Perceptive Retail

Electronics retailers' AI agenda

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Electronics retailers prioritize profit, personalization, and prediction

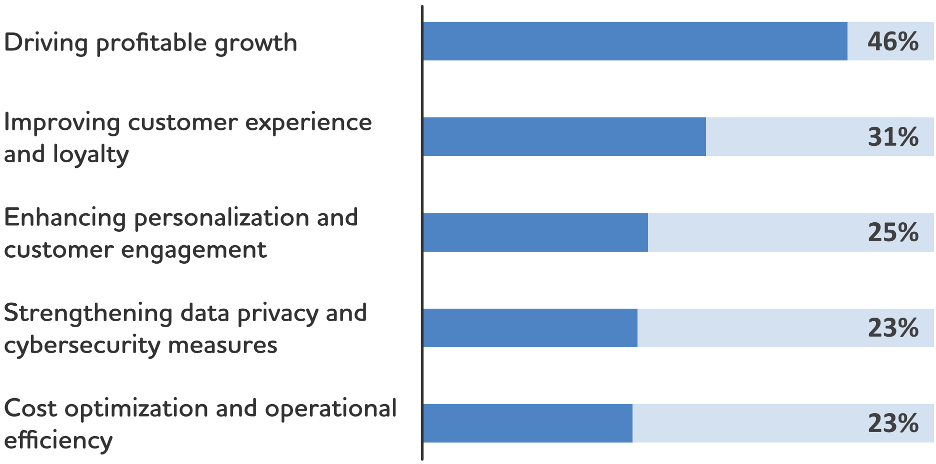
Electronics retail executives' top "mission-critical" priorities center on profitable growth, followed by customer experience and loyalty, personalization, cybersecurity, and cost optimization. Together, these priorities show a subsector that is balancing revenue and margin goals with customer expectations and rising operational and risk pressures.

AI as a P&L engine. Artificial intelligence is no longer positioned as an experiment; it is being applied as a direct profit-and-loss lever. Executives most often prioritize use cases that improve pricing, forecast demand and inventory, reduce fraud, and optimize supply chains — areas with clear and measurable financial impact.

Personalization plus loyalty, with ROI strain. Personalization is shifting toward conversational experiences and more intensive use of first-party data, particularly through loyalty programs. At the same time, leaders acknowledge that loyalty economics are tightening, as rising reward expectations and questions about program return on investment put pressure on margins.

Resilience maturity and the Pacesetter edge. Most organizations describe their resilience and agility capabilities as still developing rather than advanced. However, Pacesetters — executives at the most financially successful companies in the sample — are more likely to emphasize predictive capabilities, using artificial intelligence and analytics to anticipate disruption instead of relying primarily on procedural contingency planning.

Top mission-critical objectives

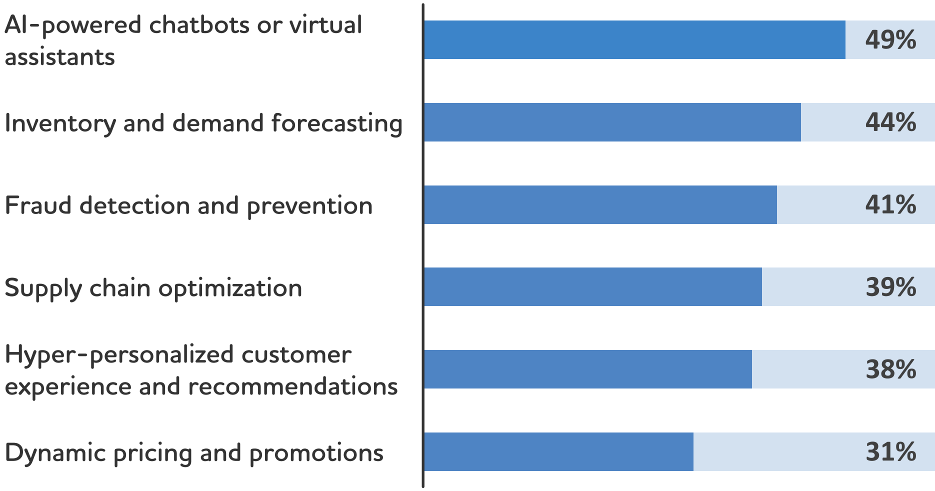


Out of this list, which are your top 3 mission-critical organizational objectives for the next 12-18 months? n=175 (Less frequent answers not shown.)

