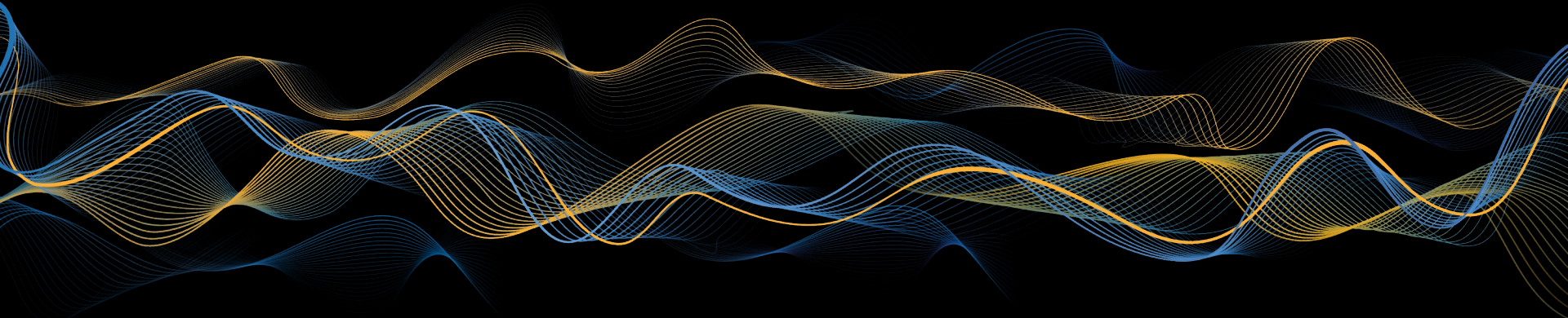


# TCS Global Retail Outlook

Canada key findings



# Canada report

## Fresh insights into the forces shaping the future of retail



### Respondent personas (evenly distributed)

- Chief marketing/customer/digital officers + direct reports
- Chief merchandising officers + direct reports
- Chief supply chain officers + direct reports
- Chief technology/information officers + direct reports

### The respondents

(n=800+)

**US** (n=256)

**CAN** (n=65)

**ANZ** (n=78)

**EUR** [France, Germany/Austria, Spain, Switzerland] (n= 206)

- **Benelux** (n=65)
- **Nordics** [Denmark, Finland, Norway, Sweden] (n=72)

**UK & IE** (n=75)

### Topics

- Intelligent retail
- Mission-critical objectives
- Optimization strategies
- Customer loyalty
- Agility and resiliency
- Future challenges

### Subsectors

- Electronics: 25%
- Home improvement, hardware: 23%
- Fashion, apparel, home goods: 20%
- Groceries, convenience stores and pharmacies: 20%
- Quick-service restaurants: 12%

# Executive summary

Canadian retailers are focused on driving profitable growth, cost optimization, and improving customer experience as their top strategic priorities for the coming years.

The sector faces significant challenges from rising operational costs, workforce skills gaps, and persistent margin pressures, requiring innovation and efficiency to sustain growth.

Critical success factors include cost reduction through process optimization, real-time sensing of market changes, and the adoption of automated workflows to reduce manual intervention.

AI-powered chatbots, supply chain optimization, and demand forecasting are among the highest priority initiatives, but most Canadian retailers have yet to fully tap into advanced AI capabilities such as multi-agent systems and enterprise-wide human-AI collaboration.

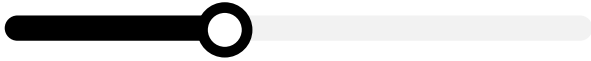
Loyalty programs are increasingly valued for enabling long-term customer retention and personalization, yet many organizations struggle to maximize their impact on enterprise-wide decisions, with challenges around program costs, member acquisition, and reward expectations.

Payments innovation—especially mobile wallets, contactless payments, and Buy Now, Pay Later solutions—is seen as essential for frictionless customer experiences and as a strategic lever for loyalty and growth.

# Top strategic priorities for Canada retailers in 2026



37%



Almost two-fifths of Canada retail executives said “driving profitable growth” is among their most mission-critical objectives over the next 18 months

## Other top priorities:

34%

Cost optimization and operational efficiency

31%

Improving customer experience and loyalty

# Biggest obstacles in 2026: rising costs, increasing skills gaps, and pressures on profits

The Canada retail sector faces mounting challenges from operational costs, workforce skill shortages, and margin pressure, demanding strategic innovation and efficiency to sustain growth.

