Perceptive Retail

Quick-service restaurants build an AI advantage

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AI on the menu

In a business shaped by speed, margin pressure, and constant change, QSRs are applying AI to strengthen growth, improve customer experience, and run leaner operations.

For quick-service restaurants (QSRs), AI is becoming less a story of experimentation and more a tool for practical business performance. Leaders are using it to sharpen the customer offer and strengthen the operating model behind it, linking digital execution, cost control, and service speed more tightly to growth.

- AI investment is concentrated in high-impact operational and customer-facing use cases. Chatbots and virtual assistants, demand forecasting, supply chain optimization, dynamic pricing, and workforce planning lead the current agenda.
- Growth and efficiency are now tightly linked. Profitable growth and customer experience lead QSRs' near-term priorities, but cost optimization also sits in the top tier, showing how closely revenue ambition is tied to execution discipline.
- The pressure on QSRs is immediate and structural. Rising food costs and inflation top the subsector's 2026 challenge list, followed by digital and mobile ordering and labor shortages, reinforcing the need for faster, smarter, more adaptive operations.

51%

selected AI-powered chatbots and virtual assistants as a current priority

41%

cite profitable growth as a mission-critical objective

76%

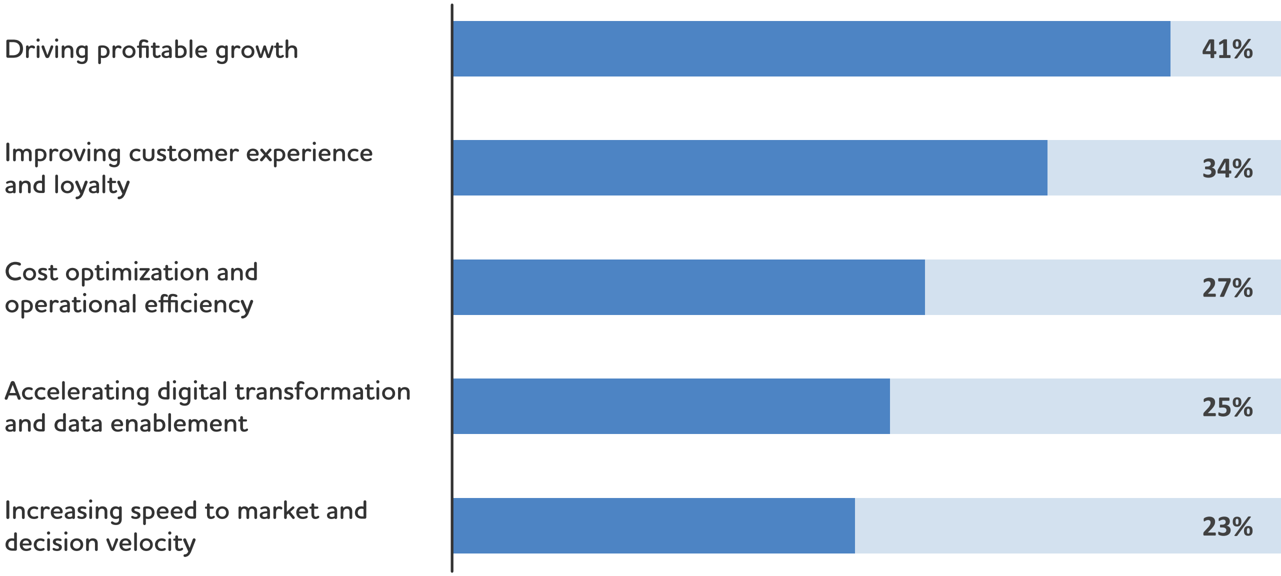
are using, exploring, or planning mobile wallets

Growth, with margins in mind

Profitable growth leads QSRs' mission-critical objectives for the next 12 to 18 months, but the rest of the top tier tells the fuller story. Customer experience and loyalty remain central, and cost optimization is also a leading priority. Together, those results suggest that QSRs are not separating revenue ambition from operational discipline. They are trying to grow in ways that also protect margins, improve service, and strengthen the business's ability to execute under pressure.

- Profitable growth leads as the top objective, but customer experience and loyalty are close behind.
- Cost optimization also ranks in the top tier, underscoring how tightly growth is linked to margin discipline.
- For QSRs, revenue ambition increasingly depends on better execution, not expansion alone.