Of the 817 global retail executives surveyed for this study, 175 worked for electronics retailers. Some questions were asked only of respondents who selected specific priorities or challenges; base numbers are shown for each chart.

AI priorities are commercial and operational

Top AI initiatives



What are the top AI-led initiatives currently being prioritized within your organization? n=175 (Less frequent answers not shown)

Most critical for success

As market conditions become increasingly volatile which of these capabilities are most critical for your organization's success? n=175 (Lower ranked answers not shown)

Electronics retailers are prioritizing artificial intelligence initiatives that deliver near-term commercial impact and operational gains. The most common focus areas combine customer-facing automation with core execution improvements, including virtual assistants, demand and inventory forecasting, fraud detection, supply chain optimization, personalization, and dynamic pricing. Taken together, these choices show that leaders are concentrating investment where it can improve margin performance, reduce operational friction, and speed decision-making.

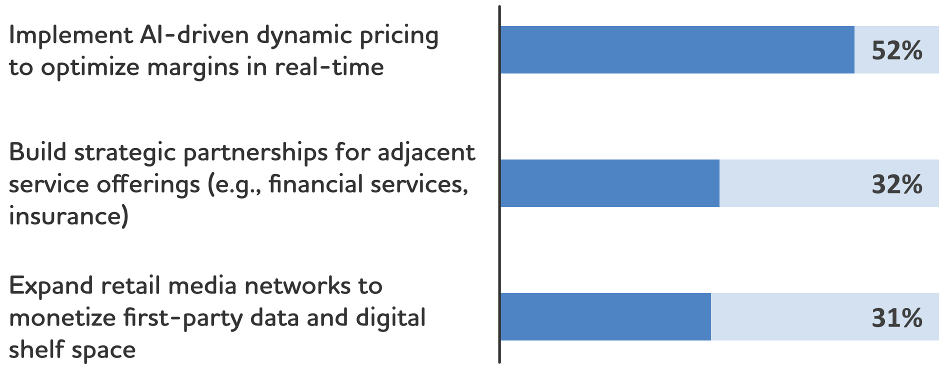
The capability priorities reinforce that pattern. Executives most often emphasize cost reduction through process optimization, real-time sensing of market and competitive shifts, and adaptive, artificial intelligence–driven decision-making. In other words, the goal is not just better analytics, but a faster operating model powered by data and automation.

The margin playbook = forecasting + dynamic pricing

Electronics retailers that prioritize profitable growth are leaning heavily on artificial intelligence to improve pricing and commercial execution. Dynamic pricing stands out as the most common growth lever — signaling a shift toward faster, more data-driven price and promotion decisions that can protect margin while staying competitive in volatile categories.

The Pacesetter versus Follower comparison sharpens the story. Among companies prioritizing profitable growth, electronics Pacesetters are substantially more likely to use artificial intelligence-driven dynamic pricing than Followers (61% vs. 32%), indicating stronger discipline in turning demand signals into pricing actions. The larger group of all electronics Pacesetters also over-index on inventory and demand forecasting as a top AI initiative compared to Followers (54% vs. 35%), which strengthens the “sense-to-act” loop: anticipate demand, allocate inventory, and adjust pricing with greater speed and confidence. Together, these capabilities point to a scalable margin strategy that combines prediction with rapid execution.

How to drive profitable growth



Select up to 3 ways you plan to drive profitable growth. n=81 (Less frequent answers not shown.)

Pacesetters vs. Followers

To better understand how financially adept companies also handle strategic issues related to AI, technology and transformation, the top performing group of companies in each subsector were categorized as “Pacesetters” based on a combination of their revenue growth and profit growth over a three-year period. The lowest performing were categorized as “Followers.” Pacesetters made up 71 of the 175 electronics companies surveyed; the 46 lowest performing electronics companies were labeled Followers.

