

## IBM Study: AI Spending Expected to Surge 52% Beyond IT Budgets as Retail Brands Embrace Enterprise-Wide Innovation

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NEW YORK, Jan. 7, 2025 /PRNewswire/ -- A new global study from the IBM (NYSE:IBM) Institute for Business Value found that surveyed retail and consumer product executives are dramatically shifting their focus toward artificial intelligence (AI), with responses indicating that participants project spending outside of traditional IT operations could surge by 52% in the next year. The report, titled "[Embedding AI in Your Brand's DNA](#)," reveals how brands are preparing for the next phase of AI-driven transformation across the enterprise.

By 2025, retail and consumer products companies surveyed say they plan to allocate an average of 3.32% of their revenue to AI—equivalent to \$33.2 million annually for a \$1 billion company. This investment is set to span functions such as customer service, supply chain operations, talent acquisition, and marketing innovation, highlighting AI's expansion beyond traditional IT applications. Key findings include:

- **Rapid Adoption Across the Enterprise:** The report found that 81% of surveyed executives and 96% of their team are already using AI to a moderate or significant extent. Executives indicate they want to expand AI usage to more sophisticated use cases, such as integrated business planning where they plan to increase usage by 82% in 2025.
- **Workforce Transformation:** Executives surveyed expect that 31% of employees will need to learn new skills to work with AI in the next year, increasing to 45% within three years. AI use in customer service, particularly for personalized responses and follow-ups, could grow by 236% in the next 12 months when compared to the prior year based on survey responses. Notably, responses indicate that 55% of these improvements are expected to involve human-AI collaboration, while only 30% would be fully automated—highlighting the need to equip employees for seamless AI integration.
- **AI Ecosystem Platforms:** Investment in ecosystem platforms—tools that facilitate exchange of data and AI models—could skyrocket. Respondents indicated they expect growth from 52% today to 89% within three years as their companies

look to blend AI capabilities with business and technology partners to accelerate innovation and drive efficiencies.

- **AI Governance Gap:** Despite 87% of surveyed executives claiming to have clear AI governance frameworks, fewer than 25% have fully implemented and continuously review tools to manage risks like bias, transparency, and security. This reveals a critical gap in operational oversight.

"AI is no longer just a tool; it's a strategic imperative," said Dee Waddell, Global Industry Leader, Consumer, Travel & Transportation Industries at IBM. "Retail and consumer product companies are at a tipping point where embedding AI across their operations can help define not just productivity gains, but the future of brand relevance, engagement and trust."

The report emphasizes that successful brands can evolve from viewing AI as merely a productivity booster to positioning it as a core driver of enterprise innovation. Achieving this transformation will require rethinking traditional governance and reskilling strategies. Retailers should tailor AI initiatives to align with their brand priorities and collaborate with strategic partners, including start-ups and technology companies. Equally important is breaking down silos between finance, technology, and business leaders. By fostering cross-functional collaboration, these stakeholders can jointly build strong business cases that demonstrate how AI can help deliver a long-term competitive advantage.

**Connect with IBM at NRF 2025:** AI is taking center stage for IBM at NRF'25. Join us as we delve into how the technology is enhancing everything from customer engagement and personalization to operational efficiency. We'll share innovative examples in marketing, supply chain management, and sustainability. IBM industry experts will be at Booth #4639. Stay updated via our [NRF webpage](#). #NRF2025

For more information and to access the full report, visit [here](#).

## Methodology

The IBM Institute for Business Value (IBM IBV), in cooperation with Oxford Economics, surveyed 1,500 global retail and consumer products executives in 15 countries in Q3 2024. 50% of the sample represented retail industry and 50% represented consumer products in nine countries in Q3 2024.

Participants were asked a range of questions in various formats (such as multiple choice numerical and Likert scale). They were asked about their organization's expectations, results, concerns, and barriers for scaling or planning to scale AI/Gen AI within the enterprise and across their ecosystem partners.

To accomplish this, the IBM IBV ran a series of contrast analyses, including pairwise comparisons and data classification using hierarchical clustering highlighting results differences as shown in this report. Significance level for all analyses was set at ( $p < 0.05$ ) level.

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