

# Perceptive Retail

Grocers, convenience stores, and pharmacies look for an AI advantage



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# Grocers are applying AI to the fundamentals of profitable growth

**For grocery, convenience store, and pharmacy retailers, the most important AI and intelligent technology priorities are closely tied to operational performance: improving demand visibility, strengthening supply chains, supporting frontline execution, and using loyalty data more effectively.**

For grocery, convenience store, and pharmacy chain retailers—which we will also refer to simply as “grocers”—AI is emerging less as a stand-alone innovation story and more as a practical business tool. The survey findings show a subsector using AI and intelligent technologies to improve profitable growth, strengthen supply chain agility and resiliency, sharpen pricing and promotion decisions, and operate more efficiently under continued labor and omnichannel pressure. Across the data, the pattern is clear: these organizations are looking for technologies that can help them make better decisions, respond faster to change, and improve execution across high-frequency retail operations.



## Retailers are prioritizing AI use cases that support day-to-day operations

When grocery-sector executives were asked which AI and intelligent technology initiatives their organizations are currently prioritizing, the top responses were AI-powered chatbots or virtual assistants (52%), inventory and demand forecasting (46%), fraud detection and prevention (46%), supply chain optimization (44%), and workforce planning and scheduling (43%).



## Profitable growth leads the business agenda, but resilience is close behind

Asked to identify their organizations’ most mission-critical business objectives for the next 12 to 18 months, 44% selected driving profitable growth. The next most-cited objective was building supply chain agility and resiliency (30%), followed by cost optimization and operational efficiency (26%) and improving customer experience and loyalty (26%).



## Loyalty data is shaping more than customer retention efforts

Among grocery-sector respondents, 52% said loyalty-program data and insights most influence pricing and promotions, 48% cited marketing effectiveness and return on investment tracking, and 41% cited customer segmentation and lifecycle management. These findings suggest that loyalty programs are increasingly being used as a broader source of commercial intelligence.

## Pacesetters show stronger agility and resiliency maturity

Among grocery-sector Pacesetters, 61% rate their organizations as advanced or established in agility and resiliency maturity, versus 36% of Followers.

## Pacesetters vs. Followers

“Pacesetters” are the financially strongest companies in this subsector, based on a combination of revenue growth and profit growth over a three-year period. In groceries, convenience stores, and pharmacies, Pacesetters account for 90 of the 160 companies surveyed; their counterparts, “Followers,” account for 50.

# Grocers are prioritizing AI where it can improve daily operations

For grocery, convenience store, and pharmacy retailers, the current AI agenda is grounded in the practical demands of running high-frequency operations. The top priorities are not the most speculative uses of the technology, but the ones most likely to improve service, reduce friction, strengthen forecasting, and support faster decisions across the business. That pattern suggests a subsector focused on applying AI where it can deliver near-term operational value, especially in customer interactions, inventory and demand planning, fraud prevention, supply chain management, and labor deployment. In this sector, AI is emerging first as an execution tool: one that helps retailers run more efficiently while responding more quickly to changing customer and market conditions.



