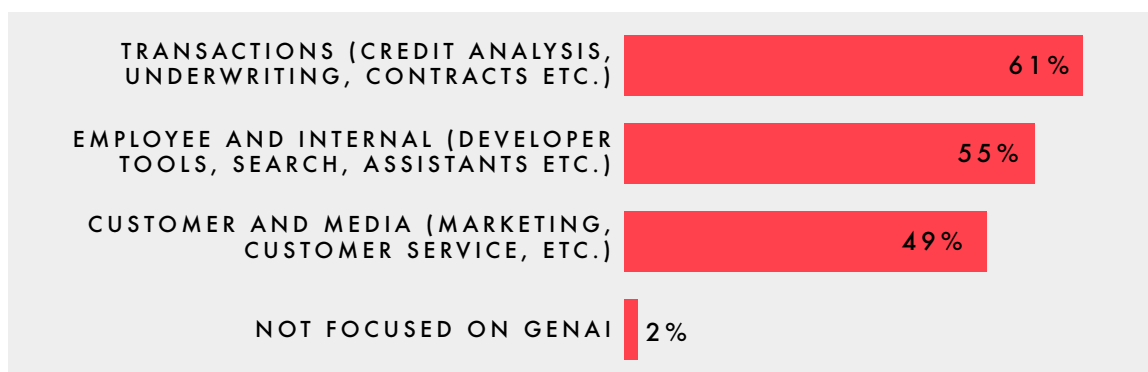


Figure 1

Publicis Sapient’s 2024 Global Banking Benchmark Survey reveals the use cases on which banks are focusing their efforts.

02

	ALL	RETAIL	FINANCIAL SERVICES
EXTREMELY IMPORTANT	32%	40%	41%
VERY IMPORTANT	33%	34%	34%
IMPORTANT	25%	15%	17%
SOMEWHAT IMPORTANT	9%	8%	7%
NOT IMPORTANT	1%	3%	1%

Figure 2

Financial services businesses indicate how important they believe AI will be to risk management and compliance over the next three years.

Nonetheless, the integration of AI comes with its own set of challenges. Donovan emphasizes, "It's a heavily regulated industry, so they have to be very mindful of regulators and what regulators are concerned about."

Fraud and financial crime are significant concerns in the context of AI. Murphy highlights the potential threats, stating, "Clearly, generative AI actually potentially makes that challenge even harder in terms of individuals being able to test identity and verification routines."

As AI continues to evolve, banks will need to navigate these challenges carefully, ensuring that their adoption of AI technologies enhances operational efficiency without compromising compliance and security.

"BANKS' number one priority IS SECURITY, MAKING SURE THAT THERE AREN'T ANY THREATS TO THEIR ORGANIZATION AND ENSURING THERE ARE GUARDRAILS PUT IN PLACE FOR THE USE OF GENERATIVE AI ACROSS THEIR ENTERPRISE."

David Donovan Financial Services Practice Lead,
North America, Publicis Sapient

03 MODERNIZING TECH INFRASTRUCTURE

Legacy mainframes and systems have been the workhorse of the financial services industry for decades. But they are not always efficient, especially as new, agile technologies rapidly develop. Consequently, the modernization of tech infrastructure remains a critical focus for the industry.

Murphy underscores the importance of this transformation, stating, “The modernization agenda is still very much a big topic for a number of banks. If they want to be able to deliver on the promise of simplification—which includes reducing cost and leveraging generative AI—they have to make sure they have the right technical foundations in place at their core banking systems, their data systems.”

ACCORDING TO PUBLICIS SAPIENT’S GLOBAL BANKING BENCHMARK SURVEY, THE MAJORITY OF BANKS DO NOT CLAIM TO HAVE AGILE SYSTEMS UP AND RUNNING. ONLY 35% HAVE ONE.

Modernizing legacy systems involves replacing outdated technology with more advanced, agile solutions. Donovan explains, “Mainframes that are built in very old legacy technology, like COBOL, can now be reverse engineered and converted into modern technology like Java microservices.”

Each region approaches tech modernization differently. For instance, organizations in the United Arab Emirates and Saudi Arabia place a heavy emphasis on leveraging AI for modernization and growth. In the U.K. and Australia, the focus is on simplification and cost reduction.

As banks continue to modernize their tech infrastructure, they will need to navigate the complexities of regulatory compliance and regional variations, ensuring that their modernization efforts enhance operational efficiency and security.

04 BUILDING RESILIENCE IN AN INSECURE WORLD

As the next year brings unexpected challenges, organizations will need the right systems in place to ensure that they can quickly pivot in a dynamic landscape. But this increased emphasis on cloud, data and AI brings resiliency challenges.

Hacks, attacks and widespread system outages can bring—and have brought—business to a standstill. Incidents like the [CrowdStrike outage](#) in July 2024 underscored the importance of maintaining operational resilience in a disaggregated supply chain. This is even more crucial for banks, since customers need to have uninterrupted access to their money. Without this access, there could be ramifications across the entire economy.

The move toward a composable, ecosystem-based approach to technology and service delivery introduces new challenges to resiliency. Murphy explains, “The resiliency challenge, as banks harness the power of cloud, harness the power of multiple third-party SAS solutions, is becoming a greater and greater challenge that banks are trying to grapple with.”



WE NEED TO BALANCE THE FUTURE—WHICH IS QUITE POWERFUL WITH CLOUD, DATA AND GENERATIVE AI—WITH THE CHALLENGES BANKS WILL NEED TO SOLVE, WHICH IS *resiliency*.”

David Murphy *Financial Services Practice Lead, International, Publicis Sapient*

To address these challenges, banks must implement robust security measures and governance frameworks to protect against potential threats and ensure compliance with regulatory standards. By doing so, they can enhance operational efficiency while safeguarding customer data and maintaining trust.

05 ENABLING PERSONALIZATION WHILE PROTECTING PRIVACY

Customer experience is always top of mind for banks, and that will not change in 2025. Indeed, Publicis Sapient's 2024 Global Banking Benchmark Survey revealed that 42 percent of banks are personalizing customer journeys. New technology will present even more opportunities to personalize at scale with the help of data integration and AI—but it will also create risks.

On the one hand, personalized services have the potential to offer customers more value. Murphy explains, "For any bank, the question is: how do you create more value out of your existing customer base, which is going to require greater levels of personalization? To do this, you need better access to data, which will then require more sophisticated models for how you personalize that."

AI can play a pivotal role in this process. AI-driven personalization efforts aim to create more tailored experiences for customers by leveraging data from various sources. Banks can then use this information to meet expectations.

But personalization, and AI-driven personalization, also enhances certain risks with data privacy and security. "You want to make sure you're protecting data privacy in a way that creates a personalized experience but doesn't cross the line," explains Donovan.

As banks amass an archive of information about customers—including everything from the size of bank accounts to spending habits—they have a duty to protect this data. Investing in secure and modern systems will become increasingly critical as that customer archive continues to grow.



LOOKING AHEAD TO 2025

The financial services industry is poised for growth in 2025. The continued rise of AI and the impact of lower interest rates will underline the importance of strategies that make institutions resilient, secure, agile and customer focused.

Stakeholders in the industry must stay informed and proactive in navigating these trends. By embracing AI and automation, modernizing legacy systems, enhancing customer experience, ensuring security and resilience, and adapting to the economic environment, banks can position themselves for success in 2025 and beyond.



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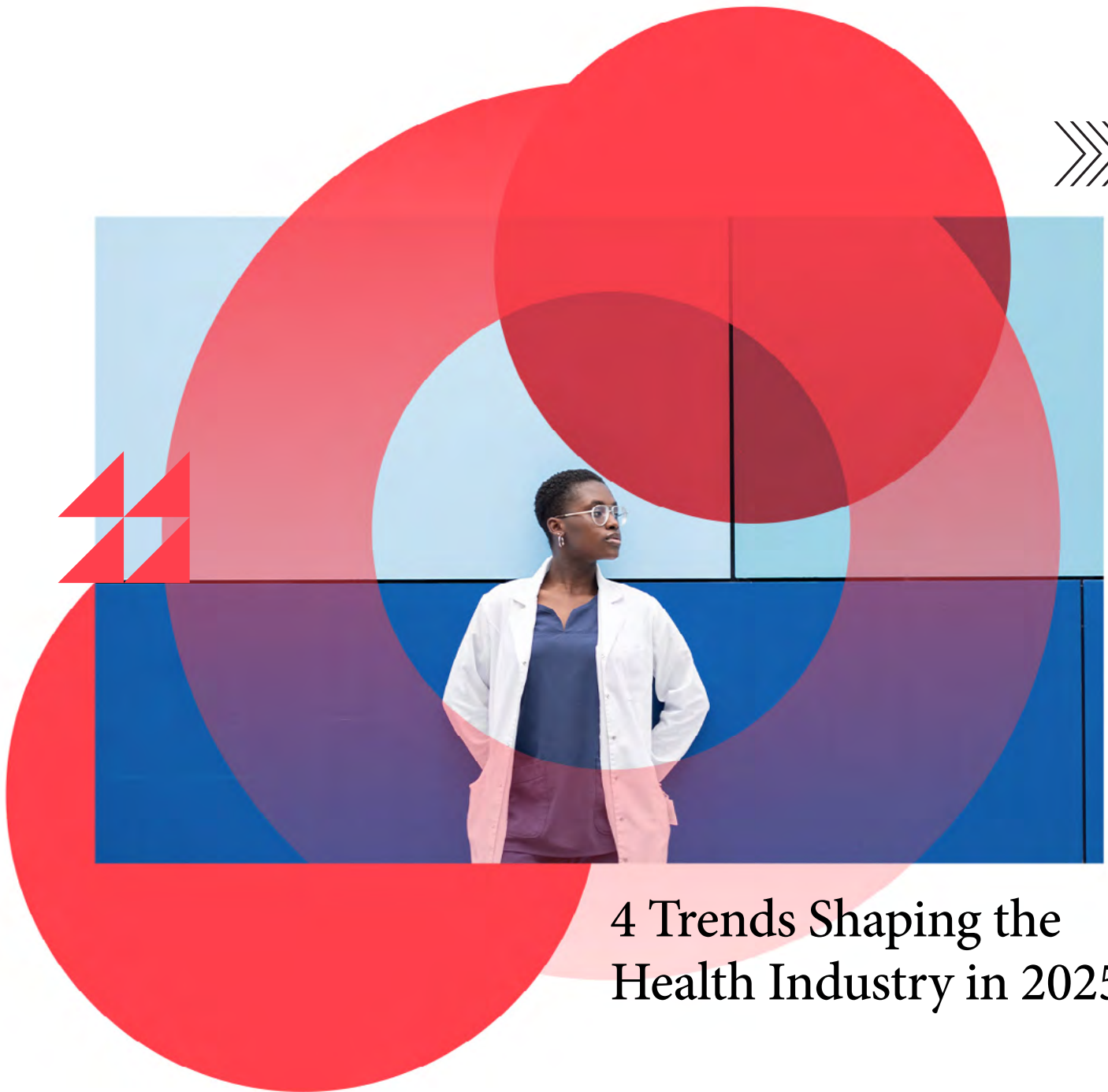
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4 Trends Shaping the
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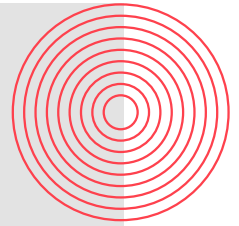


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Introduction



Healthcare in 2025 will see a renewed sense of urgency to connect disparate data sources to drive science forward, introduce new and better services and ultimately improve patient outcomes. The current fragmented ecosystem limits providers to partial views of patient health, hindering the move toward a more relationship-based model of care. It's time for healthcare to evolve beyond transactional interactions to personalized, preventive care.