Top mission-critical objectives



Out of this list, which are your top 3 mission-critical organizational objectives for the next 12-18 months? n=153 (Less frequent answers not shown.)

Top preferred tactics

Implement AI-driven dynamic pricing to optimize margins in real-time

Deploy AI shopping assistants that provide personalized recommendations and answer complex queries

Tied for top answer:

Reduce product complexity by eliminating low-performing SKUs

Deploy AI-powered labor scheduling to match staffing with traffic

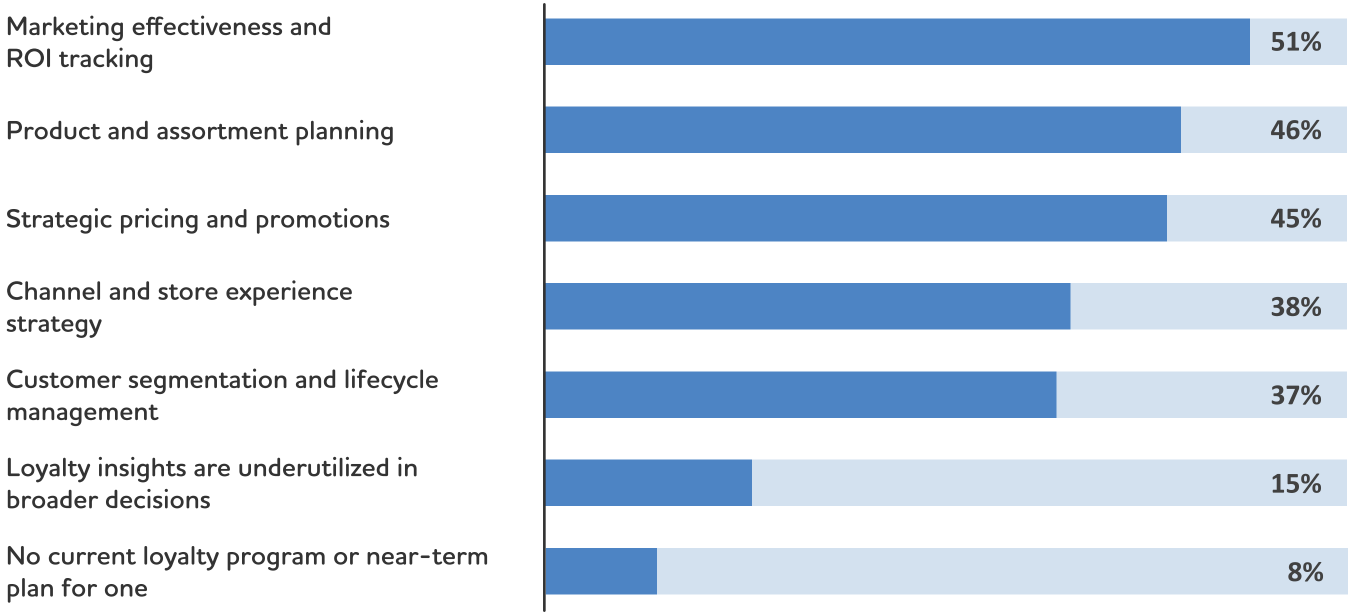
How are you planning to achieve these objectives? Select up to 3 ways you plan to achieve [the objective listed at left].
(Only asked of those who cited that objective; less frequent answers not shown.)

Loyalty, beyond promotions

Loyalty is becoming more than a promotional mechanism for quick-service restaurants. The decisions most influenced by loyalty insights tend to be highly practical ones, especially marketing effectiveness, pricing and promotions, assortment planning, and customer segmentation. But the broader pattern suggests something more important: loyalty is moving closer to the center of how QSRs think about customer value and growth. The opportunity now is to use loyalty data not just to drive offers, but to shape smarter decisions across the business.

- Loyalty insights are influencing enterprise decisions, not just campaign execution.
- Marketing, pricing, assortment, and segmentation are the clearest areas of impact.
- The next step is to turn loyalty into a broader decision engine for growth and customer value.

