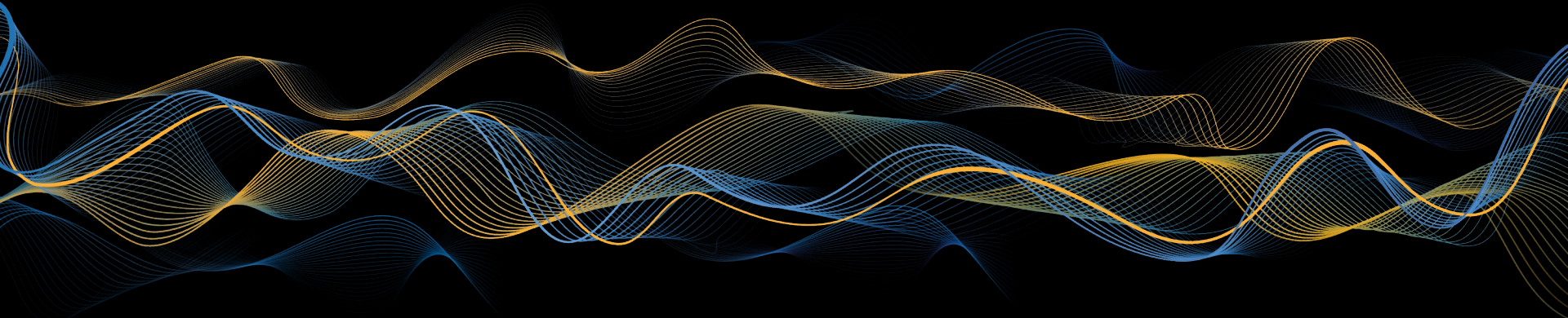


TCS Global Retail Outlook

Germany & Austria key findings



Germany/Austria 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

- Groceries, convenience stores, pharmacies: 28%
- Fashion, apparel, home goods: 22%
- Quick-service restaurants: 20%
- Electronics: 18%
- Home improvement, hardware: 12%

Executive summary

Retailers in Germany and Austria are prioritizing driving profitable growth, improving customer experience and loyalty, and building supply chain agility and resiliency as their top strategic objectives.

The sector faces significant challenges from workforce skills gaps, data privacy compliance, and margin pressure, requiring strategic innovation and efficiency to sustain growth.

Key success factors include cost reduction through process optimization, faster time-to-market for new products and services, and the ability to sense market changes and competitor moves in real time.

AI-powered supply chain optimization, chatbots, hyper-personalized customer experiences, and dynamic pricing are among the highest priority initiatives, but most retailers have yet to fully implement 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 with differentiating program benefits, complex program structures, and balancing reward expectations.



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

Top strategic priorities in 2026 for retailers in Germany & Austria



Three out of five retail executives in Germany & Austria said “driving profitable growth” is among their most mission-critical objectives over the next 18 months

Other top priorities:

31%

Improving customer experience and loyalty

28%

Building supply chain agility and resiliency

Biggest obstacles for Germany & Austria retailers in 2026

The Germany & Austria retail sector faces mounting challenges from margin pressure, data privacy compliance and a workforce skills gap, demanding strategic innovation and efficiency to sustain growth.

Expected challenges to success for Germany & Austria retailers:



Margin pressure

Balancing profitability with pricing pressures from competition and inflation



Data privacy compliance

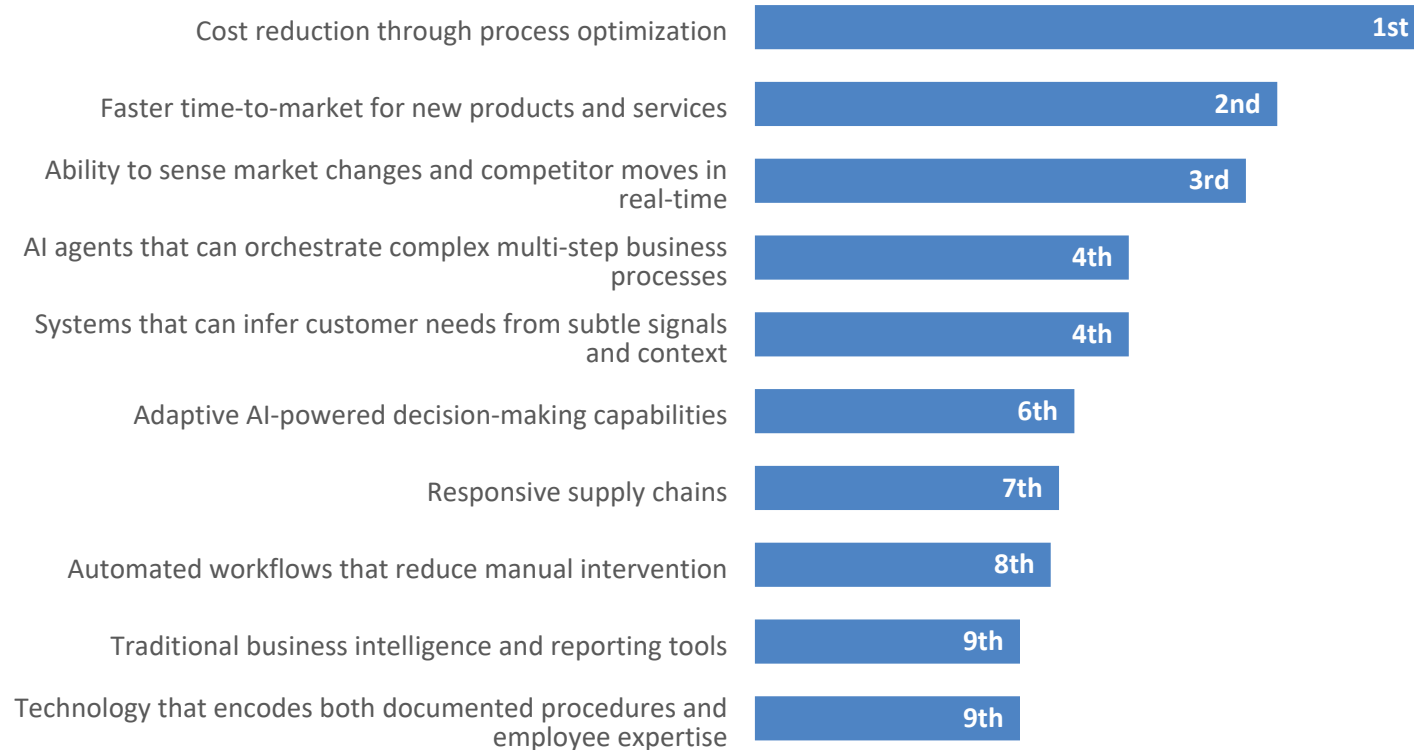
Meeting evolving regulations around customer data collection and usage



Workforce skills gap

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

Germany & Austria success factors: reducing costs, faster time-to-market, and the ability to sense market moves in real-time



Q. As market conditions become increasingly volatile which one of these capabilities are most critical for your organization's success? (n=83)

AI slowly evolving from customer conversations to operational intelligence



47%



Almost two out of five executives said **supply chain optimization** was among their highest priority AI-led initiatives

Other most popular AI-led initiatives:

42%

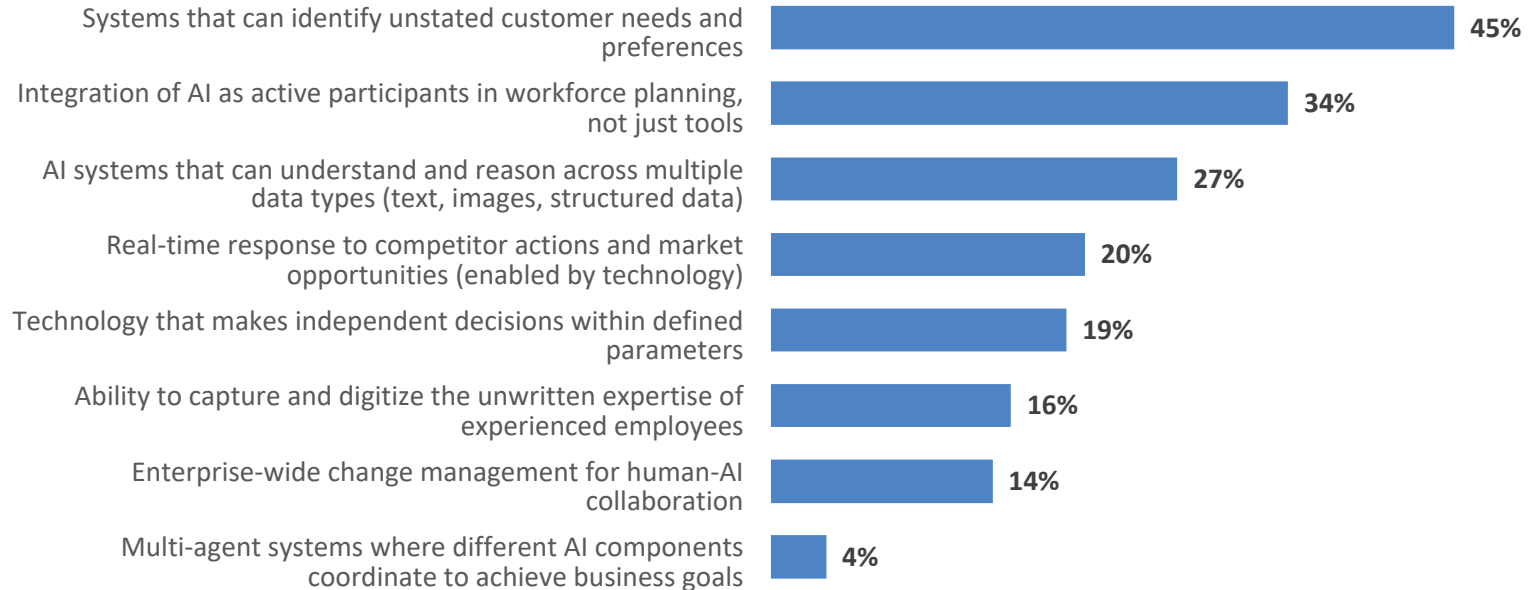
AI-powered chatbots or virtual assistants

39%
(tied)

Hyper-personalized customer experience and recommendations; dynamic pricing and promotions; fraud detection and prevention

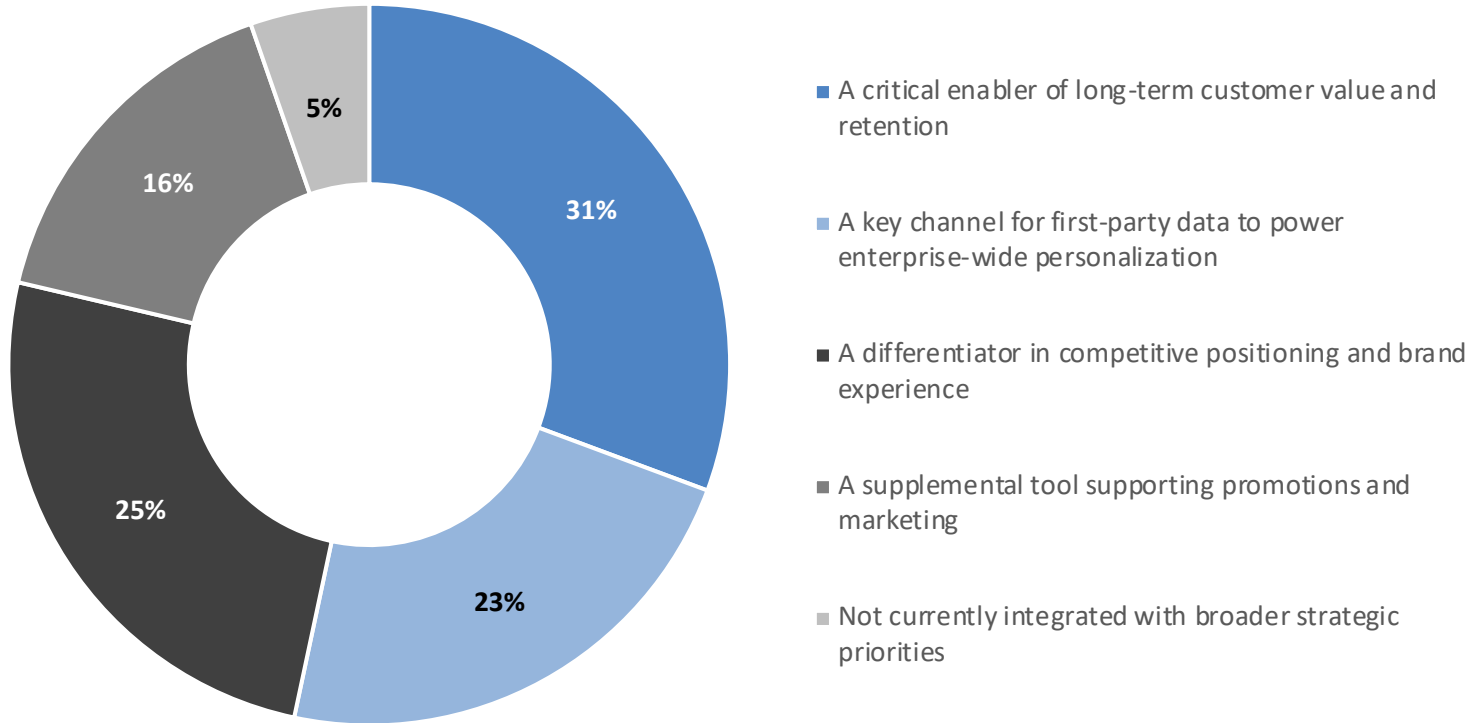
Advanced AI capabilities still untapped for most retailers in Germany & Austria