## Top AI-led initiatives currently being prioritized



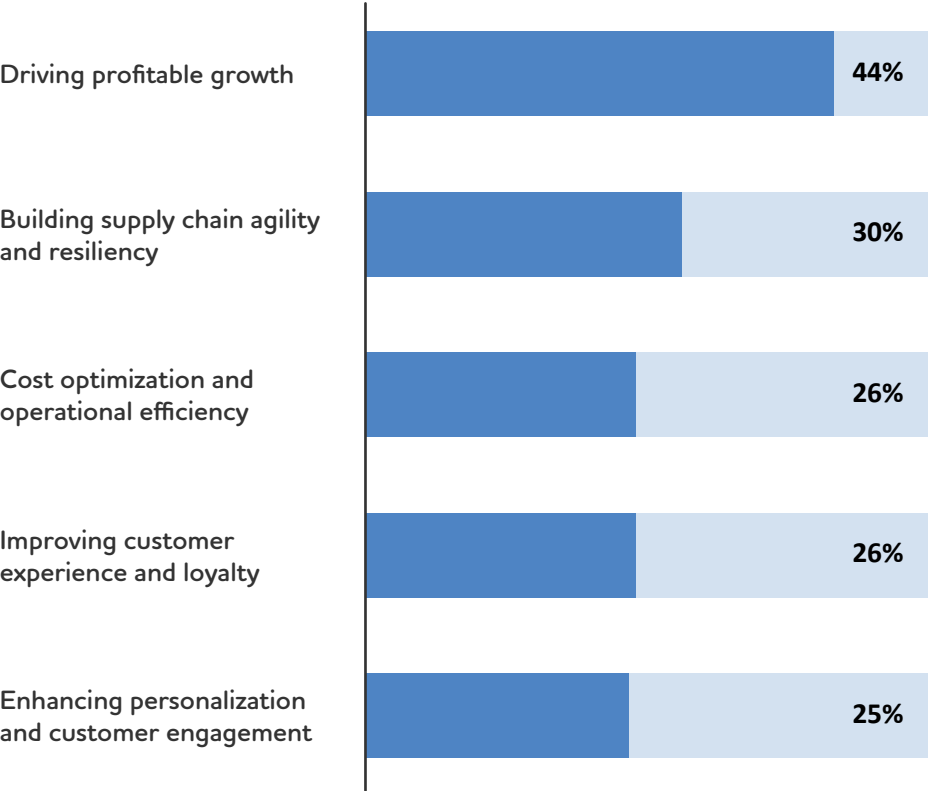
What are the top AI-led initiatives currently being prioritized within your organization? n=160 (Less frequent initiatives not shown)

# Growth leads the agenda, but not at the expense of resilience

The business agenda for grocers for the next 12 to 18 months is shaped by a dual imperative: grow profitably while becoming more resilient. Driving profitable growth is the top mission-critical objective, but supply chain agility and resiliency ranks next, showing how closely revenue performance is tied to operational stability in this subsector. Cost optimization, customer experience, and personalization also remain prominent, suggesting that grocery leaders are trying to protect margins while strengthening the value they deliver to customers. Taken together, the priorities point to a sector that is not pursuing growth through expansion alone, but through better execution, better decisions, and greater adaptability.

Grocery, pharmacy and convenience chain executives are more interested in driving profitable growth as a top objective (44%) compared to those in other retail subsectors (39%). Similarly, grocers also over-index on building supply chain agility and resiliency (30% vs. 25%). As a consequence, improving customer experience and loyalty is less of a priority than for other retail subsectors (26% vs. 32%).