Enterprise decisions most influenced by loyalty program insights



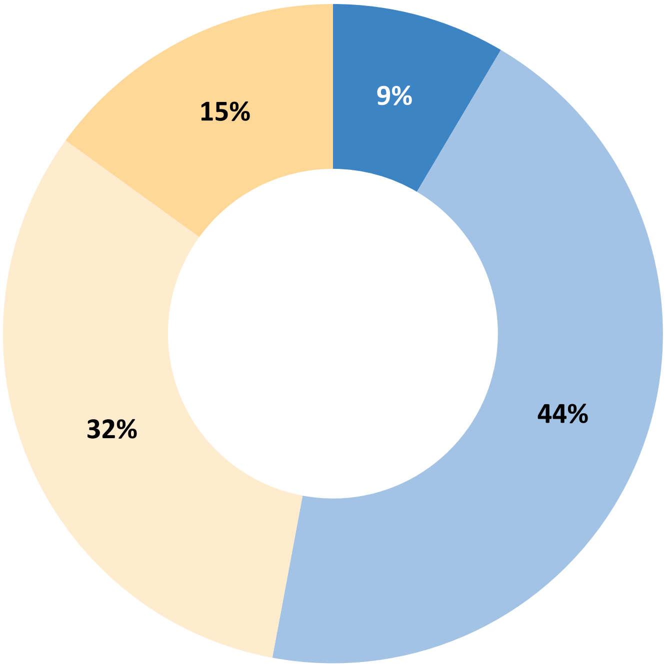
Which enterprise-level decisions are most influenced by insights from your loyalty program? n=153

QSR Pacesetters were much more likely than Followers (68% vs. 53%) to say loyalty initiatives are either critical enablers of long-term customer value and retention or key channels for enterprise-wide personalization.

Resilience takes shape

QSRs have made meaningful progress in agility and resiliency, but most are still in the middle stage of maturity rather than at a fully advanced level. The largest share of respondents describes their organizations as “established,” with another substantial group still “developing.” That suggests the subsector has moved beyond early experimentation and reactive crisis management, but has more work to do before agility is deeply embedded across the business. The next step is to turn isolated adaptive capabilities into a more coordinated, enterprise-wide operating model.

Self-ratings on agility & resiliency maturity



- 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

How would you rate your organization's overall agility and resiliency maturity? n=153

The top 3 priorities for achieving greater agility and resiliency among QSR executives are:

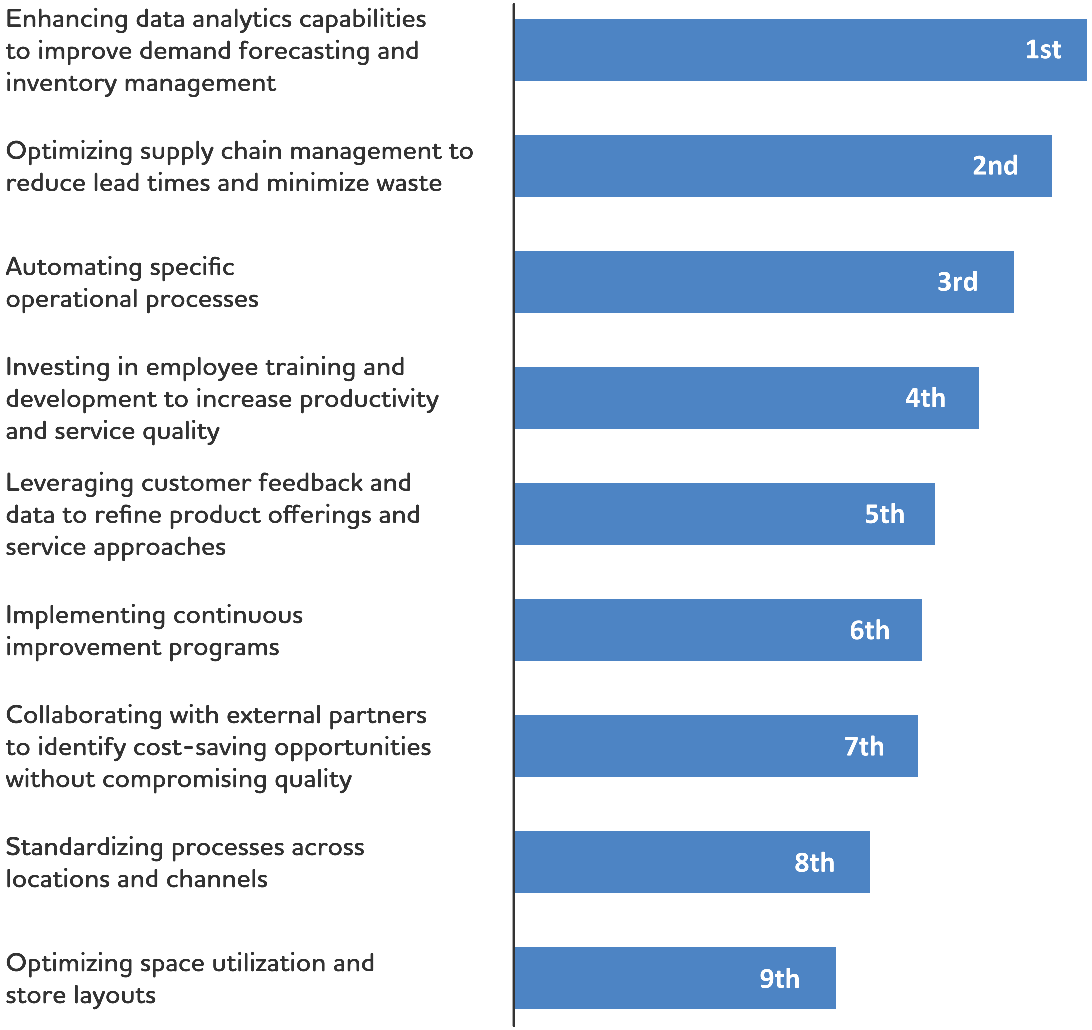
1. Increasing cross-functional collaboration to enable quicker decision-making and execution
2. AI and predictive analytics for market and demand forecasting
3. Diversifying product offerings or services to respond to shifting consumer behaviors