## Expected challenges to success for Canada retailers:



### Operational costs

Managing rising expenses in labor, technology, and facilities



### Workforce skills gap

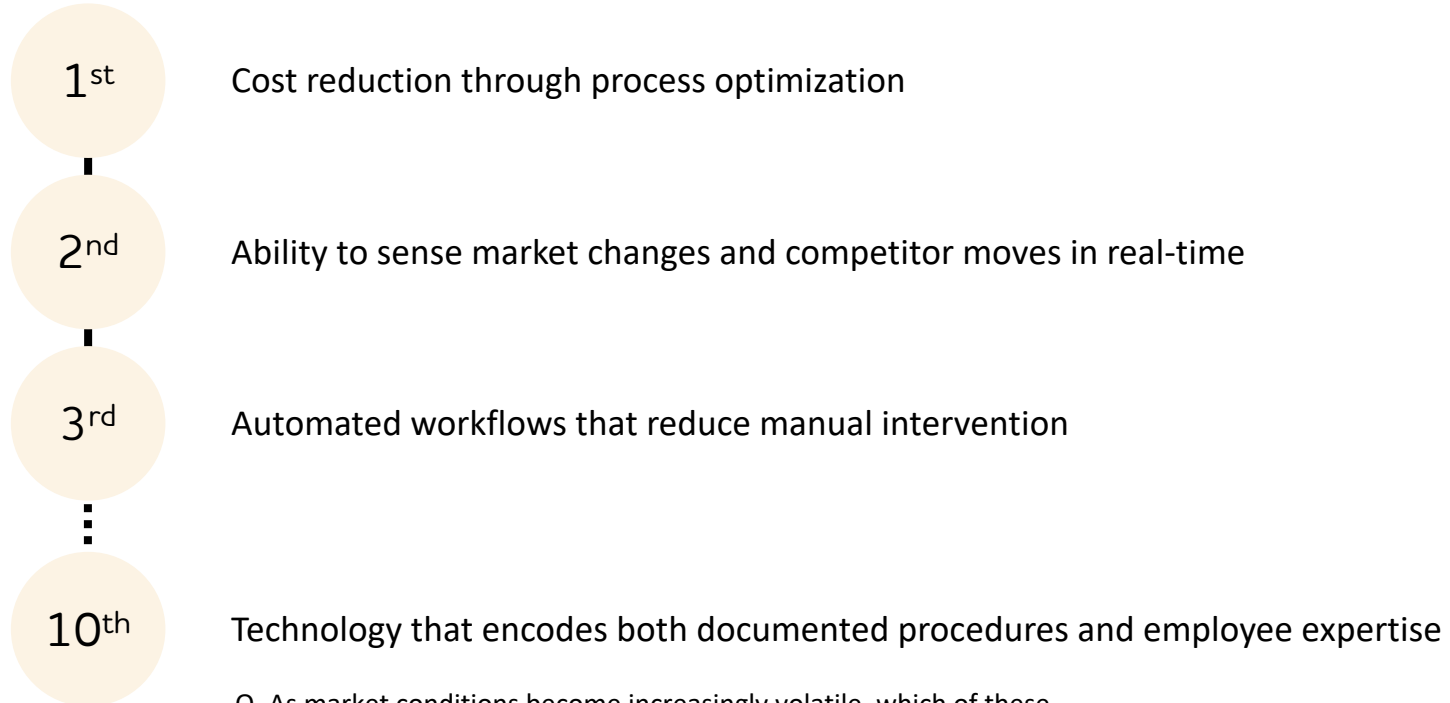
Difficulty finding employees with the technical and digital skills needed for modern retail



### Margin pressure

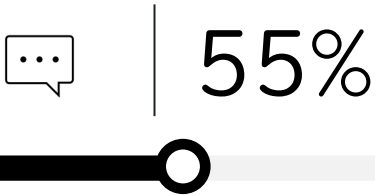
Balancing profitability with pricing pressures from competition and inflation

# Canadian critical success factors: cost reduction, ability to sense market moves, moving to automated workflows



Q. As market conditions become increasingly volatile, which of these capabilities are most critical for your organization's success? (n=65)