Generative AI plays a crucial role in this transformation by analyzing massive datasets, accelerating breakthroughs in personalized medicine and scientific discovery. However, to fully harness this potential, healthcare organizations must overcome challenges in data integration and governance.

Convenience-driven innovations, such as telemedicine and home diagnostics, further underscore the need for a unified data infrastructure. By aligning internal structures and embracing data integration, the industry can pave the way for improved patient experiences.

Publicis Sapient health industry experts break down the top four trends that will shape the industry a year from now, based on our market research and industry expertise.

01 THE FUTURE OF HEALTHCARE IS RELATIONSHIP-BASED CARE

The current healthcare ecosystem is closed and fragmented, with different providers holding only partial views of a patient's health. By 2025, approximately [36 percent](#) of the world's data volume will be generated by the healthcare industry. [The World Economic Forum](#) found that despite this massive amount of data, 97 percent of it goes unused.



ACCORDING TO TIM
LAWLESS, GLOBAL
HEALTH LEAD AT PUBLICIS
SAPIENT, "YOU CAN'T
BE RELATIONSHIP-BASED
UNLESS YOU UNDERSTAND
YOUR CUSTOMERS
THROUGH DATA, AND YOU
USE THAT KNOWLEDGE
TO FULFILL THEIR NEEDS.
AND YOU CAN'T DO THAT
UNLESS YOU HAVE A
MODERN PLATFORM."

Effective integration of services—spanning insurance, pharmacy, therapy and physician care—requires a cohesive architecture that ensures this vast amount of rich data is used responsibly and transparently. This integration is at the heart of patient identity, offering a seamless experience across different services and billing systems, allowing providers to forge big-picture, lifelong relationships with patients beyond transactional appointments. An intelligent platform is essential for moving toward this relationship-based model.

01

Generative AI can help connect all of these data sources between the various stakeholders and providers that often operate in silos. This has the potential to change how people experience healthcare, effectively delivering on the promise of precision medicine where care is provided in a hyper-personalized way, taking into account individual attributes like a patient's genes, lifestyle and environment. This will also shift the burden from patients to providers.

Lawless adds, "How do you integrate services better? How do you connect that into one cohesive experience? We've done it within individual organizations, but connecting data across various entities to paint a full picture of the patient, no one has done that yet."

In a 2024 Publicis Sapient survey, just over half of healthcare respondents reported that their organizations have a defined enterprise strategy with partial integration across departments with room for improvement, or that some initiatives are in place but are lacking comprehensive enterprise strategy or integration.

In an industry with so much untapped potential, big tech players and venture-backed startups are chomping at the bit. But so far, many players have burned themselves on the stove, mainly due to regulatory hurdles. Despite past failures of some ventures, the key to success may lie in starting small and gradually expanding based on data-driven decisioning.

"WE ADVISE OUR CLIENTS TO START WITH CREATING A PLATFORM THEY CAN BUILD OFF OF. THEY CAN ADD NEW SERVICES, TAKE AWAY SERVICES. IT IS INTEROPERABLE WITH ANYTHING ELSE. AT THE RATE TECHNOLOGY IS CHANGING, IT'S IMPOSSIBLE TO BUILD A SUSTAINABLE, 10-YEAR PLATFORM. YOU NEED A COMPOSABLE MODEL THAT ISN'T DEPENDENT ON ANY ONE TECHNOLOGY AND IS MORE DEPENDENT ON THE ARCHITECTURE CONCEPT AND DESIGN."

Tim Lawless Global Health Lead at Publicis Sapient

02 GENERATIVE AI WILL SPEED UP SCIENCE AND IMPROVE DIAGNOSES

Massive investments have been made in generative AI, but the return on investment remains to be seen.

The real value of generative AI in health? Analyzing the more than 2.3 zettabytes of data—that’s 2,300,000,000,000,000,000 bytes—generated by the healthcare industry.

Analyzing this amount of data has been prohibitively expensive because of the sheer amount of data and too few people who know how to analyze it. Generative AI has the potential to reveal the bigger picture when it comes to drug discovery, personalized medicine and addressing elusive conditions like Alzheimer’s. What was once a 20-year science pursuit can now be shortened considerably.

According to a 2024 Publicis Sapient survey, many healthcare organizations have started to explore generative AI. Thirty-nine percent of respondents are completing risk management and compliance evaluations of generative AI tools to create governance and risk management frameworks. And another 38 percent have begun exploring and experimenting with publicly available models.

“Even something as simple as speech will deliver diagnoses faster and more accurately thanks to AI. The tone and words a patient uses are proving to be a reliable means for detecting potential issues such as depression, PTSD, mental illness, dementia—even heart disease. We can expect physicians to add speech analysis to their diagnostic toolbox,” Lawless notes.



03 CONVENIENCE IS KEY TO PREVENTIVE CARE

While the push to move healthcare outside of hospitals and doctors' offices presents a significant opportunity to greatly enhance patient care, this type of service is not yet a mainstream reality. Barriers include regulatory and reimbursement challenges, technological obstacles like the lack of necessary devices and infrastructure and cultural factors like resistance to change and low awareness.

Care provided via alternate service types like telemedicine, in-store medical services, on-premise health clinics provided by employers and home visits has a multitude of benefits for both the patient and the provider. Benefits include cost savings, convenience, access for those in rural or underserved areas and reduced risk of hospital-acquired infections or diseases, to name a few.

In the wake of making services more accessible and convenient, the industry could look forward to boons in enhanced preventive care and patient empowerment, a reduced healthcare burden where resources are managed more efficiently and care is provided to those who need it most, and new opportunities for technological integration and data collection via remote monitoring tools like telehealth, mobile apps and wearables.

ACCORDING TO A 2024 PUBLICIS SAPIENT SURVEY, CUSTOMER EXPERIENCE AND SATISFACTION RANK NUMBER ONE IN HEALTHCARE LEADERS' PRIORITIES WHEN IT COMES TO LONG-TERM GROWTH THROUGH CUSTOMER ENGAGEMENT. THIS SUGGESTS A SHIFT TOWARD VALUE-BASED CARE, WHERE PATIENT OUTCOMES PREVAIL OVER THE TRADITIONAL FEE-FOR-SERVICE MODEL.

03

At the same time, the American Association of Nurse Practitioners found that [more than 40 percent](#) of respondents in a 2023 survey experienced a “longer than reasonable” wait for healthcare. More than half of those people gave up seeking an appointment and did not receive care, including patients in need of critical mental health services.

Organizations providing in-store services, like Walmart and CVS, have to be really sharp about what population they’re trying to serve and with what economics. The real challenge is attracting the right patients. These organizations may find that focusing on specific cohorts, such as pediatrics, could foster stronger relationships with families through convenient services linked to their retail operations. Beyond offering new services, infrastructure updates to accommodate an increase in foot traffic and methods of digital engagement would likely also be required.

Innovative solutions like a pill cam, which takes pictures as it travels through the body, illustrate the potential for home-based diagnostics and remote patient monitoring. This procedure, often associated with discomfort and likely put off by those who may be at risk, would provide patients with a more comfortable, accessible option. This type of service could revolutionize preventive care. Additionally, incentivizing health behaviors, akin to how automotive insurance companies reward good driving, could further improve patient engagement.

There’s also the possibility of house calls and home visits orchestrated by Uber-type software that tells patients when their next visit is. This would be especially critical for larger “transactions” like dialysis, where keeping an immunocompromised person out of a hospital setting is a priority.

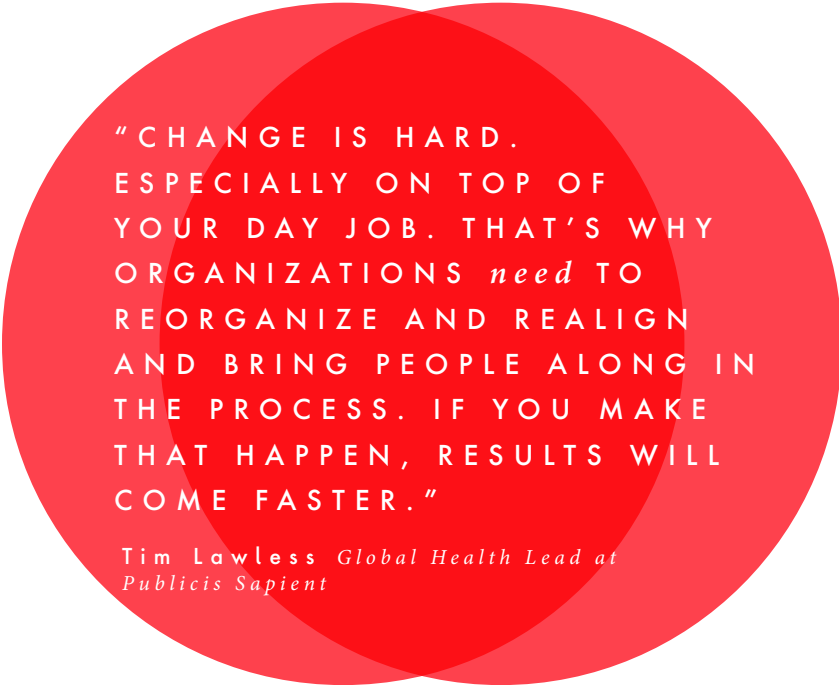
BY TAKING CARE
TO UNDERSTAND
COMMUNITIES AND THE
NEEDS OF PATIENTS
WITHIN THEM, THE SHIFT
TOWARD DECENTRALIZED,
PATIENT-FOCUSED CARE
CAN BECOME A REALITY.



04 REORGANIZE TO DRIVE CHANGE FASTER

Sometimes it's not the technology that can drive change quickly—it's people. Healthcare is notorious for moving slowly, and it's no surprise why. With strict regulations and lives on the line, risk aversion is to be expected.

But in this environment where technology moves faster than the speed of culture, healthcare companies can identify levers they have access to now that can help usher change forward. One of those levers is people.