Rank the top three priorities most critical for increasing agility and resiliency to meet rapidly changing market conditions and potential disruptions. n=153

Smarter operations, not just leaner ones

QSR leaders are taking a broader view of optimization than simple cost cutting. Data analytics ranks first, followed by supply chain improvement and process automation, but workforce training and customer feedback also place in the upper tier. More traditional efficiency levers such as standardization and space utilization rank lower. Together, those choices suggest that QSRs are trying to make operations not just leaner, but smarter, more responsive, and better aligned to service quality.

Ranked approaches for improving efficiency and reducing costs



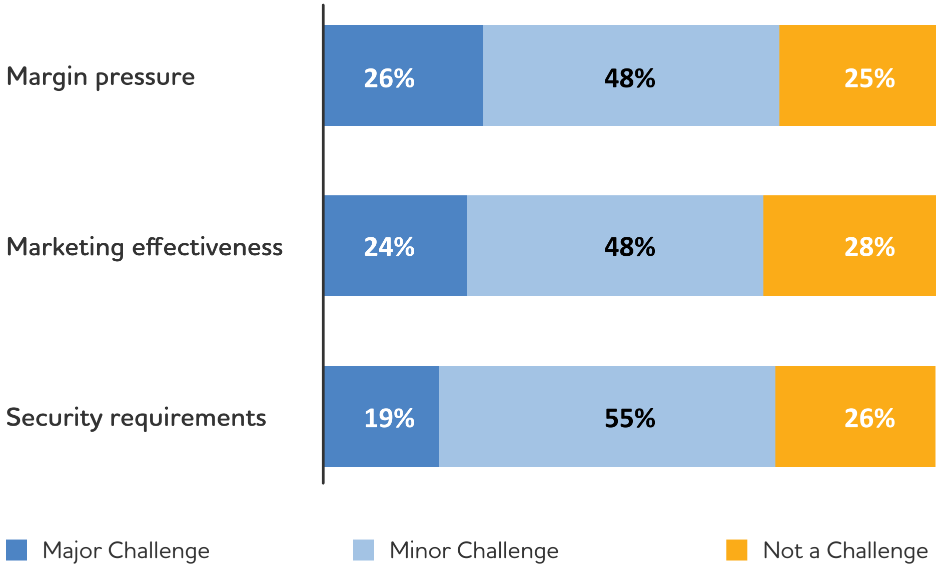
Rank the top three approaches most important for improving efficiency and reducing costs while maintaining (or enhancing) the quality of products and customer service. n=153

What could still get in the way

QSRs' expected obstacles for 2026 extend beyond simple cost concerns. Margin pressure leads the list, which is no surprise in a subsector facing inflation, labor strain, and intense value competition. But marketing effectiveness also emerges as a major concern, underscoring how difficult it is becoming to drive profitable demand, while security requirements reflect the growing risk exposure that comes with more digital operations. For QSR leaders, the challenge is not just to operate more efficiently, but to balance growth, resilience, and risk at once.