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



Q. Rate your organization's current readiness in the following areas. (n=83)

The strategic aspirations of loyalty programs in Germany & Austria



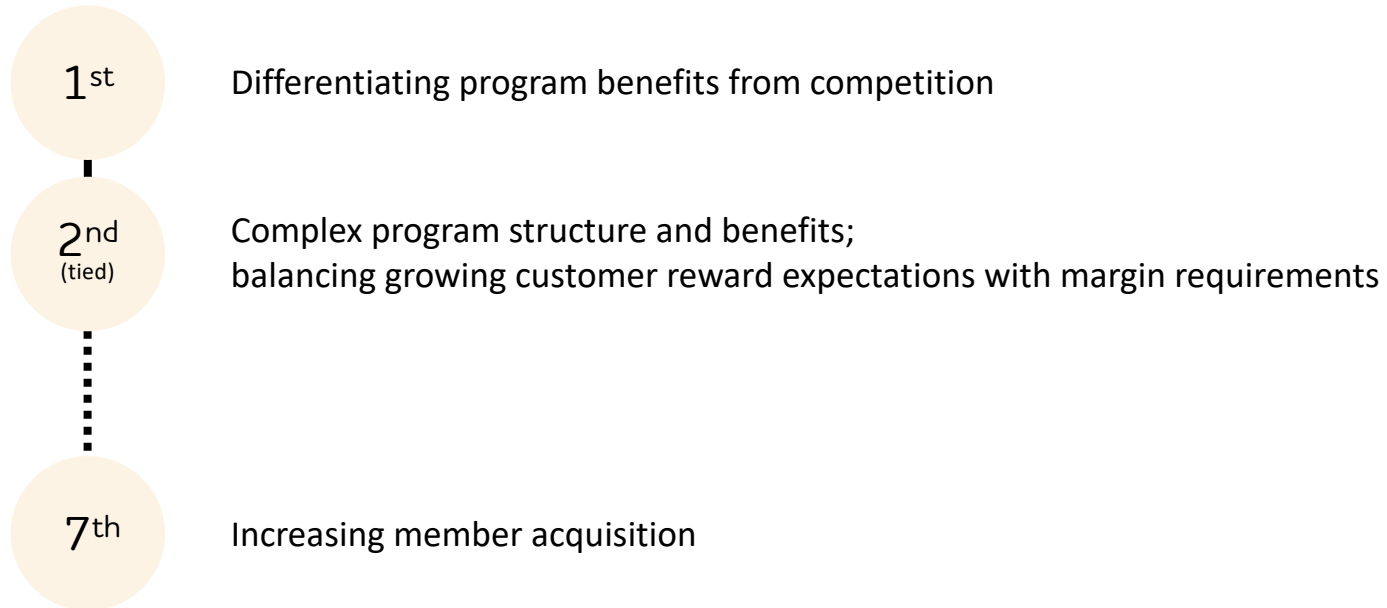
Q. How are your loyalty initiatives positioned in your overall growth and customer strategy? (n=75)