Conversational personalization + early GenAI signals

Electronics retailers are pushing personalization beyond targeted offers toward more interactive, real-time experiences. The most common approaches emphasize conversational commerce and shopping assistance, alongside more automated, data-driven marketing and recommendations. In practice, this means using customer signals to tailor experiences across channels, respond in the moment, and reduce friction throughout the buying journey.

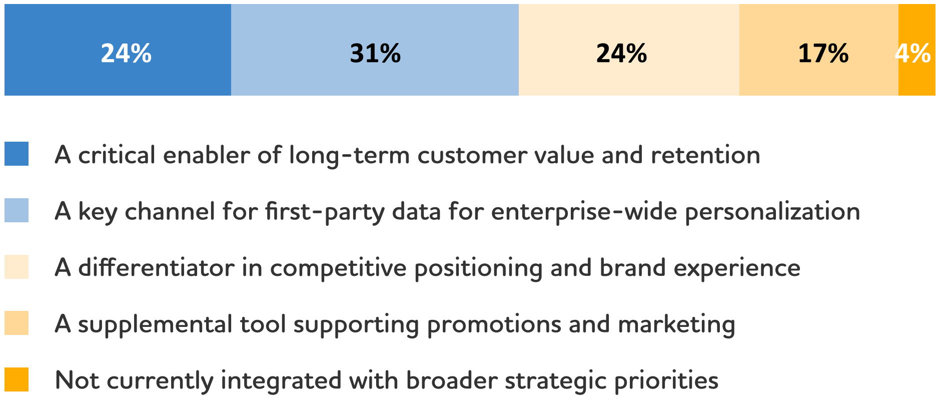
Delivering that kind of personalization requires richer customer data and stronger activation capabilities across channels and functions. Among the small group of electronics respondents who prioritized personalization (25%), Pacesetters were more likely than Followers to cite generative artificial intelligence–enabled marketing — suggesting earlier experimentation with generative AI at the commercial edge. (A directional signal only, due to the smaller base.)

Plans to enhance personalization and customer engagement

Select up to 3 ways you plan to enhance personalization and customer engagement. n=43 (Less frequent answers not shown.)

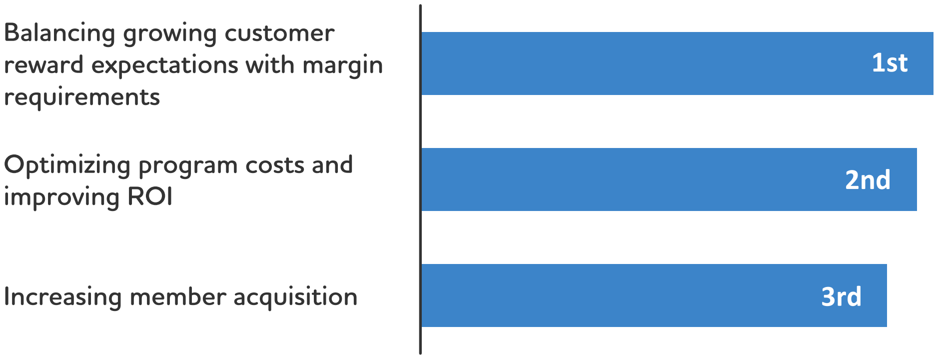
Loyalty as first-party data engine, under ROI pressure

How strategic are loyalty programs?



How are your loyalty initiatives positioned in your overall growth and customer strategy? n=152

Top loyalty program challenges



Rank the top three challenges your company faces with its customer loyalty programs. n=152
(Lower ranked answers not shown.)

Electronics retailers increasingly view loyalty programs as more than a points-and-perks mechanism. In this study, executives most often describe loyalty as a channel for first-party customer data and use it to power enterprise-wide personalization, targeting, and experience improvements. When used well, loyalty becomes a scalable feedback loop: it helps retailers understand what customers value, tailor interactions across channels, and measure which engagement actions drive incremental revenue.