# AI slowly evolving from customer conversations to operational intelligence



More than half executives said **AI-powered chatbots and virtual assistants** were among their highest priority AI-led initiatives

## Other most popular AI-led initiatives:

51%

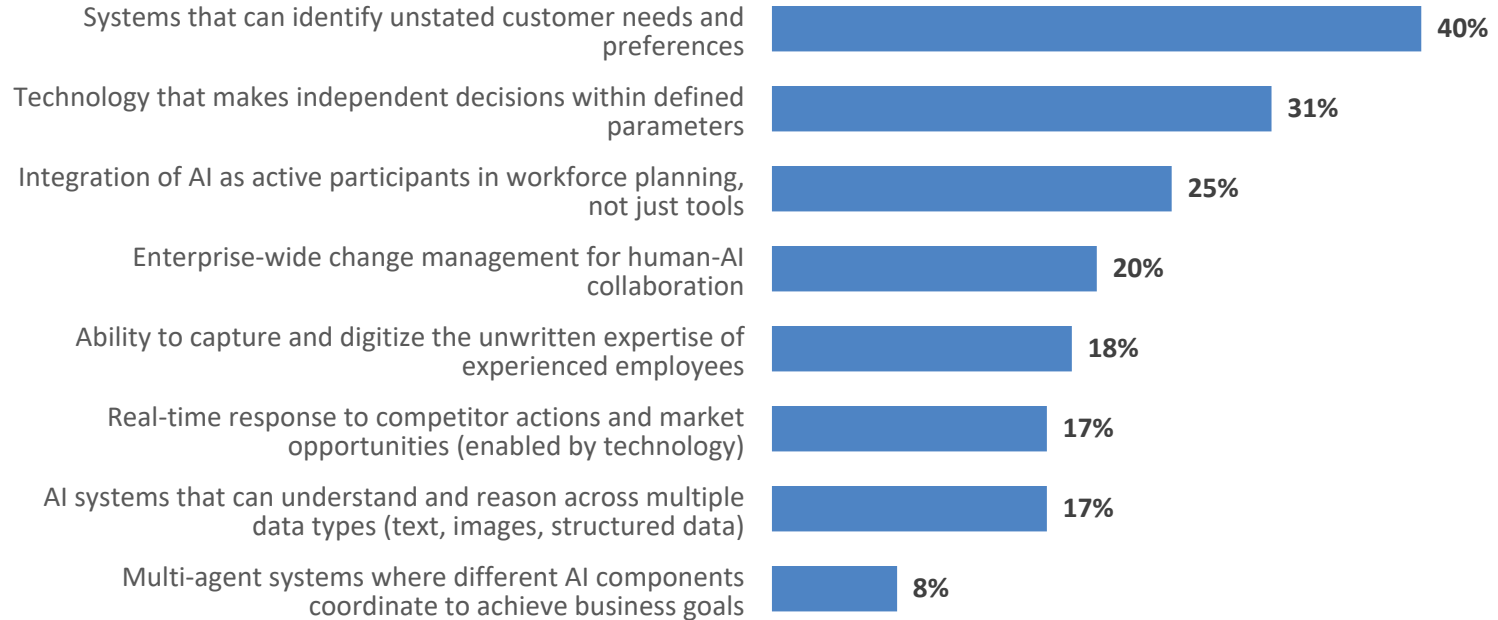
Supply chain optimization

48%

Inventory and demand forecasting

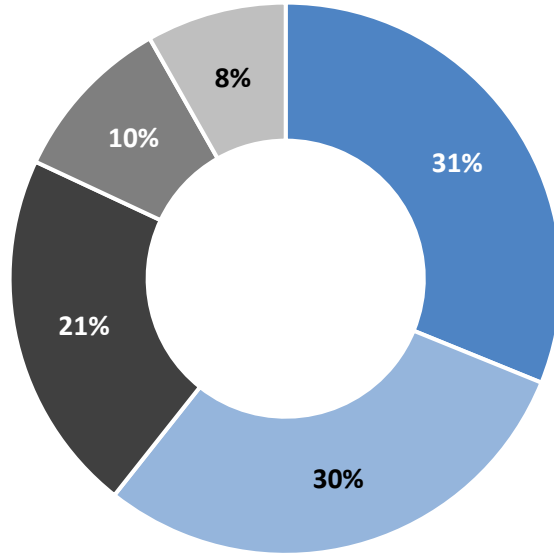
# Advanced AI capabilities still untapped for most Canadian retailers