"CHANGE IS HARD. ESPECIALLY ON TOP OF YOUR DAY JOB. THAT'S WHY ORGANIZATIONS *need* TO REORGANIZE AND REALIGN AND BRING PEOPLE ALONG IN THE PROCESS. IF YOU MAKE THAT HAPPEN, RESULTS WILL COME FASTER."

Tim Lawless *Global Health Lead at Publicis Sapient*

A [2022 Gartner survey](#) found that open-source change strategies are 14 times more likely to achieve change success than top-down change. This means implementing change with employees instead of mandating it to them. In particular, when employees own implementation planning, change success increases by 24 percent and improves the staying power of an initiative.

Involving employees in decision-making is another way to empower and bring them along. It's not about consensus—it's about the right group of people weighing in on the right type of decision, armed with key criteria and targeted questions. At Google, for example, decisions aren't made by the most senior person and then implemented top-down. Small teams address problems by leaning on rational persuasion, data and transparency to arrive at a decision. When employees have influence over a decision and an increased sense of ownership, change initiatives tend to be more successful in the long run.

LOOKING AHEAD TO 2025

As we enter 2025, healthcare will advance toward a more integrated, patient-centered ecosystem. Data-driven technologies, especially generative AI, will connect disparate sources, enhancing personalized medicine and accelerating scientific breakthroughs.

Preventive care and innovations like telemedicine and home diagnostics will redefine patient access, improving outcomes and reducing the healthcare burden through early intervention. Organizations will focus on relationship-based care and precision medicine with the help of connected, intelligent platforms.

By overcoming data governance challenges in conjunction with employee-led organizational change, the industry is poised to deliver better healthcare efficiency and patient satisfaction globally.

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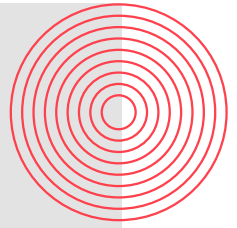
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• Introduction

The retail industry is on the cusp of significant transformation as we enter 2025. A confluence of technological advancements, evolving consumer behaviors and economic shifts is reshaping the landscape. Economic pressures, including inflation, have reduced disposable income for many, creating distinct customer segments with a growing emphasis on value.

To navigate these challenges, retailers have reduced prices on many products and, to offset that cost burden, have become more cost-conscious, prioritizing profit maximization and gaining a share of customers' wallets. Simultaneously, shifting demographics, such as declining birth rates and increasing diversity, are influencing retail strategies. The rapid adoption of mobile and social shopping, coupled with the surge in generative AI investments, has accelerated the digital transformation of the industry.

Several key trends are emerging that will redefine the retail landscape next year, and retailers need to be prepared.

In this report, Publicis Sapient retail industry experts break down the top five trends that will shape the industry a year from now, based on our market research and industry expertise.



01 ECONOMIC HEADWINDS DRIVE RETAIL REINVENTION

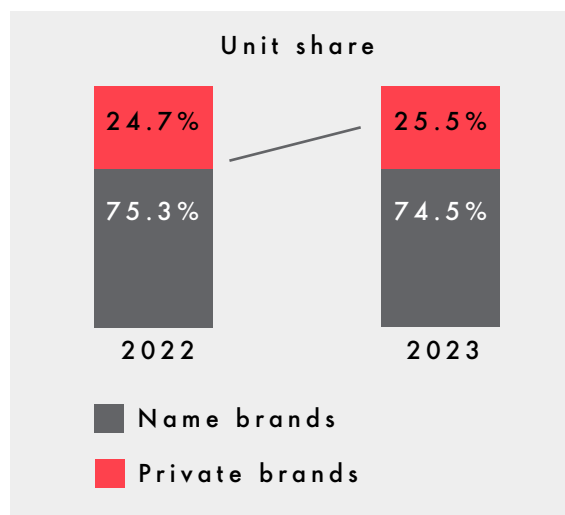
In 2025, ongoing economic instability and widening income inequality mean that retailers will need to get creative with cost-cutting measures and growth strategies. According to Publicis Sapient research, the number two generative AI transformation goal for retail executives is cost reduction, behind increasing productivity, reflecting the current economic situation for the industry.

"THERE'S A CONTINUALLY *increasing* GAP BETWEEN THE RICHEST AND THE POOREST. VERY DISTINCT SEGMENTS ARE EMERGING."

Saba Arab Managing Director at Publicis Sapient



One of the clear effects of this economic instability so far has been the momentum across private-label retail brands to offset the reduced prices of products, something that retailers can continue to take advantage of. Private-label brands gained share over name brands last year, [rising from 24.7 percent of total unit sales in 2022 to 25.5 percent in 2023.](#)



Source: [Circana, 2023](#)

This trend is unlikely to reverse in 2025. Although inflation has cooled since its peak in 2020, it remains a significant factor. In the U.S., [inflation has hovered around 3 percent throughout 2024](#) and is not expected to [drop to 2 percent until 2025 or later](#). Similarly, while inflation in the U.K. decreased to 2 percent as of July 2024, consumer spending habits remain cautious, suggesting that shoppers will continue to tighten their purse strings.

Adding to the financial strain on consumers, U.S. customer debt has surpassed \$17 trillion, compounded by persistently high interest rates. This debt burden is a major factor driving down retail sales, forcing retailers to rethink their strategies.

This continued inflation means retailers need to tailor their offerings to both value-based shoppers, the majority, and those willing to spend more on premium products.

Tesco, the U.K.'s largest supermarket chain, has successfully navigated this economic downturn by focusing on minimizing spending, enhancing operational efficiency and leveraging its Clubcard loyalty scheme to deliver more value to customers. This focus on value has been a key part of Tesco's strategy, aligning its offerings with customer needs during tough economic times. The recent launch of its third-party marketplace further demonstrates Tesco's commitment to diversifying its growth strategies, following in the footsteps of Walmart, Kroger and Carrefour.



Loyalty programs, like Tesco's Clubcard, not only help retain customers during challenging times but also allow retailers to segment their customers more effectively. Instead of focusing solely on historical spend, retailers are now considering the long-term value of their customers. For instance, a customer who spends \$100 per year but rarely returns items may be more valuable than one who spends \$1,000 but frequently returns purchases. This shift in focus is driven by the need to maintain profitability while delivering value to loyal customers.

Additionally, retailers are increasingly focused on changing their marketing operating models to deliver more agile, personalized communications throughout the customer journey. This high-touch, highly segmented approach is being leveraged by both large and small retailers to grow their top line, even in a challenging economic environment. While some backlash has arisen over cost-saving measures, like stricter return policies, experts like retail industry lead, Publicis Sapient, predict that these models will soon become the norm, much like how paywalls have become standard for top media companies.

Finally, while major investments in luxury product innovation or customer experience might be risky, there are strategic back-end investments that retailers can make to support long-term growth and resilience.

"IF RETAILERS JUST TAKE A BIT OF RISK, THERE ARE A LOT OF WAYS THEY COULD *unlock significant savings* THROUGH INVESTING IN LOYALTY PROGRAMS, BACK-END AI, RETAIL MEDIA NETWORKS AND SUPPLY CHAIN OPTIMIZATION."

Guy Elliott Retail Industry Lead at Publicis Sapient



02 AI IS KEY TO SURVIVING VOLATILE SUPPLY CHAINS

Supply chain optimization is a critical investment for retailers in 2025, and with the acceleration of AI technology, retailers have more visibility than ever. Persistent disruptions, fueled by geopolitical tensions, global trade challenges and the increasing frequency of natural disasters, have made supply chains more complex and unpredictable than ever before. These challenges impact everything from securing raw materials to delivering finished products, affecting both costs and product availability.

To navigate this turbulent landscape, retailers are turning to artificial intelligence (AI) and machine learning (ML) to mitigate losses. In fact, Publicis Sapient research shows that 34 percent of retail executives say supply chain efficiencies and improvements are a top customer engagement priority, the highest priority compared to executives across all industries. According to Saba Arab, managing director at Publicis Sapient, AI/ML technologies represent a significant opportunity for retailers to achieve a substantial return on investment.

“AI surfaces real-time insights into supply and demand, and generative AI can present these insights in easy-to-understand language,” says Arab.

For example, the ALDO Group, an apparel retailer, has created a demand-forecasting machine learning model called “Delphine.” This model helps ALDO better predict demand to ensure they have the right inventory in the right channels.



Another supply chain use case for retailers is returns optimization. According to Satyendra Pal, group vice president and global omni fulfillment practice lead at Publicis Sapient, AI will play a significant role in optimizing retail returns, through prevention upfront and cost optimization in the return process, as businesses are seeing increasing returns year over year.

For prevention upfront, analyzing purchase and return data helps retailers identify items frequently targeted by fraudsters, allowing for more careful screening and tailored return policies to deter fraud. AI can evaluate return histories to detect suspicious behaviors and patterns indicating organized fraud. This information can be used in order scoring to reduce return fraud.

For cost optimization in the return process, retailers can leverage AI to fine-tune the return window based on a retailer's specific customer base and product mix, aligning customer preferences with cost-control objectives.

Ultimately, AI-driven supply chain optimization is a strategic imperative for retailers looking to thrive in an increasingly volatile environment—but the AI upgrades require retailers to surface hidden supply chain data in Excel spreadsheets, as well as transition to a more composable technology application that can surface data from anywhere.



03 MONETIZE OR BE MARGINALIZED WITH RETAIL MEDIA

Retail media networks are rapidly evolving from a U.S.-centric grocery phenomenon to a global competitive landscape, with even more growth to come. In [last year's Guide to Next 2024 report](#), we predicted that retailers would find profitability from expanding their advertising capabilities and creating networks in new non-U.S. markets.

In the past year alone, we've seen all of this and more through massive retail media moves across retail sectors and regions, from launching one of the first convenience retail media networks in the U.S. to helping Walmart potentially offer in-store retail media to non-endemic advertisers. This year, it's imperative for retailers who haven't yet jumped on the bandwagon to explore data co-ops and other data-sharing opportunities. By participating in broader networks, they can extend their media reach and make their retail media more attractive.

However, this doesn't mean that retailers shouldn't also create their own networks. Retailers still have the opportunity to monetize for their own properties, like their website. As consumers continue to flock to private-label retail brands during times of economic hardship, this is a very lucrative strategy for retailers across sectors to leverage their websites to sell national CPG-branded products, from convenience stores to grocery to apparel.



"CONTRIBUTE [DATA] TO A MARKETPLACE AND CREATE A BIGGER CLEAN ROOM WHERE EVERYONE DOES DATA SHARING, BECAUSE CPGS ARE JUST LOOKING FOR THE PLACE WHERE THEIR ADVERTISING WILL BE THE MOST POWERFUL, AND THEN ULTIMATELY, YOUR ONSITE RETAIL MEDIA PROPERTIES *can still be a valuable part of that buying process.*"

Sudip Mazumder Retail Industry Lead, Publicis Sapient

Retailers should also consider developing or expanding their retail media networks. This involves creating a robust digital infrastructure that supports targeted advertising across various channels, including in-store displays, websites, connected TV and mobile apps.