## Most mission-critical business objectives for the next 12-18 months

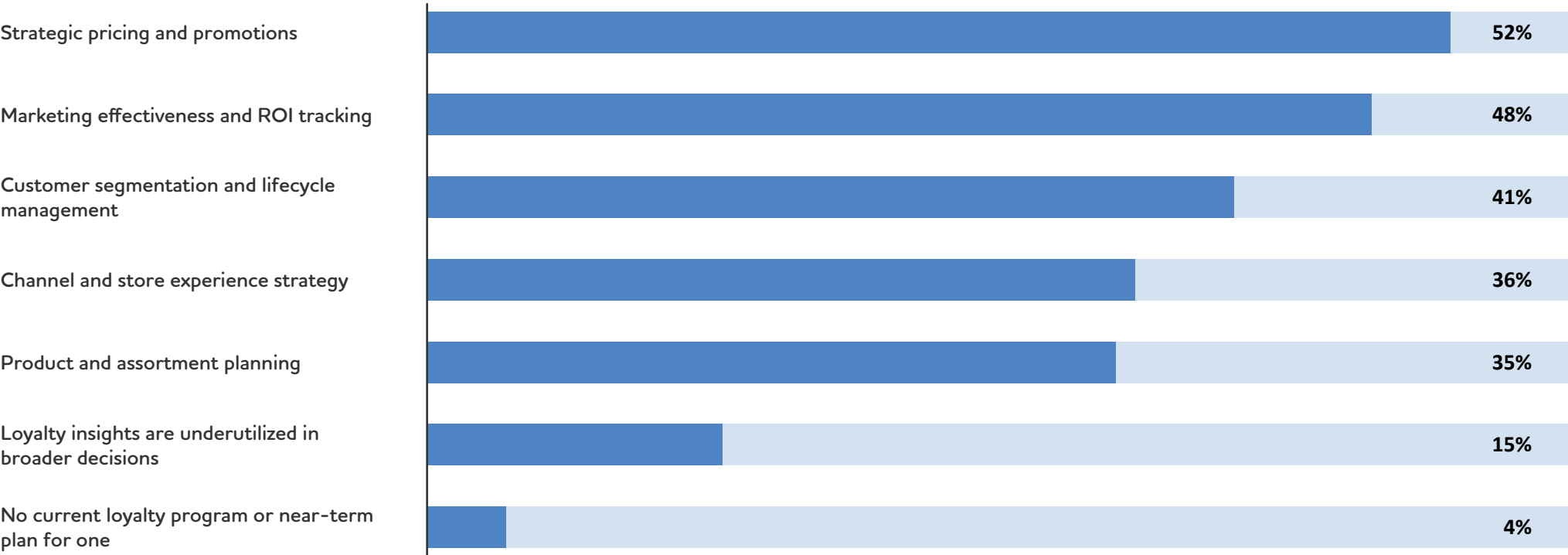


Out of this list, which are your top 3 mission-critical organizational objectives for the next 12-18 months? n=160 (Less frequent responses not shown.)

# Loyalty is shaping pricing, promotions, and commercial decisions

For grocers, loyalty programs are doing more than supporting retention efforts. The data suggests they are increasingly being used to inform core commercial decisions, especially around pricing and promotions, marketing effectiveness, and customer segmentation. That matters in a subsector where profitable growth depends on balancing value, margin, and relevance across frequent customer interactions. At the same time, the findings also show that some organizations still underuse loyalty insights across the business, and a small minority (4%, compared to 8% for other retail subsectors) do not yet have a current loyalty program or near-term plan for one. Even so, the broader direction is clear: in grocery, convenience store, and pharmacy retail, loyalty is becoming part of the operating model.