“Piloting, testing,” or “fully implemented and operational”



Q. Rate your organization's current readiness in the following areas. (n=65)

# The strategic aspirations of loyalty programs in Canada



- A critical enabler of long-term customer value and retention
- A key channel for first-party data to power enterprise-wide personalization
- A differentiator in competitive positioning and brand experience
- A supplemental tool supporting promotions and marketing
- Not currently integrated with broader strategic priorities

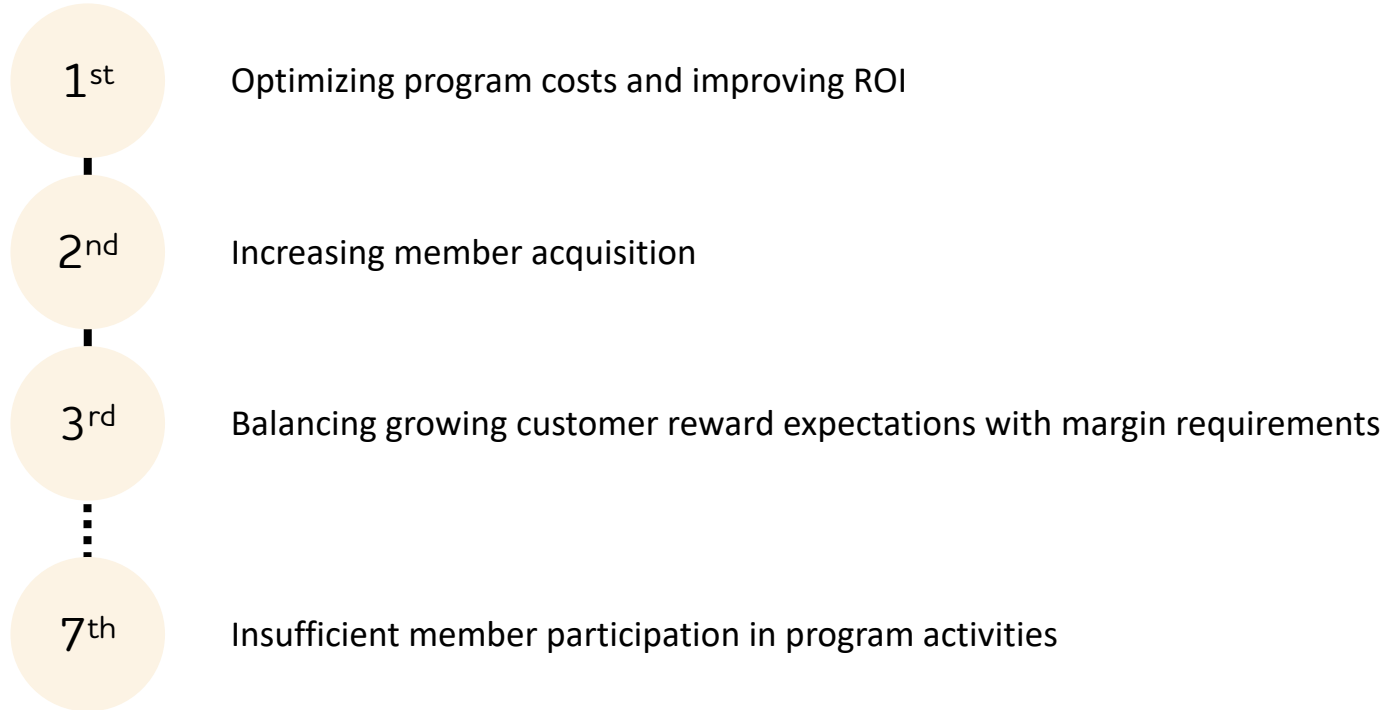
Q. How are your loyalty initiatives positioned in your overall growth and customer strategy? (n=61)