By partnering with brands to offer co-branded promotions and leveraging customer data to enhance ad targeting, retailers can create additional revenue streams.

Overall, success in retail media in 2025 will hinge on balancing advertiser value, consumer privacy and operational transformation. It's a much more delicate and complex dance than it was five years ago, but the revenue opportunities are only increasing. According to Arab, "This requires a shift in mindset from traditional retail to a data-driven, media-focused business model."



04 GENERATIVE AI TURNS SHOPPERS INTO CO-CREATORS OF RETAIL EXPERIENCES

The retail industry is on the cusp of a personalization revolution, driven by the rise of generative AI. However, it's not the kind of personalization that retailers have been discussing for the past decade or more. Rather than using customer demographics and historic purchasing data to tailor the shopping experience, generative AI allows customers to organically reveal their shopping intent in real time and personalize their journey as they go. Retailers won't just be guessing based on customer data; instead, they'll be conversing with customers in real time. According to Publicis Sapient research, 63 percent of retail executives believe personalization or hyper-personalization will be "very or extremely important" to their organization's application of generative AI in the next three years.

Sudip Mazumder, retail industry lead at Publicis Sapient, emphasizes the importance of understanding consumer behavior and leveraging AI to deliver personalized experiences. "Hyper-personalization is all about asking what consumers want when they're visiting my properties and tailoring the experience to their needs," he explains.

Intent-based search technologies, like those implemented by [Homes & Villas by Marriott Bonvoy](#), can now guide consumers more efficiently through their shopping journey. Mazumder describes this as akin to having a personal shopper available digitally.

"IF YOU GO TO A STORE, THERE IS A PERSONAL SHOPPER WITH YOU. NOW, *with AI tools*, DIGITAL PROPERTIES CAN OFFER SIMILAR PERSONALIZED RECOMMENDATIONS."

Sudip Mazumder Retail Industry Lead, Publicis Sapient

The application of generative AI goes beyond digital interactions. It enhances in-store experiences by integrating technology with physical retail. Mobile apps can now guide customers through stores based on their preferences and shopping history, providing a seamless and personalized shopping experience. "You can use your mobile app to navigate the store, and store associates can use facial recognition to help you based on your needs," Mazumder notes.

Leading retailers like Walmart, Lowe's and Home Depot are already capitalizing on these advancements, and more retailers will follow suit in 2025. They are implementing personalization at scale, using customer data to drive sales and enhance the shopping experience. "Walmart, Lowe's and Home Depot are making significant progress in hyper-personalization, knowing what customers are looking for when they come to the store or the site," says Mazumder.

**THE APPLICATION
OF GENERATIVE
AI GOES
BEYOND DIGITAL
INTERACTIONS.
IT ENHANCES IN-
STORE EXPERIENCES
BY INTEGRATING
TECHNOLOGY WITH
PHYSICAL RETAIL.**



05 HEALTH AND WELLNESS DRIVES CONSUMER SPEND

The health and wellness trend has fundamentally reshaped retail, transforming consumer behavior and driving significant growth. In 2025, we'll see this trend expand even more, especially as Gen Z gains purchasing power. The surge in demand for fitness and wellness products, exemplified by the success of brands like HOKA at Dick's Sporting Goods, has made health a core consumer value. HOKA, for instance, has seen its sales triple in the last two years, [contributing to a 20 percent growth in Dick's Sporting Goods' overall footwear category](#).

To capitalize on this opportunity, retailers must integrate wellness offerings across various categories. For example, Target has successfully expanded its Good & Gather brand to include a wellness line that offers vitamins, organic snacks and plant-based protein options, [which saw \\$1 billion in sales in its first year and is currently on its way to \\$4 billion](#). While many retailers have already incorporated health services, the focus is increasingly shifting towards mental health. Despite challenges faced by tech companies and retailers in the health services space—like Amazon's discontinuation of its Halo health-tracking devices—the growing prioritization of mental well-being presents a substantial market opportunity. The global mental wellness market is projected to reach [\\$251.65 billion by 2031, growing at a compound annual growth rate of 6.15 percent](#).

Consumers are increasingly willing to invest in their overall health, [with spending on wellness products and experiences rising](#), especially in the U.S. and for younger consumers. According to the Global Wellness Institute, the [U.S. wellness economy is valued at \\$1.8 trillion](#), the largest in the world—and the two most profitable markets are physical activity and personal care and beauty.

THE HEALTH AND
WELLNESS TREND
HAS FUNDAMENTALLY
RESHAPED RETAIL,
TRANSFORMING
CONSUMER BEHAVIOR
AND DRIVING
SIGNIFICANT GROWTH.

This is especially true for younger generations, who view health and beauty as interconnected aspects of personal care. The convergence of health and beauty is a key trend for 2025, driven by the influence of social media platforms like TikTok, where trends like “skin cycling” and “wellness routines” have gained massive traction. [Demographic profiles for the “Clean Beauty” conversation](#) on Instagram are uniformly female, age 30 and older and white-skewing. In contrast, on TikTok, the category is gaining traction with a lower-income audience, making way for the democratization of clean beauty and even clean living.

By strategically incorporating mental wellness products and services, and by emphasizing the intersection of health and beauty within owned brands, retailers can effectively tap into this expanding market and drive sales growth. For example, Sephora has successfully launched its Clean + Planet Positive program, which focuses on clean beauty products that align with wellness values. [Ulta expects overall revenue to grow 12 percent in the global clean beauty market by 2027](#), according to Retail Dive.

The concept of health and wellness is constantly changing. For retailers, this means AI-powered trend forecasting is more important than ever before—social media platforms like TikTok and Instagram are akin to a crystal ball to predict consumer demands in the health and wellness space, and retailers with an agile operating model and the right analytics tools to act on these trends will come out on top.

BY STRATEGICALLY INCORPORATING MENTAL WELLNESS PRODUCTS AND SERVICES, AND BY EMPHASIZING THE INTERSECTION OF HEALTH AND BEAUTY WITHIN OWNED BRANDS, RETAILERS CAN EFFECTIVELY TAP INTO THIS EXPANDING MARKET AND DRIVE SALES GROWTH.

LOOKING AHEAD TO 2025

There's a reason why AI comes up in the majority of retail conversations. AI is supercharging not just the retail industry but society as a whole, propelling it into a period of unprecedented change. In the year ahead and beyond, retailers must embrace innovative solutions that leverage AI or risk being left behind.

What does the future look like? The ability to rapidly prototype and develop functional applications through AI coding is on the horizon, promising to revolutionize the way retailers operate. While this technology is still evolving, its potential impact is undeniable.

As retailers explore new and innovative approaches to engage customers, AI-driven development will likely become a cornerstone of their strategies, enabling faster time to market for new ideas and experiences.

This technology won't be a significant part of retailers' 2025 budgets, but the year ahead will still be a stepping stone into this next era of retail and an opportunity for innovative retailers to take calculated risks, despite economic challenges.



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Publicis Sapient is a digital transformation partner helping established organizations get to their future, digitally enabled state, both in the way they work and the way they serve their customers. We help unlock value through a startup mindset and modern methods, fusing strategy, consulting and customer experience with agile engineering and problem-solving creativity. As digital pioneers with 20,000 people and 53 offices around the globe, our experience spanning technology, data sciences, consulting and customer obsession—combined with our culture of curiosity and relentlessness—enables us to accelerate our clients' businesses through designing the products and services their customers truly value. Publicis Sapient is the digital business transformation hub of Publicis Groupe. For more information, visit publicissapient.com.

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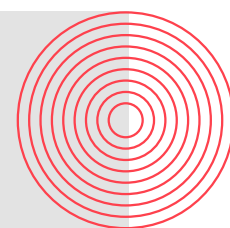


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Introduction



Welcome to the future of travel and dining, where generative AI is set to redefine the industry. Imagine booking hotels, finding dining options and planning trips through voice commands. However, this near-future reality, led by companies like Apple, poses some challenges. **As we navigate this transformation, the human element remains crucial—both for leaders tasked with driving change and for those on the front lines of implementation.**

Generative AI is already impacting travel and hospitality, as brands like Marriott Bonvoy and Alaska Airlines enhance customer experiences, and quick-service restaurants explore AI-powered service. With 54 percent of travel and dining leaders viewing generative AI as crucial for the next three years, the potential is clear.

However, outdated engineering processes hinder comprehensive AI transformation. To boost productivity by the end of 2025, organizations must rapidly adapt, overhauling structures, practices and AI literacy. Instead of relying solely on employee training, engage in AI projects at speed and scale with agile methodologies to maximize AI investments.

As Ed Vanga, head of product, travel and hospitality, notes, “Our devices will get smarter every year. Ensure your company is well positioned to adapt to personal assistant technology.” But beyond adapting to technology, the real challenge lies in maintaining a balance between technological innovation and human touch.

In this year’s Guide to Next 2025 report, Publicis Sapient experts break down the top five trends that will shape the travel and dining industries in 2025, based on C-suite research.

01 GENERATIVE AI TRANSFORMATION WILL BE SLOWED BY LEGACY PROCESSES

Generative AI is being adopted across various sectors, but travel and hospitality brands are still in the early stages. Many companies, such as Marriott Bonvoy and Alaska Airlines, are using AI tools like trip planners to enhance customer experiences. Quick-service restaurants are also exploring AI for customer service, such as AI-powered drive-thru systems. However, as AI becomes more integral, the challenge for leaders is not just in adopting the technology but in leading their teams through the transformation.

Travel and dining leaders are particularly enthusiastic, with 54 percent considering generative AI “extremely important” for the next three years, compared to an average of 41 percent across all industries. In 2025, brands aim to utilize generative AI not just for isolated use cases like marketing content or chatbots but for broader transformation. While 38 percent of travel and dining leaders are achieving initial goals in 2024, only 11 percent are using custom AI tools with their own data.

This shift isn’t due to a lack of prioritization. The top priority for travel and dining leaders in 2025 is moving from specific use cases to using AI for overall productivity. The main obstacle is legacy engineering processes. To boost productivity, organizations need to transition from incremental AI changes to rapid adaptation, requiring a shift in organizational structure, engineering practices and AI literacy.



01

Travel and hospitality leaders cite a lack of internal AI talent and literacy as the primary barrier. Organizations often attempt to address this through training, but the rapid evolution of AI makes this ineffective. The most efficient way to build AI talent is through engaging



✕ ✕ ✕
in AI projects at speed and scale using an agile methodology. By accelerating decision-making and streamlining workflows, businesses can maximize their AI investment and unlock its transformative potential.