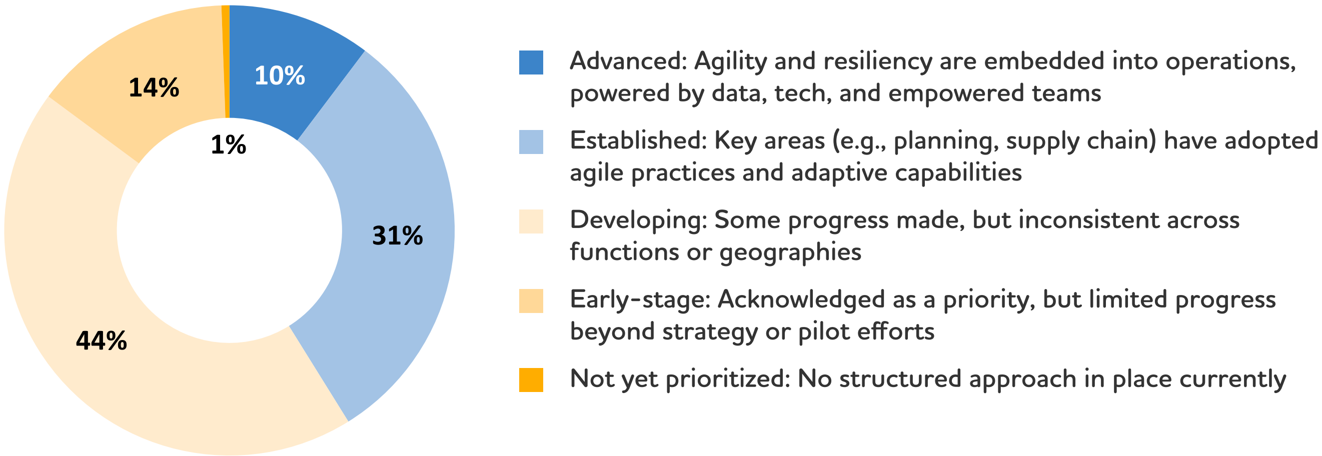
At the same time, loyalty economics are tightening. Executives' top challenges center on balancing rising reward expectations with margin requirements and on optimizing program costs to improve return on investment — followed closely by the need to increase member acquisition. Differentiating program benefits from competitors ranks just behind these top concerns, suggesting that many organizations are still working to get the fundamentals of loyalty economics and growth working in tandem before pushing harder on differentiation.

Resilience maturity is “developing,” but some capabilities are already strong

Resilience and agility are clearly on the agenda, but maturity remains uneven. Most electronics retail executives place their organizations in the developing stage rather than advanced, indicating progress in strengthening disruption response capabilities — such as contingency planning, faster decision-making, and the ability to adapt operations when market conditions or supply constraints change.

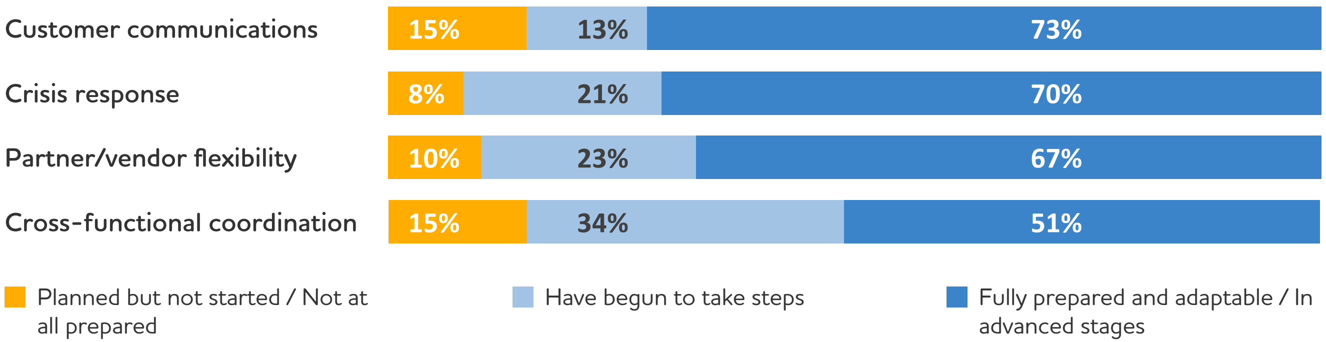
At the same time, executives express the strongest confidence in outward-facing execution — particularly the ability to communicate effectively with customers and respond quickly during disruptions. The relative weak spot is internal: cross-functional coordination is less often rated as fully prepared. This gap matters because disruption response increasingly depends on synchronized decisions across merchandising, supply chain, stores, digital channels, and customer service. In practical terms, stronger coordination enables faster trade-offs, clearer ownership, and quicker action when conditions change.