# Canada: Loyalty programs not yet factoring into most enterprise decisions



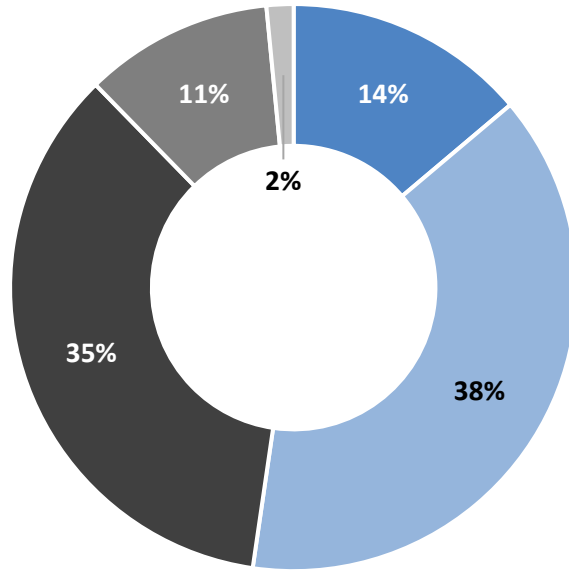
Q. Which enterprise-level decisions are most influenced by insights from your loyalty program? (n=65)

# Other loyalty challenges: program costs, acquiring members, reward expectations



Q. Rank the top three challenges your company faces with its customer loyalty programs. (n=61)

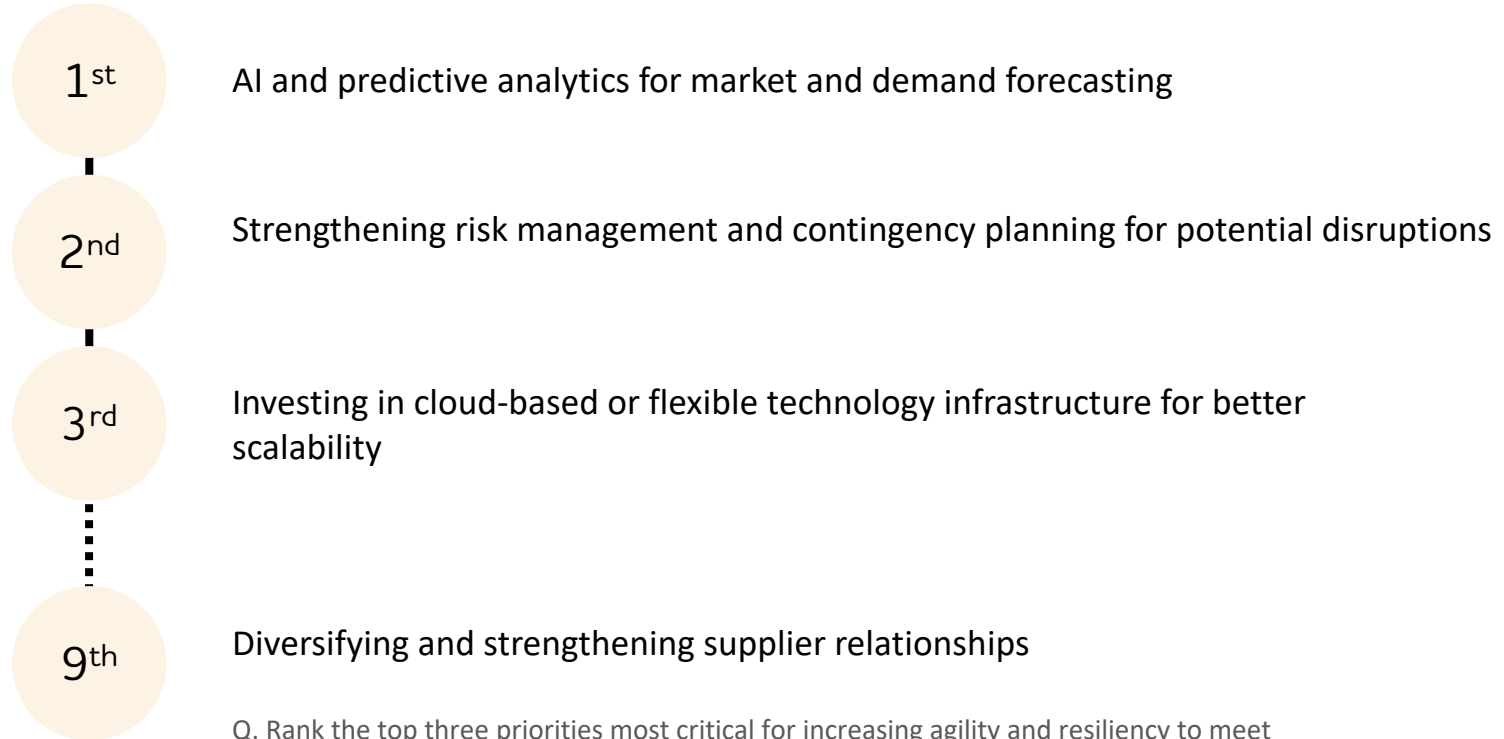
# Assessing agility and adaptability: 52% of Canadian retailers are advanced or established in agile practices