Germany & Austria: Loyalty programs not yet factoring into most enterprise decisions



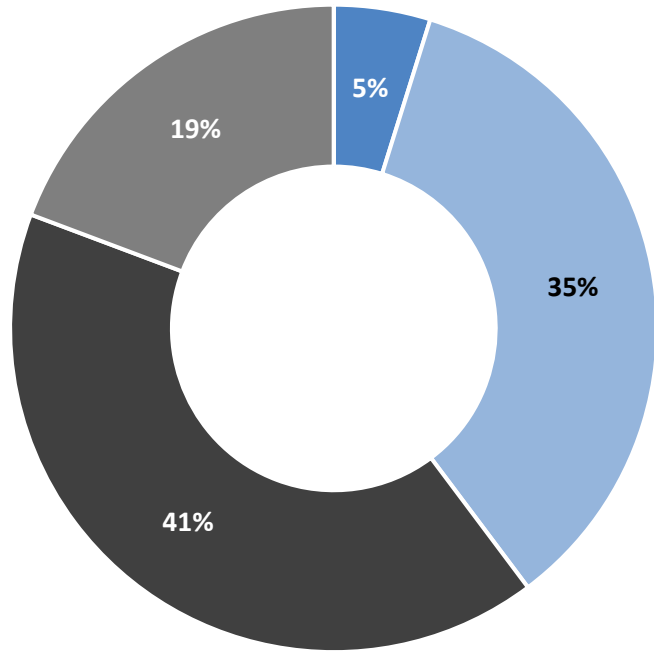
Q. Which enterprise-level decisions are most influenced by insights from your loyalty program? (n=83)

Top challenges for loyalty programs: differentiating from competitors, complex programs, and reward expectations



Q. Rank the top three challenges your company faces with its customer loyalty programs. (n=75)

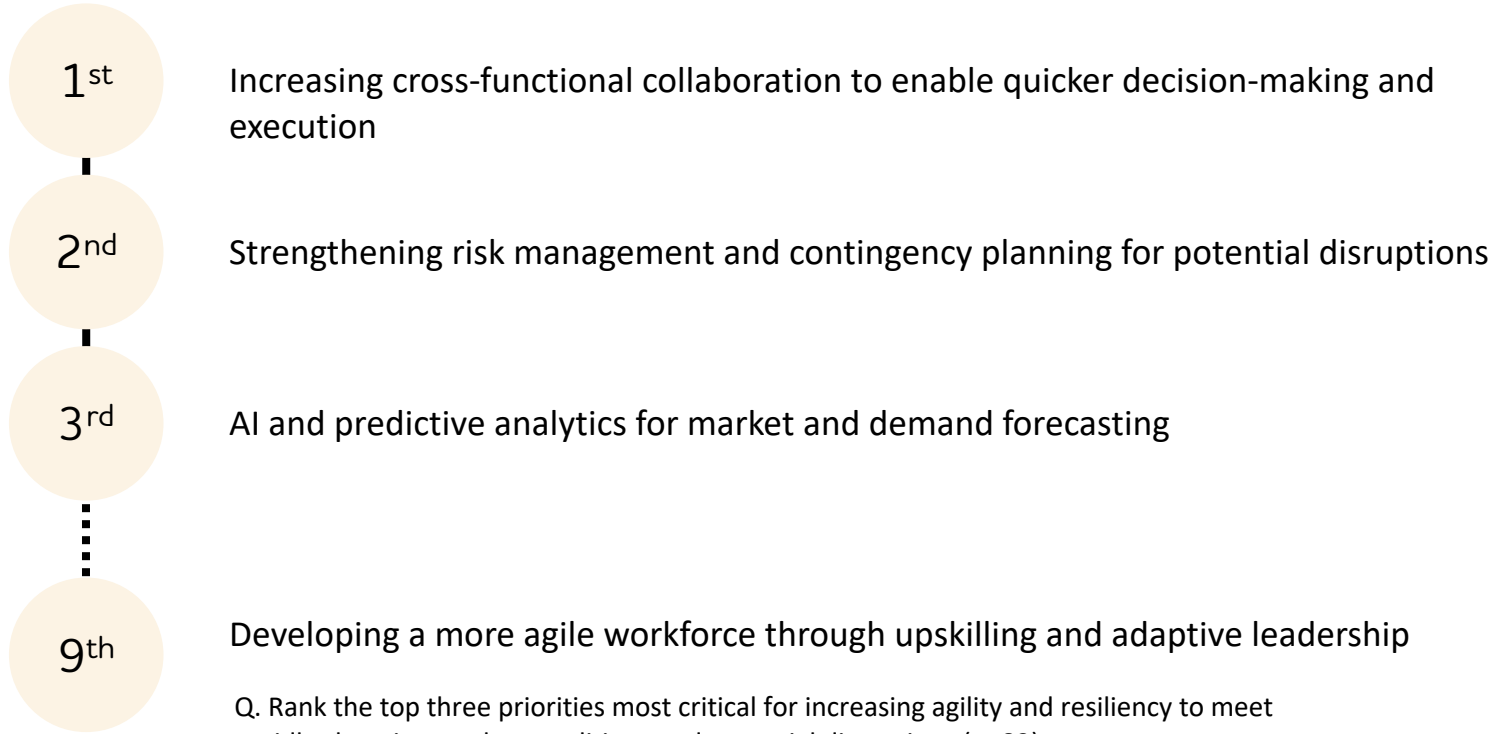
Assessing agility in a disruptive market: 40% of retailers in Germany & Austria are advanced or established in agile practices