Overall agility and resiliency maturity



How would you rate your organization's overall agility and resiliency maturity? n=175

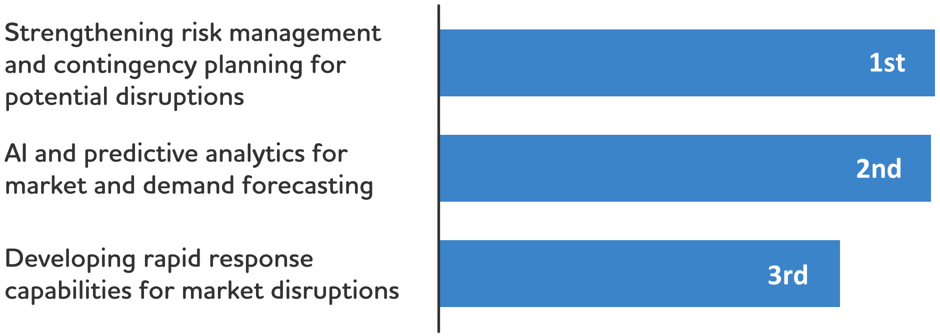
Resiliency/agility development



How well is your company positioned for agility/resiliency in these areas? n=175 ("Don't know" not shown.)

Predictive resilience is the differentiator

Top resiliency priorities



Rank the top three priorities most critical for increasing agility and resiliency to meet rapidly changing market conditions and potential disruptions. n=175 (Lower ranked priorities not shown.)

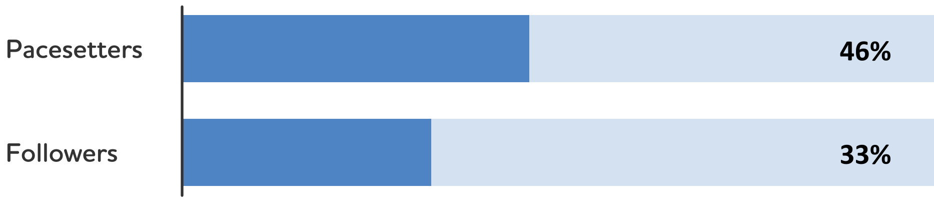
When electronics retailers rank their top resilience priorities, the emphasis shifts from simply recovering quickly to anticipating disruption and acting earlier. Alongside core risk management and response capabilities, executives place high importance on using artificial intelligence and predictive analytics to sense demand shifts, identify emerging issues, and guide faster decisions.

The Pacesetter versus Follower comparison highlights a meaningful difference in posture. Pacesetters are more likely than Followers to prioritize artificial intelligence and predictive analytics as part of their resilience agenda (46% vs. 33%), placing it as their top priority. Followers, by contrast, put greater weight on traditional risk management and contingency planning (54% vs. 34% for Pacesetters). In effect, industry leaders are moving resilience upstream — using data and prediction to prevent or blunt disruption — while others remain more focused on preparedness and response after conditions deteriorate.