"COMPANIES ARE *increasingly adopting basic AI applications* LIKE CONTENT GENERATION AND SEO OPTIMIZATION. IT MIGHT CHECK THE BOX WHEN INVESTORS ASK A QUESTION, OR WHEN THE BOARD ASKS A QUESTION LIKE, 'WHAT ARE YOU DOING ABOUT THIS AI THING?' HOWEVER, THESE SURFACE-LEVEL IMPLEMENTATIONS OFTEN FALL SHORT OF REALIZING AI'S FULL POTENTIAL."

Ed Vanga *Head of Product, Travel & Hospitality*



02 AI VOICE ASSISTANTS WILL BECOME A CORE PART OF TRAVEL AND DINING BOOKING

Imagine a future where your personal assistant can book a hotel in Vegas based on your preferences and schedule with a simple voice command. According to Apple, Siri will be able to take action in and across apps by 2025. This future of conversational AI will revolutionize how consumers interact with travel and dining services, but it also presents a challenge for leaders: How to integrate these technologies without losing the human touch that defines hospitality.



"I'M IN MY KITCHEN TALKING TO MY WIFE. SHE ASKS, 'WHEN ARE YOU TRAVELING NEXT?' I SAY, 'OCTOBER.' SHE ASKS, 'WHERE ARE YOU STAYING?' I REALIZE I FORGOT TO BOOK A HOTEL. I SAY, 'HEY SIRI, BOOK ME A HOTEL IN VEGAS FROM OCTOBER 8-10 FOR A WORK TRIP.' THIS FUTURE OF CONVERSATIONAL AI WILL *revolutionize* HOW CONSUMERS INTERACT WITH TRAVEL AND DINING SERVICES," says Ed Vanga.

The AI personal assistant is no longer a distant dream but a rapidly approaching reality. These tools are set to become indispensable, handling tasks like booking restaurant reservations, ordering McDonald's or researching Airbnbs with ease and precision.

02

After productivity, the second goal for AI transformation in travel and hospitality is increasing customer satisfaction, with AI integration playing a key role. Leaders must ensure that their teams are equipped to work alongside these technologies, maintaining a focus on delivering exceptional, personalized experiences rather than purely transactional services.

This shift will redefine the relationship between consumers and brands. By understanding and anticipating customer needs, AI-driven personal assistants, like Apple Intelligence, will reduce reliance on traditional booking platforms, empowering individuals to create highly customized experiences. Consequently, the travel and dining industries must adapt, focusing on delivering exceptional experiences rather than transactional services. However, only 26 percent of travel and hospitality leaders prioritize process optimization in their technology modernization efforts.

HOWEVER, ONLY
26 PERCENT OF
TRAVEL AND
HOSPITALITY
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Staying ahead of competitors will require using process optimization, such as agile methodologies, to get to market faster.

"OUR DEVICES WILL GET
SMARTER EVERY YEAR, REDUCING
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Ed Vanga Head of Product, Travel & Hospitality

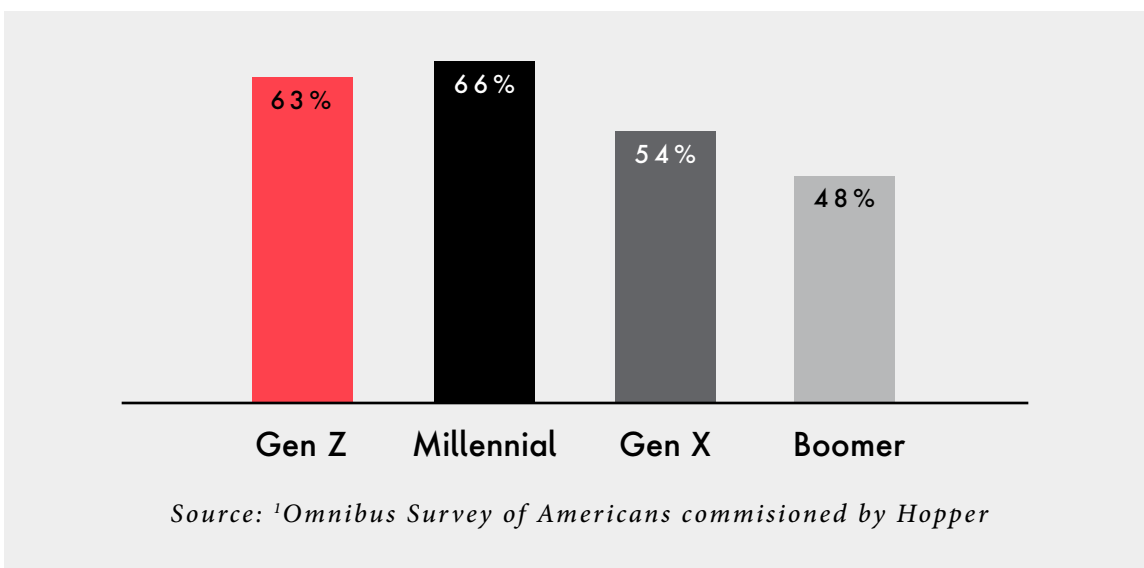


03 GEN Z'S SPONTANEOUS, BUDGET-FRIENDLY TRAVEL IS RESHAPING LOYALTY

Unlike previous generations, Gen Z prioritizes experiences over possessions, making travel a cornerstone of their lifestyle. Despite recent economic pressures, they continue to travel and are expected to do so through 2025. For travel and hospitality leaders, brand loyalty is the top priority in customer engagement this year, presenting a prime opportunity to target this new generation of travelers and future brand loyalists.

However, unlike their predecessors who meticulously planned trips months in advance, Gen Z travelers often choose last-minute adventures. This behavior is driven by a combination of factors. For leaders, the challenge is not just in capturing this market, but in understanding the unique needs and motivations of Gen Z and designing offerings that resonate with their values.

Percent of Americans that purchased travel in the past 12 months¹



Firstly, the digital age has equipped them with the tools to book travel arrangements quickly and easily. Platforms like Airbnb and travel aggregators offer flexible options, allowing for spontaneous trips.

03

Secondly, financial constraints often necessitate more flexible travel plans. To maximize their budgets, Gen Z travelers frequently pool resources with friends, taking advantage of group discounts and shared accommodations.

Finally, living through the COVID-19 era has given this generation a sense of spontaneity, as the possibility of borders shutting down and travel being paused is much more real.

“There’s a strong drive among Gen Z and late millennials to seek out authentic experiences through travel. They crave new foods, explore diverse places and cultures and embrace different ways of thinking. This generation, the pioneers of the digital nomad lifestyle, is constantly looking for ways to make travel a regular part of their lives—while doing so affordably,” says JF Grossen, global vice president of customer experience.

This mentality highlights the importance of travel for Gen Z, as it is integrated into their lifestyle rather than being a luxury for special occasions. Interestingly, only 18 percent of travel and hospitality leaders consider customer acquisition rate a top metric for measuring growth.

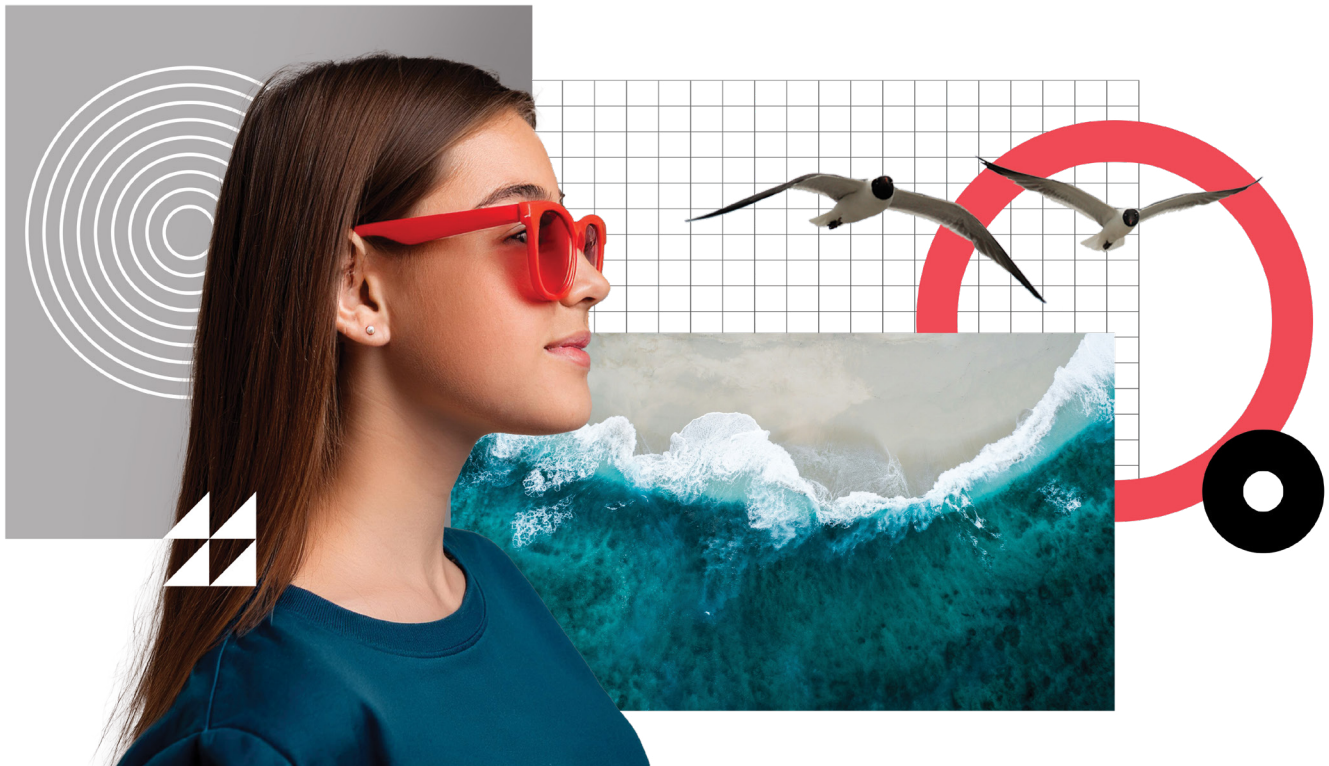
**INTERESTINGLY, ONLY
18 PERCENT OF TRAVEL
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LEADERS CONSIDER
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MEASURING GROWTH.**

Given Gen Z’s propensity for adventure, travel and dining brands must adapt their strategies to attract them. Offering last-minute deals and packages can appeal to spontaneous travelers. Emphasizing social experiences and opportunities for group bookings can resonate with Gen Z’s desire to share adventures with friends.

Additionally, understanding Gen Z’s financial realities is crucial. Creating flexible payment options and budget-friendly packages can make travel more accessible. Collaborations with financial technology companies can also help brands tap into this market.