## Where loyalty-program data and insights have the most influence



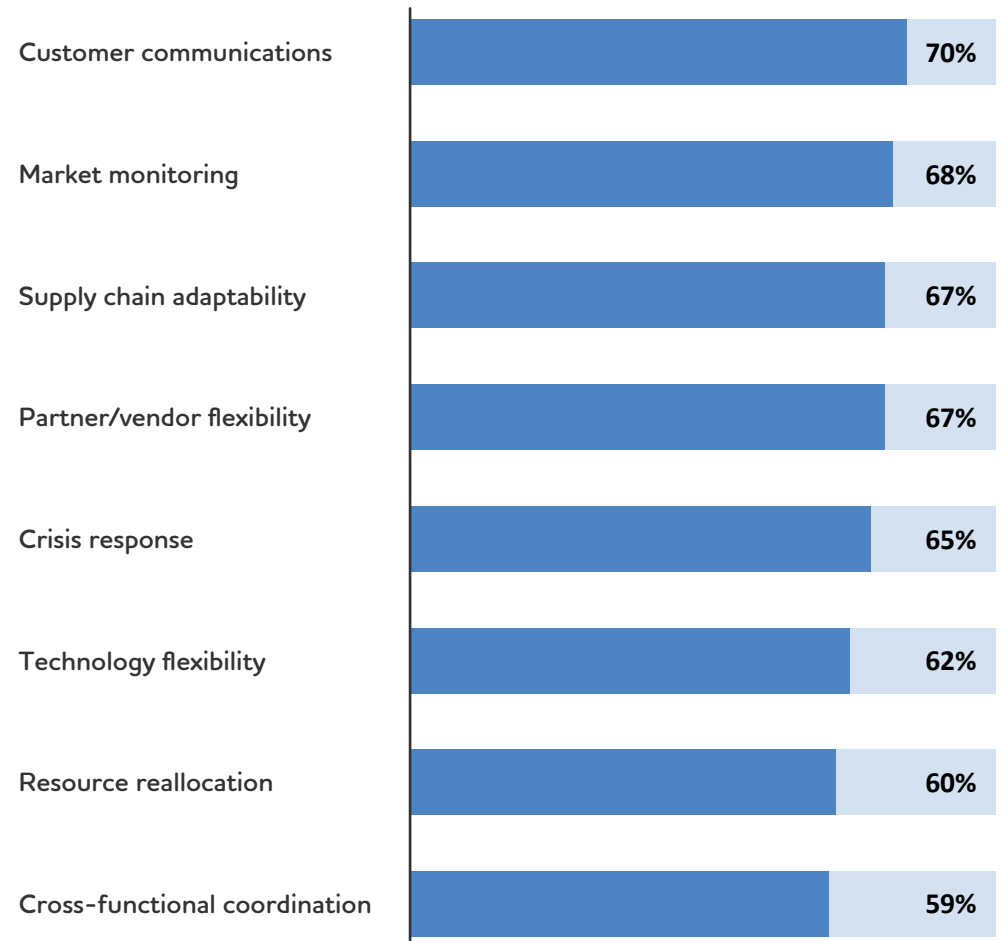
Which enterprise-level decisions are most influenced by insights from your loyalty program? n=160

# Agility and resiliency are moving from aspiration to capability

For grocers, resilience is no longer just about contingency planning. The strongest capabilities in this subsector are the ones that help organizations sense change earlier, communicate clearly, and respond more effectively across the business. Customer communications, market monitoring, supply chain adaptability, partner and vendor flexibility, and crisis response all rank relatively strongly, suggesting that many grocery retailers are moving beyond static risk planning toward more active forms of resilience. That matters in a sector where demand can shift quickly, supply conditions can tighten, and operational disruption can affect both margins and customer trust. The broader pattern is one of progress: agility and resiliency are becoming less of a stand-alone objective and more of an operating capability.



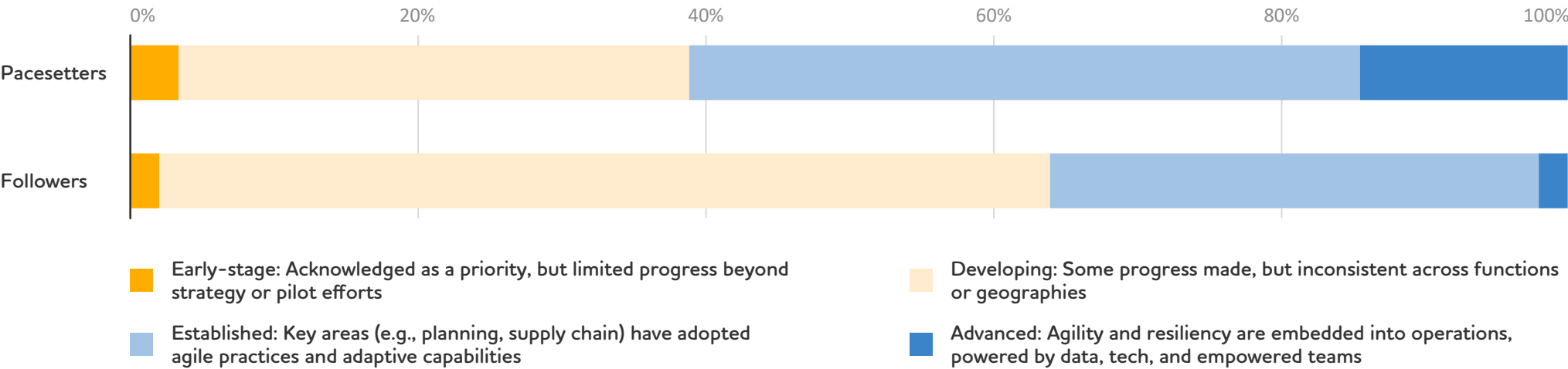
## Key agility and resiliency capabilities where grocers are either "fully prepared and adaptable" or "in advanced stages"