- **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

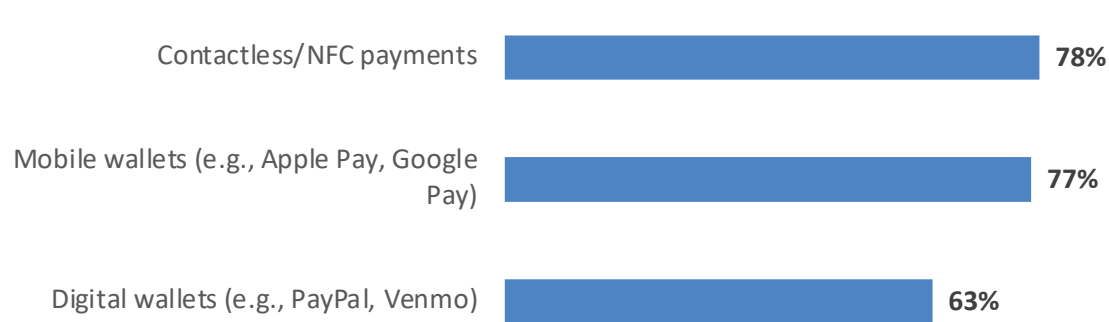
Q. How would you rate your organization's overall agility and resiliency maturity? (n=83)

Increasing cross-functional collaboration identified as top agility and resiliency priority in Germany & Austria



Q. Rank the top three priorities most critical for increasing agility and resiliency to meet rapidly changing market conditions and potential disruptions (n=83)

Payment systems prioritized by Germany & Austria retail executives



Other answers in order of frequency:

- Buy Now, Pay Later (BNPL) solutions
- Biometric payments (e.g., facial recognition, fingerprint)
- Central Bank Digital Currencies (CBDCs)
- Cryptocurrency payments (e.g., Bitcoin, Ethereum)
- Blockchain-based payment solutions

Which new or emerging payment systems are your organizations currently using, exploring or planning to adopt? (n=83)

Our recommendations for retailers in Germany & Austria

What to do	How to do it
Align the AI roadmap with mission-critical objectives and volatility-critical capabilities	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.
Make loyalty and first-party data the “brain” of perceptive retail, not just discounts	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.
Invest deliberately in agility and quality as resilience levers	Prioritize operational flexibility and product excellence to withstand disruptions, enabling rapid adaptation to market shifts while maintaining standards that reinforce trust and brand reputation.
Treat the workforce and data strategy as foundational	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.
Use payments innovation as a customer-experience differentiator and loyalty enabler	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