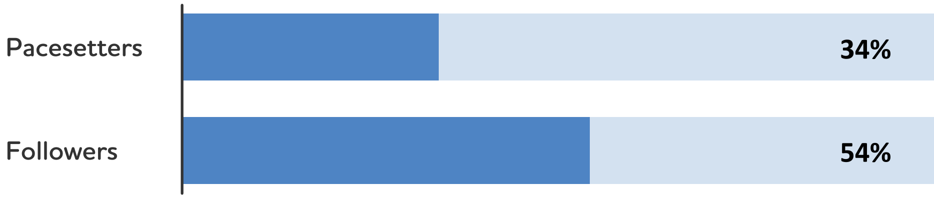
Top priorities to increase agility and resiliency

% ranking this among their top three priorities

Priority: AI and predictive analytics for market and demand forecasting



Priority: Strengthening risk management and contingency planning for potential disruptions



Pacesetters n=71; Followers n=46

2026 headwinds: costs, security, skills

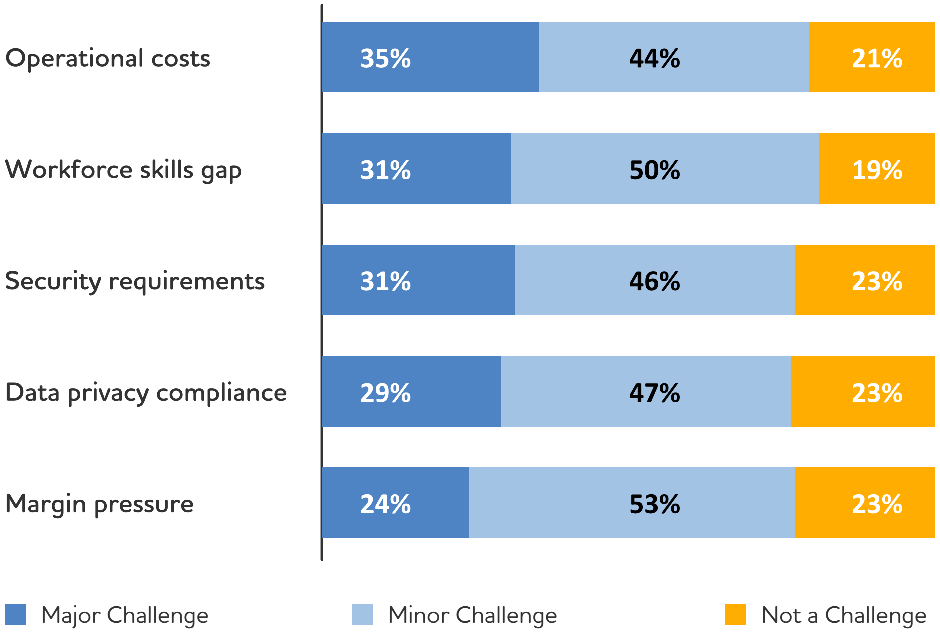
Looking ahead, electronics retailers expect the greatest barriers to success in 2026 to come from operational pressure rather than lack of ambition. Rising operating costs and margin pressure top the list, alongside workforce skills gaps, tighter security requirements, and growing data privacy compliance demands. Together, these constraints shape how quickly retailers can scale artificial intelligence initiatives from pilots into day-to-day operations.

The pattern suggests a challenging combination: retailers are being asked to modernize while also managing tighter economics and risk. Cost and margin pressures can limit discretionary investment, even as security and privacy requirements raise the bar for deploying new data-driven capabilities. Meanwhile, skills gaps make it harder to operationalize advanced analytics and artificial intelligence at scale, slowing adoption and increasing reliance on a small pool of specialized talent.

These obstacles also imply that the path forward is as much about enabling capabilities as it is about selecting the right use cases. Organizations will need to strengthen the fundamentals — financial discipline, talent development, and security-by-design — so that artificial intelligence initiatives can be scaled responsibly and sustained over time. The plans reported by executives point to practical levers for doing that, including price and margin analytics, process automation, workforce development, and stronger security and privacy foundations.