How well is your company positioned for agility/resiliency in these areas?  
n=160 (Other responses—"not at all prepared"; "planned but not started"; "have begun to take steps"—not shown.)

# Pacesetters are building more mature agility and resiliency capabilities

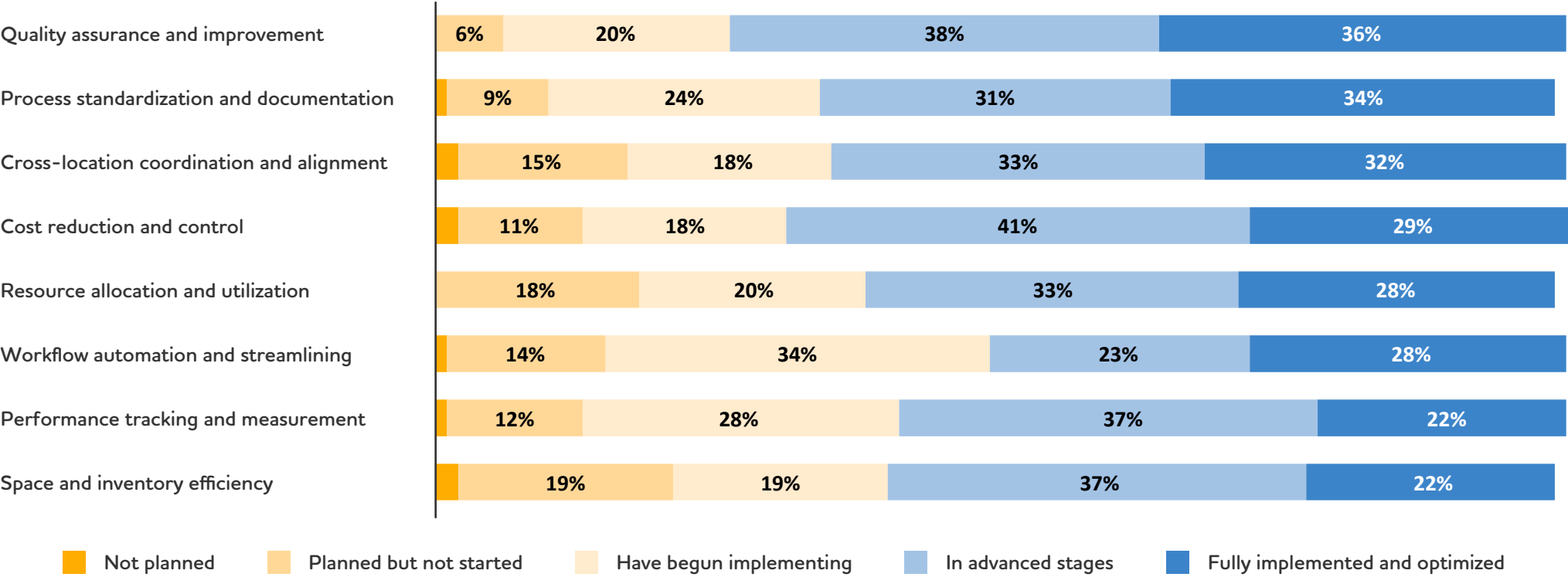
Among grocery, convenience store, and pharmacy companies, the biggest divide between Pacesetters and Followers is not just in performance outcomes, but in organizational maturity. Executives at Pacesetter companies are much more likely to describe their organizations' agility and resiliency capabilities as advanced or established, suggesting those companies are better prepared to sense disruption, adapt operations, and respond quickly when conditions change. Executives at Follower companies, by contrast, are more likely to place their organizations in the developing stage, indicating that many are still building the cross-functional capabilities needed to turn resilience into a repeatable operating strength. In a sector shaped by supply volatility, labor pressure, and shifting customer demand, that maturity gap can become a meaningful competitive advantage.