03 For example, a travel company could offer spontaneous weekend getaways with discounted group rates, paired with a flexible payment plan through a partnership with a fintech company. Similarly, a dining brand could introduce exclusive pop-up events that offer unique culinary experiences at budget-friendly prices, making it easy for Gen Z to explore new flavors with friends without breaking the bank.

By adapting to these preferences, brands can build strong connections with this dynamic and influential generation.



04 DIGITAL IDENTITY WILL UNLOCK PERSONALIZED GUEST EXPERIENCES

The travel and dining guest journey is also undergoing a dramatic shift, driven by the rise of digital identity (ID). As digital IDs become as common as physical ones, consumers can expect smoother, more secure experiences through “destination loyalty” programs.

The [U.K.’s upcoming digital identity bill](#) signals this broader trend. When combined with loyalty programs, digital identities offer personalized rewards. Consumers gain control over their data through self-sovereign identity, enhancing trust and security. However, implementing these systems requires a deep understanding of customer concerns and a commitment to transparency and ethical data use.



“IMAGINE A WORLD WHERE EVERY TRIP YOU TAKE LEAVES A VERIFIED DIGITAL FOOTPRINT, OWNED BY YOU. THIS RECORD CAN BE INSTANTLY SHARED WITH TRUSTED BRANDS, *revolutionizing* HOW WE TRAVEL AND INTERACT WITH BUSINESSES.”

Nick Shay, Group Vice President, Travel & Hospitality,
International Markets

For leaders, the challenge is not just in adopting this technology, but in ensuring that it enhances rather than detracts from the customer experience. Investing in digital identity technology is essential, but it must be done in a way that respects customer privacy and builds trust.

04

For businesses, digital identity means access to higher-quality data, enabling tailored offerings and improved customer experiences. It's going to remove artificial barriers for companies to enter the loyalty space. In the same way anyone can set up an e-shop cheaply and quickly these days, any business that has an idea and decides to participate can do so quite easily. This should encourage more innovation in the industry.

However, frictionless customer journeys are currently the lowest priority for customer growth for travel and hospitality leaders, with only 12 percent ranking it as a top priority. Brands must invest in this technology to participate in the digital identity trust network, moving from a belief that they can invest in their own customer data programs to participating in the trust network and meeting consumers on their terms.

WHILE BUSINESSES MUST INVEST IN TECHNOLOGY, THE REWARDS ARE SUBSTANTIAL. BY EMBRACING DIGITAL IDENTITY, COMPANIES CAN CREATE MORE SEAMLESS AND SATISFYING CUSTOMER JOURNEYS.

This transformation will reduce friction in the travel and dining process, from airport check-ins to restaurant reservations. While businesses must invest in technology, the rewards are substantial. By embracing digital identity, companies can create more seamless and satisfying customer journeys.

05 DATA BREACHES AND AI VULNERABILITIES NECESSITATE A DIVERSIFIED SECURITY STRATEGY

Data security will be a growing concern for travel and dining brands in 2025, especially within the airline industry. High-profile incidents like the CrowdStrike breach highlight the vulnerabilities even in trusted systems. To safeguard against these threats, companies must adopt robust security measures and diversify their technology stack.

However, it's likely that in 2025, travel and dining brands will experience another major data breach or technological failure due to the integration of large language models (LLMs). In fact, 87 percent of travel and hospitality leaders say that risk and security concerns have already been a barrier to generative AI efforts. Leaders must not only implement diversified security strategies but also foster a culture of vigilance and continuous learning among their teams.

Thus, traditional reliance on a single cloud provider, such as Azure, AWS or Google Cloud, is no longer sufficient. Embracing a multicloud strategy ensures continuity if one platform fails. Despite the benefits, many organizations still concentrate their trust in a few dominant technologies, making them prime targets for attacks. More than half of travel and hospitality leaders (52 percent) say their organizations have only completed one basic or initial implementation, and/or have cloud integration challenges.

The widespread use of LLMs from major players like OpenAI increases risks. These systems face constant threats from malicious actors aiming to exploit vulnerabilities. Companies must diversify their technological portfolios, incorporating a variety of AI models and platforms to mitigate these risks.

A broad approach to AI and cloud services is essential for future data security. Spreading risk and avoiding overdependence on any single provider can protect operations and customer data. In an evolving threat landscape, diversification is not just a strategy but a necessity for robust data security.

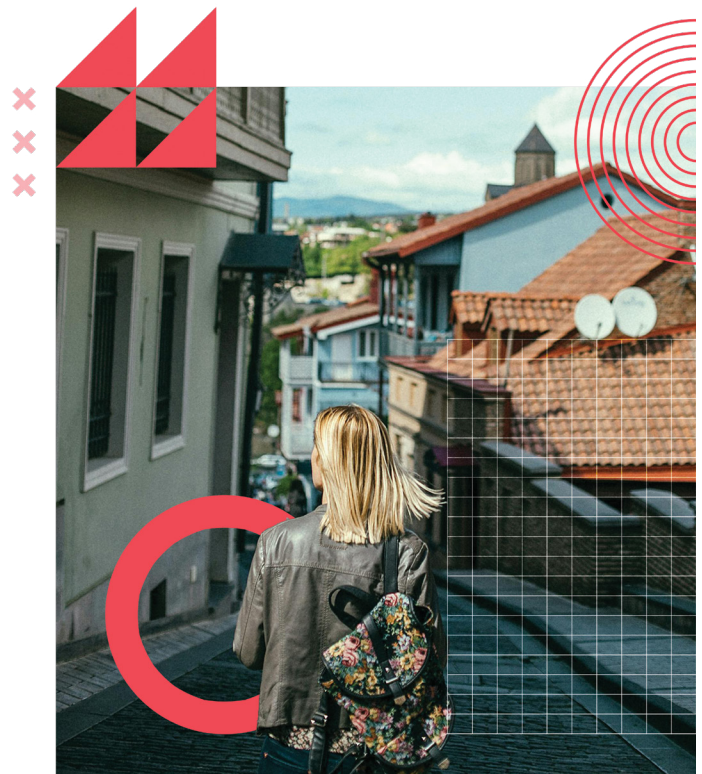
LOOKING AHEAD TO 2025

There's a reason why AI dominates the majority of industry conversations, and next year won't be any different. AI is supercharging not just the guest experience but society as a whole, propelling it into a period of unprecedented change. In the year ahead and beyond, brands must embrace innovation or risk being left behind. However, the true challenge lies in ensuring that this innovation serves human needs rather than overshadowing them.

What does the future of AI look like? The ability to rapidly prototype and develop functional applications through AI coding is on the horizon, promising to revolutionize the way airlines, hotels and restaurants operate. While this technology may not be fully mature yet, its potential impact is undeniable.

As business leaders explore new and innovative approaches to engage travelers and diners, AI-driven development will likely become a cornerstone of their strategies, enabling faster time to market for new ideas and experiences.

However, **2025 should be the year of the human**, with a focus on reassuring employees of their value and integrating AI as a partner and collaborator. Externally, companies should use AI to bring people closer together, fostering inclusivity and collaboration.



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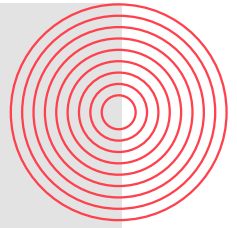
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Introduction

Competitive pressures. Economic uncertainty. Evolving technology. The automotive industry is innovating amidst serious challenges. Original equipment manufacturers (OEMs) must discover new ways to stay relevant, profitable and adaptable as new technologies emerge, consumer expectations shift and market conditions fluctuate in the year ahead.

From a slower-than-expected shift to battery electric vehicles (BEVs) to changing expectations in customers' relationship with their cars, a number of complex challenges and opportunities will shape the industry in 2025.

Publicis Sapient Transportation & Mobility experts break down the top five trends that will define the industry a year from now, based on market research and industry expertise.

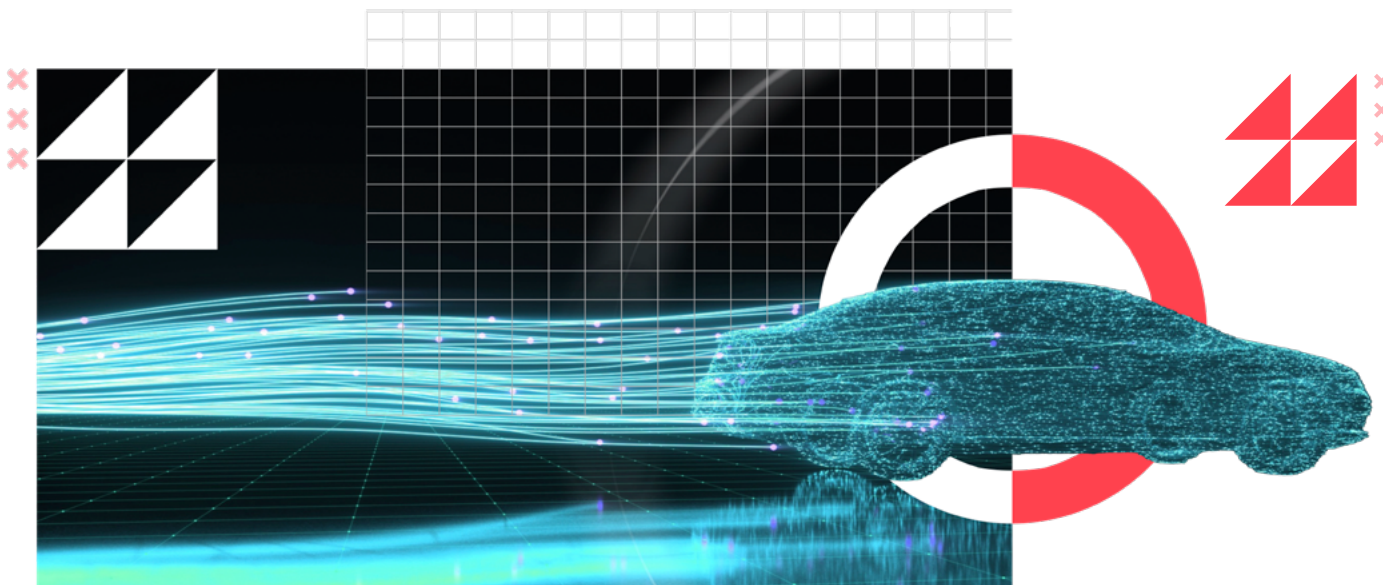
01 DIGITAL SERVICES WILL FUEL OEM REVENUE

In this challenging environment, OEMs must find new sources of revenue. And one promising source is digital services—provided they offer real value.

The biggest challenge for OEMs lies in offering digital services that genuinely enhance the customer experience. Subscription features like heated seats, premium audio systems, remote engine start and parking assist often fail to resonate with customers. Why would they want to continue paying for features in a car they already own?