Executives' plans for addressing these constraints reinforce the same story: the most common actions focus on strengthening fundamentals that enable scale. To manage operational costs and margin pressure, many point to price optimization using data analytics — an approach that can also benefit from artificial intelligence to sense demand

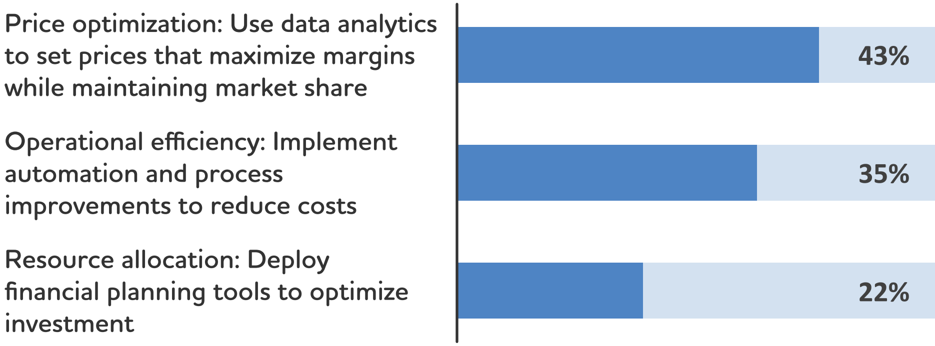
Expected obstacles



What do you anticipate your biggest obstacles will be for your organization's success in 2026? n=175 (Less severe obstacles not shown.)

changes and improve pricing decisions while protecting market share. At the same time, retailers plan to invest in workforce development through training programs and skills assessments, building the capabilities needed to deploy and govern advanced analytics. Finally, security and privacy plans emphasize investments in security infrastructure, alongside compliance automation and stronger privacy frameworks — foundations that reduce risk and speed responsible adoption.

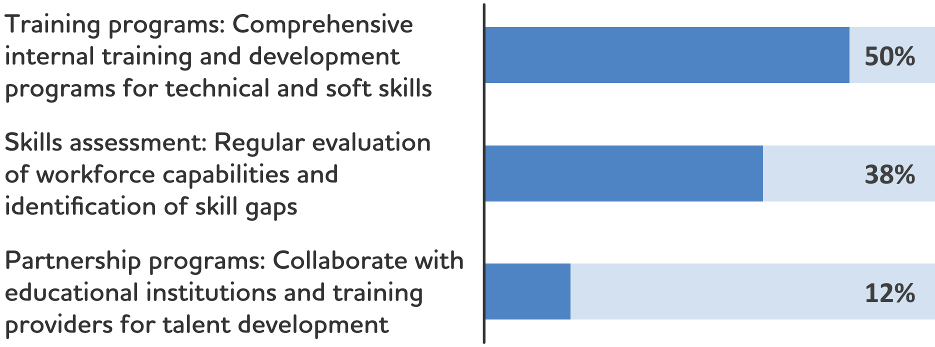
Plans for addressing financial management challenges



What is your strategy for overcoming the potential challenges of operational costs or margin pressure? n=82

Retailers are turning first to analytics-led price optimization — an area where artificial intelligence can further improve speed, precision, and margin discipline.

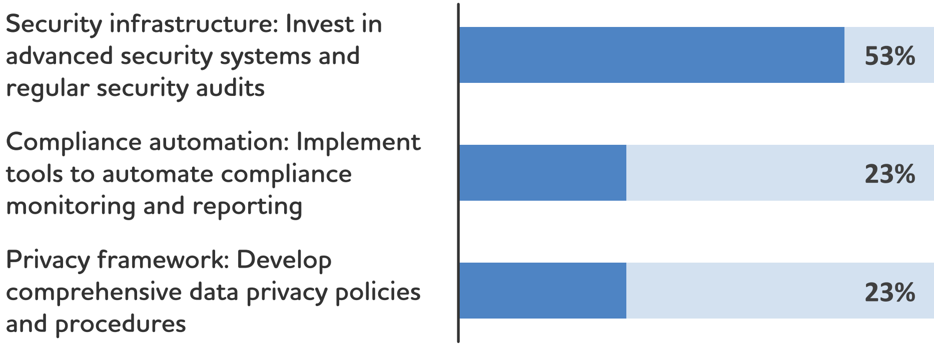
Plans for addressing skills gaps



What is your strategy for overcoming the potential challenges of workforce skills gaps or employee development? n=76

The dominant approach to address skills gaps is to build capabilities from within — training and assessing the workforce — rather than relying primarily on external partnerships.