How would you rate your organization's overall agility and resiliency maturity? Pacesetters n=90; Followers n=50

# Grocers are standardizing first, then automating

Grocers are making the most progress on optimization strategies that support consistent execution across a complex, high-frequency operating environment. Quality assurance and improvement, process standardization and documentation, and cross-location coordination and alignment appear to be the most established, suggesting that many companies are focusing first on reducing variation across stores, functions, and everyday workflows. That makes sense in a subsector where small breakdowns in execution can quickly affect margins, inventory productivity, and customer trust. By contrast, workflow automation and streamlining appears less mature, which may indicate that many grocers are still strengthening core operating discipline before pushing further into deeper process redesign. In the near term, that pattern points to an industry still building the foundations for more advanced optimization, rather than leaping straight to end-state automation.



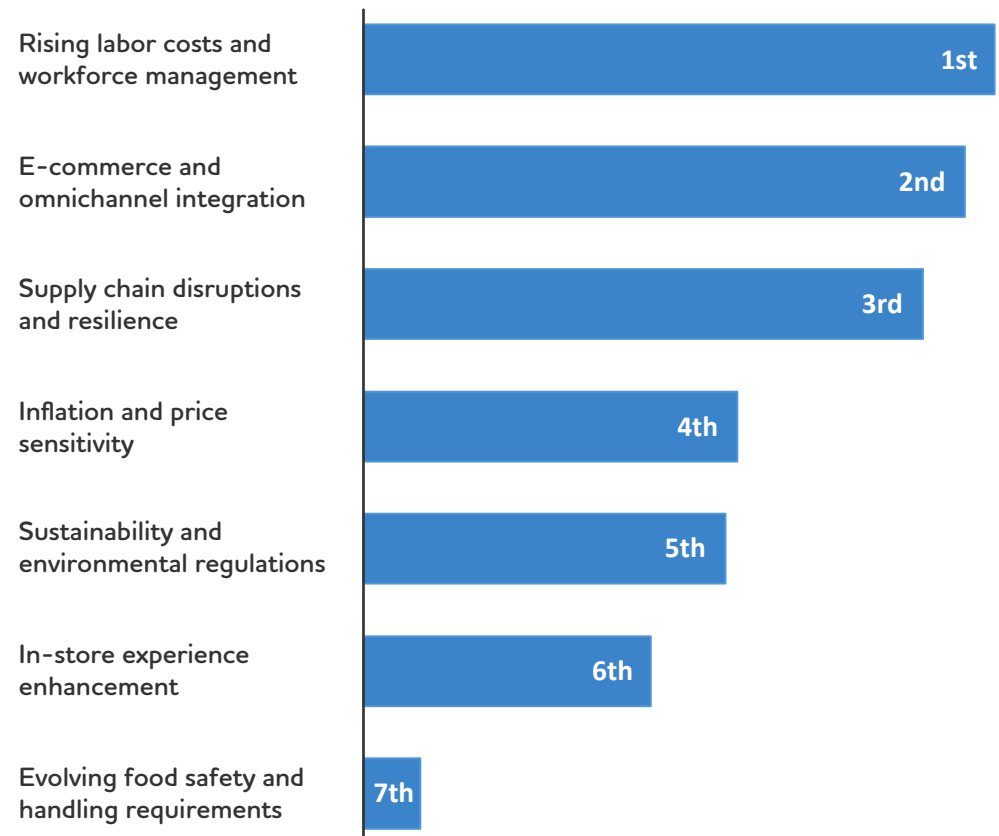
To what extent has your company implemented each of these strategies to optimize operations and reduce costs while maintaining or improving the effectiveness of merchandising, supply chain, marketing, and technology functions? n=160 (Don't know" not shown.)