Moreover, cars are increasingly designed by software engineers who may prioritize technological features over customer needs. This mirrors the experience of smartphone users, who rarely take advantage of their device's full catalog of features. This ultimately creates a gap between consumers' needs and what the vehicles offer. To close this gap, OEMs must ensure that customer needs—rather than feasibility—drive both design and engineering.

ADDITIONALLY, DEALERS NEED TO BE EQUIPPED WITH SPECIALIZED KNOWLEDGE ABOUT DIGITAL FEATURES. HAVING THIS KNOWLEDGE ENABLES THEM TO UNDERSTAND WHAT THE VEHICLE DOES AND HOW IT WILL MAKE CUSTOMERS' LIVES EASIER. BY LINKING FEATURES DIRECTLY TO SPECIFIC CUSTOMER NEEDS, DEALERS WILL BE ABLE TO MAKE A CLEARER VALUE PROPOSITION.



According to Philip Beil, Publicis Sapient's Transportation & Mobility Lead for Europe and APAC, **"You have to integrate digital services in a way that creates a service ecosystem that is maximizing consumer value in a frictionless way. Bringing standalone services to market is really difficult and often doesn't create the right level of perceived value add."**

He added, **"Automotive companies are historically B2B2C. They produce cars [...] It's a completely different thing to build a car than to sell and operate digital services in a pure B2C context."**

To overcome these challenges, OEMs are exploring the establishment of digital service operating companies. These units would be dedicated to developing, building and operating digital services, as well as managing pricing and market strategies with agility.

02 TURN CARS INTO COMPANIONS WITH THE HELP OF GENERATIVE AI

For most drivers, their relationship with their car is relatively simple: Their vehicle gets them from point A to point B. However, the rise of generative AI could redefine this relationship.

Modern, digitally-enabled cars already collect a wealth of data, both on drivers and the car itself through telematics systems. But with the integration of generative AI, these vehicles will begin to understand their owners over time. By leveraging past data and pattern recognition, cars will anticipate driver needs. At the very least, this technology will turn cars into personal concierges; at its most advanced, it will transform cars into personal extensions of the driver.

One of generative AI's key advantages is its ability to create new, intuitive interfaces that will allow for real-time updates based on individual behavior. This means that the software will continuously adapt and evolve, offering a personalized experience tailored to each driver rather than a one-size-fits-all solution for the mass market. This personalization will go beyond driving preferences and behaviors; eventually, it will touch virtually every aspect of a customer's life, from health and wellbeing to entertainment.

Voice interaction is another area where generative AI promises significant advancements. Voice commands may replace digital screens altogether, potentially leading consumers back to physical interactions within the car. This trend is already emerging with the return of physical buttons. Physical buttons are considered safer because they eliminate the need to navigate through multiple layers of digital menus. In fact, starting in 2026, cars [seeking the highest safety rating](#) in Europe will be required to have physical buttons.

The integration of generative AI will not only enhance the driving experience but personalize it, too, illustrating how technology can create new value for customers.

IN WHICH FUNCTIONS WILL GEN AI BE MOST IMPORTANT? IN A PUBLICIS SAPIENT SURVEY, C-SUITE EXECUTIVES IN THE INDUSTRY INDICATED THAT THEY THOUGHT GEN AI WOULD BE MOST IMPORTANT IN CUSTOMER EXPERIENCE (10), SALES (9.90) AND PRODUCT DEVELOPMENT (8.90).



03 EMPOWER DEALERS TO DRIVE SALES ACROSS THE FINISH LINE

In response to the pandemic, OEMs began to shift their focus to online sales. However, e-commerce didn't gain sustainable traction and has yet to become a main driver of business.

Car buyers still see dealerships, and the hands-on experiences they enable, as [critical touchpoints in their purchase journey](#). They want to inspect, test drive and ask questions about vehicles before buying them.

Since dealers remain an essential part of the customer journey, OEMs must support them, not overlook them. So, what can OEMs do to help dealers succeed? They can develop services and tools that help dealers cut costs, maximize efficiency and increase customer satisfaction.

A digital agent built for dealers can be a useful tool; helping field on-site questions from potential customers, especially during high-volume times like weekends. The technology can provide accurate, up-to-date and relevant information about everything from tax credits to charge point installation for EVs, which often have regulations that change frequently and vary by region.

At the same time, simply equipping dealers with services and tools isn't enough; they must actually use them. OEMs and dealerships should thus incentivize the adoption of these digital tools so that dealers don't simply revert back to their old ways of selling.

According to Alyssa Altman, Publicis Sapient's Transportation & Mobility Lead for North America, OEMs and dealers must **"unify all of the moments that matter during the car buying and owning journey so that the online experience outside of the dealership and the offline experience at the dealership are unified, integrated and coordinated."** This integration will ensure a seamless and cohesive car-buying experience, blending the best of digital and physical interactions.

04 FOCUS ON THE CUSTOMER TO ACCELERATE INNOVATION

“Experience, experience, experience. It’s the most important thing in the automotive industry: getting closer to customers,” says Beil. But how exactly can OEMs achieve this?

One method: Restructure the organization around the customer. Internal capabilities need to ‘think software’ within a traditional product organization. The speed of software development and the ability to adapt with changing user behavior don’t align with the current product development lifecycle. OEMs must shift their mindset in order to change the operating model.

“Data-driven decision-making would help orient OEMs more effectively around the customer and help them be more efficient and effective in how they organize across the value chain,” says Altman. “The advent of generative AI can even further help OEMs fundamentally reduce costs, increase conversions and improve profitability.”

How mature are organizations’ data strategies? According to Publicis Sapient research, only 3% of surveyed c-suite executives in the industry claimed to have a mature enterprise data strategy that had been fully integrated and leveraged in their business.

How mature are organizations’ data strategies according to surveyed c-suite executives?

37%

had what they agreed was a “well-defined strategy” in place

27%

only had some strategies

x
x
x



Organizing around the customer could also give OEMs a competitive advantage. As vehicles increasingly offer similar features and price points, makers that prioritize customer needs are the ones that will provide added value and inspire a loyal customer base.

Altman emphasizes the importance of this customer-centric approach. **“It’s about eliminating those friction points and rethinking the journey and the scenarios that exist in that journey so that you’re thinking about how to be loyal to that customer. It’s not about just pushing your product; it’s about wanting them to have a consistent, easy experience with you.”**

05 PROVIDE VALUE TO DRIVERS ON THE JOURNEY TO EV ADOPTION

The future of cars may be electric, but 2024 proved to be a rocky year. After a period of hype, many auto manufacturers announced aggressive timelines for launching new BEVs. Now, some are walking back or delaying some of their commitments, and EV purchases seem to have hit a plateau. Even industry giants like Tesla are facing difficulties: [its stocks slid in 2024](#), prompting the company to lower vehicle prices, expand into new markets and introduce new models.

What's causing the slowdown? Cost and convenience continue to play a factor for prospective buyers. EVs are still more expensive than gas-powered cars, making them feel like luxury purchases. Charging infrastructure remains a significant challenge, and many [customers worry that they won't have ready access to charging points](#) when they need them. Charging an EV also comes with installation plus residential electricity costs, especially in regions where electricity is more expensive than gas. EVs often depreciate faster than internal combustion engine (ICE) cars, losing more value in the secondhand market. In short, the total cost of EV ownership is higher than many drivers can justify. This financial risk, coupled with an uncertain economy, has discouraged many potential buyers.

In this context, hybrid cars have regained ground with consumers. Between quarters one and two in 2024, sales of hybrids increased from 8.6 to 9.6 percent—a small but significant change, especially since they out-sold all-electric vehicles. These gains mean that consumers have even less of an appetite to purchase all-electric vehicles.

Manufacturers will need to find new ways to bring customers along the EV journey. One approach is to make a clear value proposition. Dealers can educate customers about tax credits and subsidies to get the most out of their purchase. Additionally, OEMs can ease a critical customer pain point by helping them locate charging points. Publicis Sapient enabled Renault do just that when it partnered with the French manufacturer to build an app that [helps EV owners find residential charging stations](#).

BY HELPING CUSTOMERS REALIZE THE VALUE OF EVS AND MAKING IT EASIER TO OWN ONE, **AUTO MANUFACTURERS CAN PUT THEM IN THE DRIVER'S SEAT OF THE ELECTRIC REVOLUTION.**



LOOKING AHEAD TO 2025

The automotive industry is entering a new era, one that redefines vehicles and the driving experience. The shift toward hybrid and EVs, the growth of new revenue streams, the integration of AI for personalized interactions, the evolving role of dealerships and the importance of knowing consumers—this all points to the same thing: an added emphasis on innovation, customer centricity and data-driven insights. The road ahead may be filled with complex challenges, but it also contains opportunities for companies that are willing to innovate and adapt. “It’s important to still invest in innovation or have an innovation partner to help move OEMs along a long-term plan,” says Altman. “Be clear on your goals and don’t be afraid to invest in those areas while you’re going through cost-cutting measures.”

The industry isn’t just moving forward in 2025; it’s accelerating toward the future.

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Publicis Sapient is a digital transformation partner helping established organizations get to their future, digitally enabled state, both in the way they work and the way they serve their customers. We help unlock value through a startup mindset and modern methods, fusing strategy, consulting and customer experience with agile engineering and problem-solving creativity. As digital pioneers with 20,000 people and 53 offices around the globe, our experience spanning technology, data sciences, consulting and customer obsession—combined with our culture of curiosity and relentlessness—enables us to accelerate our clients’ businesses through designing the products and services their customers truly value. Publicis Sapient is the digital business transformation hub of Publicis Groupe. For more information, visit publicissapient.com.

2025

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Guide to Next.



5 Trends Shaping the
Telecommunications,
Media and Technology
Industry in 2025

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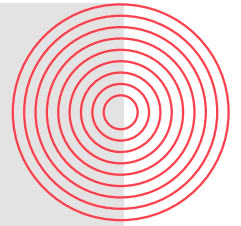


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Introduction



In the ever-evolving telecommunications, media and technology (TMT) landscape, standing still has never been an option. That has certainly been true of the last decade, when population shifts, streaming domination and new devices have redefined the industry—and what customers expect from it. How will 2025 continue to redefine the TMT landscape?

Over the next year, the continued rise of artificial intelligence (AI) and emerging challenges will throw down the gauntlet, pushing TMT to keep transforming to stay ahead. Businesses will need to find ways of harnessing the potential of AI and use it to help them navigate the uncertainty ahead.

Drawing from marketing research and industry expertise, Publicis Sapient breaks down the top five trends that will shape the industry in 2025 and offers ways that TMT organizations can stay ahead of the curve.



01 FIND THE RIGHT USES FOR AI

The rapid advancement of AI in recent years has touched every industry, and TMT is no exception. According to a report by tech giant Nvidia, [66 percent of surveyed telco professionals](#) indicated that their organizations would invest more in AI in 2024. This explosion in investment in 2024 sets the stage for 2025 to be another crucial year for AI transformation.