- **Advanced:** Agility and resiliency are embedded into operations, powered by data, tech, and empowered teams
- **Established:** Key areas (e.g., planning, supply chain) have adopted agile practices and adaptive capabilities
- **Developing:** Some progress made, but inconsistent across functions or geographies
- **Early-stage:** Acknowledged as a priority, but limited progress beyond strategy or pilot efforts
- **Not yet prioritized:** No structured approach in place currently

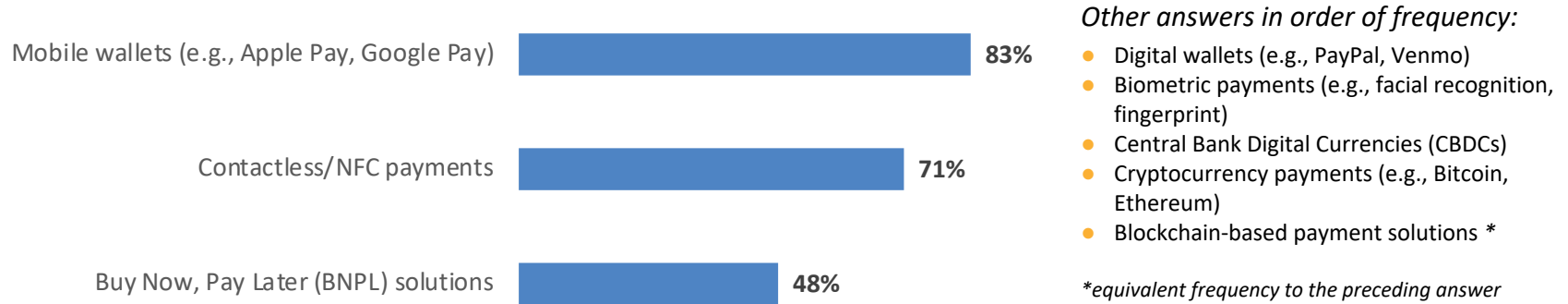
Q. How would you rate your organization's overall agility and resiliency maturity? (*n=65*)

# AI and analytics for demand forecasting tops the list of priorities to increase agility and resiliency



Q. Rank the top three priorities most critical for increasing agility and resiliency to meet rapidly changing market conditions and potential disruptions. (n=65)

# Payment systems prioritized by Canadian retail executives as table stakes for frictionless check-outs, fewer abandoned carts, and improved customer experience



Q. Which new or emerging payment systems are your organizations currently using, exploring, or planning to adopt? (n=65)

# Our recommendations for Canada retailers

What to do	How to do it
<b>Align the AI roadmap with mission-critical objectives and volatility-critical capabilities</b>	Ensure AI investments directly support core business priorities and capabilities that mitigate volatility, creating a roadmap that balances innovation with resilience for sustained competitive advantage.
<b>Make loyalty and first-party data the “brain” of perceptive retail, not just discounts</b>	Shift loyalty programs from transactional discounts to data-driven personalization, using first-party insights to anticipate needs, deepen engagement, and build emotional connections that drive long-term customer value.
<b>Invest deliberately in agility and quality as resilience levers</b>	Prioritize operational flexibility and product excellence to withstand disruptions, enabling rapid adaptation to market shifts while maintaining standards that reinforce trust and brand reputation.
<b>Treat the workforce and data strategy as foundational</b>	Develop integrated plans for talent development and data governance, ensuring skilled teams and robust data frameworks form the backbone of innovation, efficiency, and informed decision-making.
<b>Use payments innovation as a customer-experience differentiator and loyalty enabler</b>	Leverage advanced payment options — such as BNPL, digital wallets, and frictionless checkout — to enhance convenience, strengthen loyalty, and position payments as a strategic driver of customer satisfaction.

# Thank you



Contact us