# Labor, omnichannel, and supply chain pressure will shape the next phase

The grocery sector's biggest challenges for 2026 are concentrated in a few closely connected areas: rising labor costs and workforce management, e-commerce and omnichannel integration, and supply chain disruptions and resilience. Together, those pressures point to a subsector still managing the daily economics of execution while also adapting to changing customer expectations and channel complexity. Inflation and price sensitivity add another layer of difficulty, especially in a market where value perception can shift quickly. For grocers, the implication is that the next phase of competitiveness will depend not on solving one problem at a time, but on managing labor, fulfillment, supply continuity, and customer experience as parts of the same operating system.



## How grocers rank their biggest business challenges for the year ahead

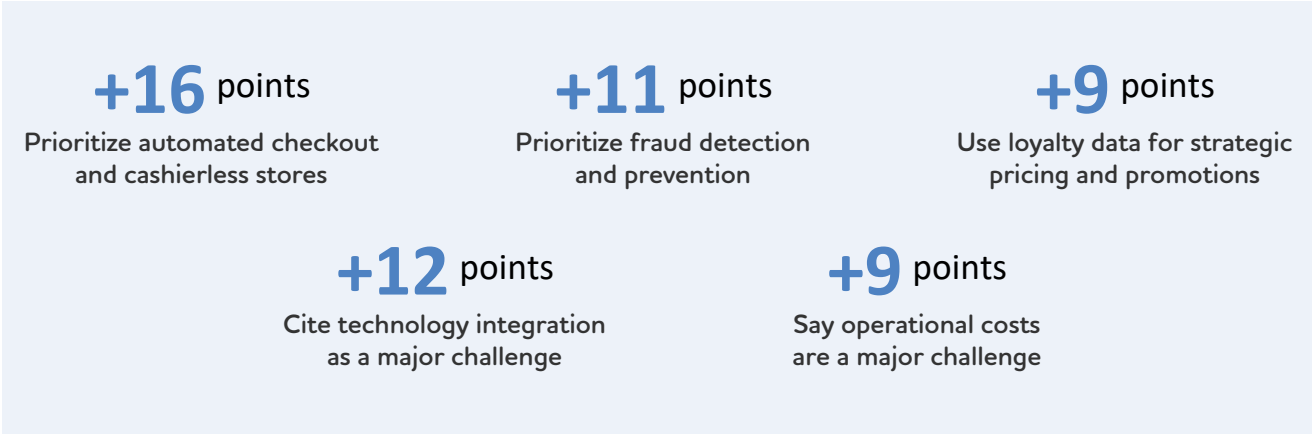


Rank the top 3 issues you anticipate will be your biggest challenges in 2026. n=160

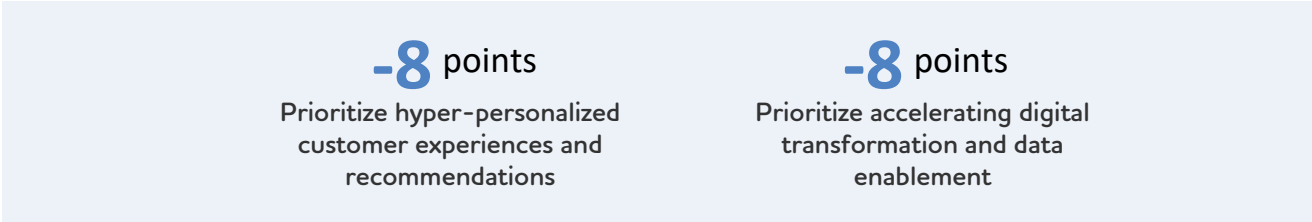
# Grocers stand out for execution-heavy priorities and pressures