Telcos aren't alone in this move toward AI. Every sector in the industry will continue to explore AI and its impact on business. "2025 is the AI playground year," says Raj Shah, Publicis Sapient's industry lead for TMT in North America. "Companies need to experiment with AI use cases to identify long-term benefits, even if immediate returns are not evident."

Whatever shape AI ultimately takes, one thing is certain: It offers opportunities for companies in every sector to modernize legacy systems, optimize operations and enhance customer experiences.

For media and entertainment, questions over the ethical use of AI intensified during the 2023 industry strikes, and they have yet to be resolved. But the use of generative AI on scripts or in the production process represents only a portion of what AI can do for the sector. Streaming services will find new ways to help customers discover and connect with content with the help of AI, and new AI-optimized devices will only make that process easier.

The telecommunications sector faces its own challenges in ensuring network strength and speed while keeping spend to a minimum. Shah emphasizes, "AI can help telcos modernize their code and reduce operational costs, freeing up capital for innovation. Another big question is how AI will be leveraged to create new revenue streams and enhance customer experiences."

Indeed, the practical applications of AI are still being explored. The rapid rise and fall of technologies like blockchain and the metaverse illustrate the importance of developing strong use cases for emerging technology before committing big budgets. These use cases will define the AI landscape in 2025.

01

GENERATIVE AI HAS GOTTEN THE LION'S SHARE OF ATTENTION OVER THE LAST YEAR IN VIRTUALLY EVERY INDUSTRY. HOW IMPORTANT WILL IT BE FOR THE TMT INDUSTRY?

	C-SUITE	V-SUITE
CHATBOTS OR OTHER CUSTOMER SERVICE APPLICATIONS	52%	29%
AI ASSISTANTS FOR PRODUCTIVITY ENHANCEMENT (E.G., TEXT AND CODE GENERATION)	28%	29%
PERSONALIZATION OR HYPER-PERSONALIZATION	24%	25%
GEN AI INTELLIGENCE (PRESCRIPTIVE ANALYTICS)	21%	29%
GEN AI TOOLS FOR FRAUD AND RISK MITIGATION	21%	32%
AUTOMATION/AI AGENTS	18%	30%

Publicis Sapient research reveals that the majority of respondents felt that generative AI was “extremely useful” in a customer service setting as a chatbot or similar tool.

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Publicis Sapient



02 ACCESS BETTER DATA WITH SYSTEM MODERNIZATION

System modernization is really about data—having the right infrastructure to uncover data, make the most of it and ensure that it is managed efficiently. As AI adoption accelerates, data has never been more important, and TMT companies have never had a better opportunity to use it to fundamentally transform their businesses.

Even as these projects remain critical, organizations often struggle to enact them due to internal barriers. In the TMT industry, Publicis Sapient research revealed that 35 percent of survey respondents rated a lack of technological skills at a board level as a significant barrier to system modernization efforts.

These barriers play out at the sector level as well. Telcos are often burdened by outdated billing systems and cumbersome code. The industry relies heavily on two major systems—BSS (billing support systems) and OSS (operational support systems)—and these are typically built on legacy code that needs modernization.

AI offers a potential solution to this challenge. **“AI certainly plays a role in helping CIOs and telcos modernize their legacy code. You can reduce your operational cost of running the network and billing systems, modernize your code and take that freed-up capital and reinvest it into innovation,”** Shah says.

HOW DO TMT ORGANIZATIONS FEEL ABOUT THEIR CLOUD MATURITY? IN A PUBLICIS SAPIENT SURVEY, 32% OF TMT RESPONDENTS RANKED THEIR CLOUD TRANSFORMATION AS “VERY MATURE,” A RATE IN LINE WITH FINANCIAL AND ENERGY AND COMMODITIES COMPANIES.

03 LEVEL UP SUSTAINABILITY WITH RECYCLING PROGRAMS

From tablets to televisions, consumers have a number of devices at their fingertips to help them connect with content and one another. And that number has only grown from one year to the next. In 2023, the number of mobile [phones exceeded the world's population](#) for the first time.

The multitude of devices will likely contribute to an escalating waste crisis as consumers swap out older devices for newer ones. The United Nations Institute for Training and Research predicts that the world [will generate 82 million tons](#) of e-waste by 2030, 33 percent more than 2022 levels.

At the same time, consumers are becoming more environmentally conscious, leading to extended lifecycles for electronic products and services that enhance them.

"The average upgrade cycle for a TV has stretched from three years to about seven years," notes Shah. "Companies need to find ways to engage customers throughout this extended lifecycle."

For example, companies can provide software updates, accessories and recycling programs to keep customers engaged and promote brand loyalty. Companies can transition from providing commodity hard goods to services, [even to the point of providing devices as services.](#)

APPLE'S RECYCLING PROGRAM, CONSIDERED ONE OF THE BEST IN THE INDUSTRY, IS AN EXAMPLE OF HOW COMPANIES CAN INCENTIVIZE CUSTOMERS TO TRADE IN OLDER DEVICES FOR NEW ONES. BY OFFERING REBATES AND MAKING THE RECYCLING PROCESS SEAMLESS, TECH COMPANIES CAN DRIVE REPEAT PURCHASES WHILE PROMOTING SUSTAINABILITY.

04 UNCOVER PATHS TO GROWTH BEYOND SUBSCRIBERS

Many TMT sectors have adopted a similar equation: to grow profits, grow subscribers. However, the past year has proved that this calculation is not always reliable, especially as the industry continues to shift.

The media and entertainment sector is in a state of flux—perhaps none more so than streaming services. After years of being hyper-focused on subscriber growth and pumping out content, profitability largely remained a secondary concern. The risks to this approach heightened as the [number of streaming subscribers dipped](#).

“Streaming companies are realizing that the economics of their business models are upside down,” says Shah. **“They’re pouring money into content creation but struggling to achieve profitability.”**

To address these challenges, the sector is shifting toward a model built on both advertising and subscriptions. This hybrid approach aims to combine the benefits of subscription revenue and advertising dollars, similar to traditional cable TV models. The expectation is that this will create a more sustainable business model, balancing content costs with diversified revenue streams.



04

The streaming market may also head toward consolidation. By the end of 2025, it's possible that only a few major players will dominate the space. Consequently, small players may either merge with larger ones or pivot to niche markets.

The challenges and opportunities in the telecommunications sector will continue to vary by region.

IN NORTH AMERICA, THE BATTLE FOR MARKET SHARE IS INTENSE, WITH ESTABLISHED PLAYERS VYING FOR DOMINANCE. IN EUROPE, THE MARKET IS MORE FLUID, THANKS TO SIM CARD SWAPPING AND RIGOROUS DATA PRIVACY LAWS. MEANWHILE, THE MIDDLE EAST AND NORTH AFRICA (MENA) IS ALREADY BECOMING AN INNOVATION HUB THAT WILL DRIVE THE INDUSTRY.



Telcos face similar obstacles. Consistent subscriber growth traditionally defined the sector, but population stagnation in recent years has challenged this model. "Subscriber growth is now tied to population growth," says Shah. "The big three—Verizon, AT&T and T-Mobile—are essentially fighting over the same customer base, leading to a race to the bottom in terms of pricing and offers."

As explored in the next section, telco and other sectors need to focus on the other side of the growth equation—how much lifetime value they can create from subscribers—as subscriber growth slows.

05 ADD VALUE FOR CUSTOMERS

As a consumer-facing industry, TMT has a record of deploying new strategies to entice customers. Organizations will need to increasingly prioritize this as they face heightened competition for customers. To date, this has focused on incentives such as free services. For example, Verizon offers new subscribers a year of Disney+ for free or provides bundled discounts for consumers subscribing to multiple services. But as the focus shifts from maximizing subscriber numbers to driving profitability, discounts and freebies act as anchors on profit rather than accelerators.

Telcos face an added layer of competition: the rise of cable companies in the wireless space. These companies are leveraging their extensive Wi-Fi networks and wholesaling agreements with traditional telcos to offer competitive wireless services. This dynamic reshapes the landscape and benefits customers through better services and competitive pricing.



So how can telco companies reduce churn and stay profitable? Some are shifting focus to maximizing average revenue per user (ARPU). To do this, they need to provide innovative offerings that are worth the price they ask customers to pay. Some ways they can do this are by creating unique services and perks—like complimentary subscriptions and cloud storage—to enhance customer loyalty and reduce churn.

05

In the streaming space, the concept of advertising-supported video (AVOD) has proven to drive profitability. However, one of the biggest hurdles for streaming services is meeting advertisers' expectations for hyper-targeted audiences. Traditional TV advertising relied on broad demographic assumptions, but digital advertisers demand precise targeting based on user behavior and preferences.

Most streaming platforms are still developing the technical and data infrastructure needed to deliver on these expectations. This involves creating data-sharing environments and programmatic advertising capabilities that allow advertisers to effectively target specific audience segments.

In the sports sector, fan engagement remains a critical focus. Sports teams are increasingly recognizing the value of their global fan base. Beyond traditional revenue streams like ticket sales and broadcast rights, there is significant potential in merchandise, experiences and digital engagement.

Additionally, the concept of venue media networks presents a significant new revenue opportunity. Stadiums can leverage their digital footprint inside sports venues for targeted advertising. By utilizing screens in concession areas, suites and other parts of the stadium, teams can offer highly targeted advertising to fans, enhancing their experience while driving additional revenue.



Shah estimates that venue media networks represent a \$300 million opportunity for large venues and stadiums. **“This approach allows teams to monetize their digital assets and engage fans in new and exciting ways.”**

Across the industry, TMT organizations recognize the importance of enhancing customer engagement. Some ways they have been prioritizing this include building customer data platforms, investing in seamless e-commerce experiences and using generative AI to optimize marketing campaigns and reach the right customers at the right time.

LOOKING AHEAD TO 2025

Each sector in TMT faces unique challenges and opportunities. But by focusing on innovation, sustainability and emerging technologies, industry leaders can navigate this evolving landscape to drive long-term success. The challenges and opportunities they face in 2025 will include finding the right ways to leverage AI for personalization, upgrading systems to get the most out of their data, exploring sustainability programs, expanding beyond a focus on subscribers and providing added value for customers through the right services.

In telecommunications, the race toward profitability through enhanced services and the potential disruptive entry of tech giants will shape the future. In media and entertainment, the move toward an advertising-plus-subscription model and the likely consolidation of streaming services will redefine the industry. The technology sector will continue to emphasize sustainability and explore practical AI applications to enhance customers' experiences.

Ultimately, the key to thriving in this dynamic environment is to stay agile, innovative and customer focused. By embracing these principles, the TMT industry can unlock new opportunities and continue to drive growth in the years to come.

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