Plans for addressing data security and privacy challenges



What is your strategy for overcoming the potential challenges of Data security and privacy? n=86

For security and privacy, security-by-design is the baseline: most plan to strengthen infrastructure first, then extend protection through compliance automation and formal privacy governance.

Action agenda for electronics retailers

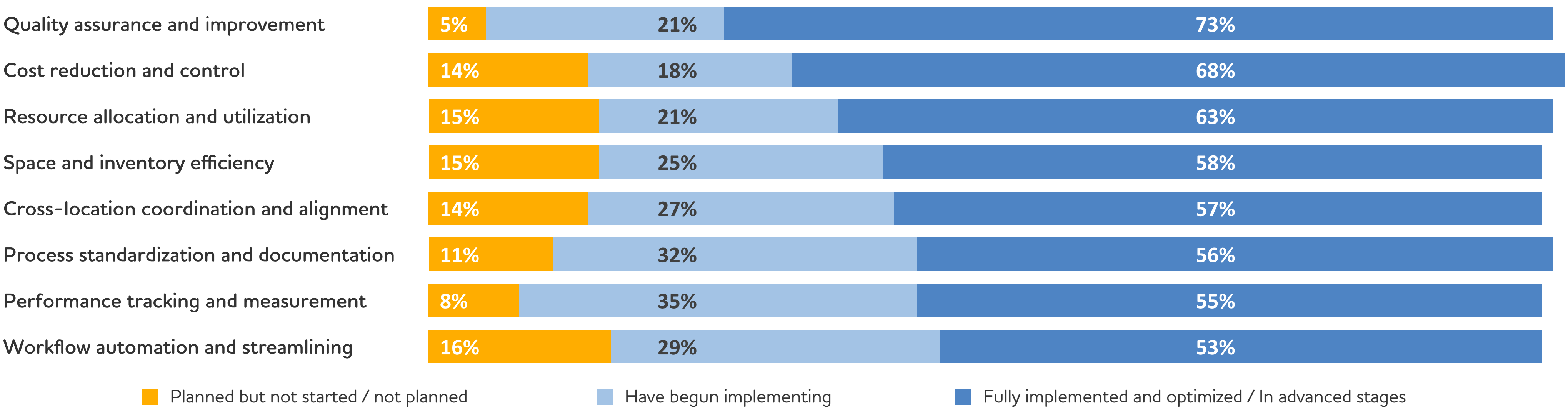
The study's findings for this subsector suggest a clear direction: electronics retailers are investing in artificial intelligence where it can improve margin, speed decisions, and strengthen resilience. At the same time, many organizations have already made meaningful progress in operational optimization — particularly in quality assurance, cost control, and resource allocation. The next opportunity is to connect that operating backbone to artificial intelligence–enabled sensing and faster cross-functional execution.

Three actions stand out. First, strengthen the "sense-to-act" loop by linking demand and inventory signals to resource allocation and pricing governance, enabling faster adjustments as conditions change.

Second, treat loyalty and personalization as an enterprise capability by applying quality discipline and cost-control rigor to first-party data activation across channels, so experience improvements scale without eroding return on investment.

Third, shift resilience upstream by combining predictive analytics with clearer cross-functional ownership and a decision cadence that can reallocate resources and adapt operations quickly. Retailers that align artificial intelligence initiatives with these optimization capabilities will be better positioned to scale responsibly and sustain performance gains over time.

Progress on operational optimization



To what extent has your company implemented each of these strategies to optimize operations and reduce costs while maintaining or improving the effectiveness of merchandising, supply chain, marketing, and technology functions? n=175 (Not shown: "Don't know")

About the study

The TCS Global Retail Outlook is designed to provide insights into how retail leaders can leverage generative and agentic AI technologies to enhance customer experiences, drive revenue growth, address disruption, and anticipate market changes by enabling more adaptive operations.

The study was conducted in late 2025 and surveyed more than 800 senior retail executives across 18 countries and five key retail subsectors. Some data presented may not add up to one hundred percent due to rounding or ranking factors.

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