Compared with other retail subsectors, grocers show a more operations-centered profile. They are more likely to prioritize fraud detection and prevention, automated checkout and cashierless stores, sustainability, and loyalty-driven pricing and promotions, and less likely to emphasize hyperpersonalized customer experiences or broader digital transformation agendas. They are also more likely to cite technology integration, digital customer experience, security requirements, and operational costs as major business challenges. Taken together, those differences reinforce the broader story of this report: grocery retail is shaped by the need to make high-frequency operations work smoothly, securely, and efficiently at scale. In this subsector, competitive advantage depends less on dramatic transformation narratives than on improving many tightly connected decisions across the operating model.

Compared to other retail subsectors, executives working for groceries, convenience stores, and pharmacies are **more likely** to...



Grocers are **less likely** to...



# Action agenda: three moves for grocers' next phase

The findings point to a practical next step for grocers: strengthen the operating core, use data more commercially, and connect labor, channel, and supply-chain decisions more tightly. The opportunity is not to launch more isolated initiatives, but to turn operational discipline into faster, smarter execution.

Strategy	Execution: standardize what must work every day	Commercial intelligence: use loyalty and AI to improve decisions	Resilience: manage labor, channels, and supply continuity as one system
<b>Tactics</b>	<ul style="list-style-type: none"> <li>Reduce variation across stores, functions, and workflows</li> <li>Strengthen quality assurance, process discipline, and cross-location coordination</li> <li>Build the operating foundation for more scalable automation</li> </ul>	<ul style="list-style-type: none"> <li>Apply loyalty data more directly to pricing and promotions</li> <li>Improve forecasting, fraud prevention, and workforce planning with AI</li> <li>Treat customer and commercial data as an operating asset, not just a marketing tool</li> </ul>	<ul style="list-style-type: none"> <li>Link workforce, fulfillment, inventory, and customer experience decisions</li> <li>Improve technology integration and cross-functional responsiveness</li> <li>Build more repeatable agility across the organization</li> </ul>
<b>Proof points</b>	<ul style="list-style-type: none"> <li>Quality assurance, process standardization, and cross-location coordination are the most established optimization strategies</li> <li>Workflow automation is less mature, suggesting many grocers are standardizing before automating</li> </ul>	<ul style="list-style-type: none"> <li>Top AI priorities include chatbots, forecasting, fraud prevention, supply chain optimization, and workforce planning</li> <li>Loyalty data most influences pricing/promotions, marketing ROI, and customer segmentation</li> </ul>	<ul style="list-style-type: none"> <li>Top 2026 challenges are labor, omnichannel integration, and supply-chain disruption</li> <li>Pacesetters are materially more mature in agility and resiliency</li> </ul>

## 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. Since 2009, the TCS Thought Leadership Institute has initiated conversations by and for executives to advance the purpose-driven enterprise. Led by Serge Perignon, the Thought Leadership Institute conducts primary research to deliver forward-looking and practical insights around key business issues to help organizations achieve long-term, sustainable growth. For more information, visit [tcs.com/insights/global-studies](https://tcs.com/insights/global-studies)

## About Tata Consultancy Services (TCS)

Tata Consultancy Services (BSE: 532540, NSE: TCS) is the technology partner of choice for industry-leading organizations worldwide. Since its inception in 1968, TCS has upheld the highest standards of innovation, engineering excellence and customer service.

It has set an aspiration to become the world's largest AI-led technology services company and is enabling its clients to transform themselves across the full AI stack, from infrastructure to intelligence.

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TCS generated consolidated revenues of over US \$30 billion in the fiscal year ended March 31, 2026.

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