- Profitability remains under pressure.
- Demand generation is getting harder to optimize.
- Digital risk is rising with digital dependence.

Expected obstacles

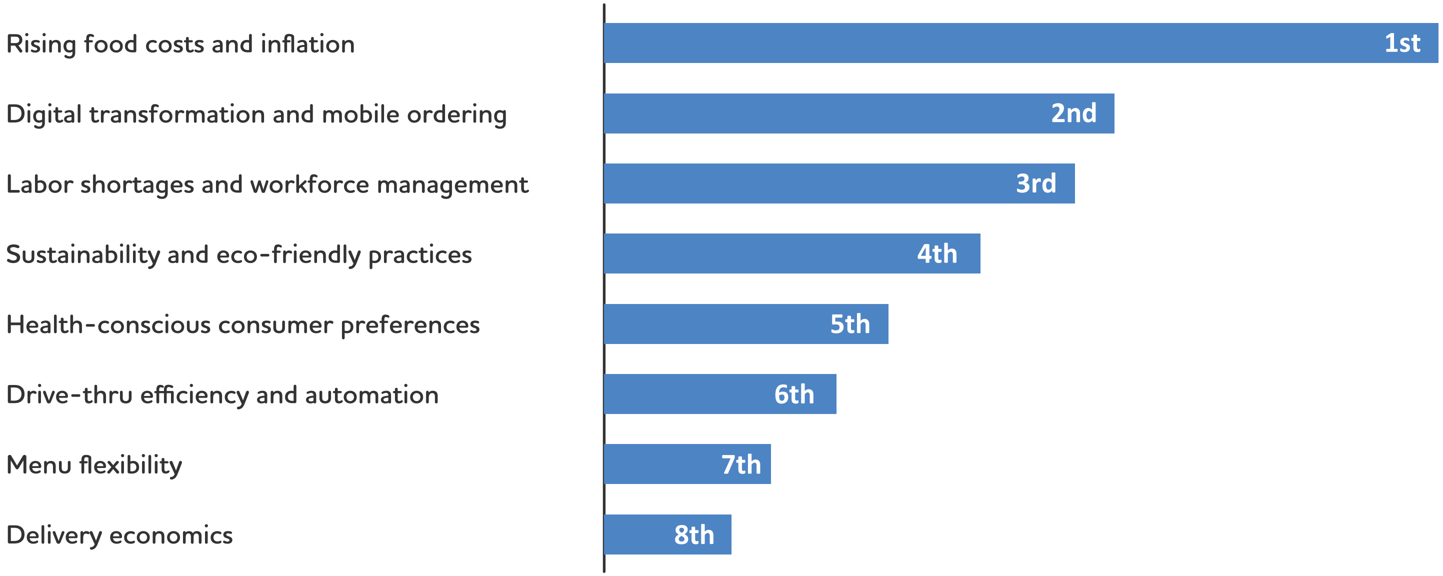


What do you anticipate your biggest obstacles will be for your organization's success in 2026?
n=153 (Less severe obstacles not shown.)

Inflation, digital convenience, and labor

Few subsectors have a challenge agenda for the next year as clearly defined as QSRs'. Rising food costs and inflation lead the list, followed by digital transformation and mobile ordering, then labor shortages and workforce management. That combination captures the operating reality of the business: protect margins, keep the customer experience frictionless, and maintain service quality in a labor-constrained environment. Other challenges matter too, but these three do the most to define the sector's near-term priorities.

Biggest challenges for QSRs



Rank the top 3 issues you anticipate will be your biggest challenges in 2026. n=153

For QSRs, the next stage of advantage will depend on balancing menu economics, digital convenience, and workforce productivity more effectively.

What QSR Pacesetters do differently

Higher-performing QSRs do not just invest in more initiatives; they connect the pieces more strategically. Across the survey, Pacesetters are more likely than Followers to treat loyalty as a business asset, use data to modernize the operating model, and pursue faster, more adaptive ways of responding to change. The pattern is less about isolated best practices than about integration, linking commercial, operational, and digital capabilities more tightly across the business.

Loyalty as a strategic asset

QSR Pacesetters were much more likely than Followers (68% vs. 53%) to say loyalty initiatives are either critical enablers of long-term customer value and retention or key channels for enterprise-wide personalization.

A more structural approach to growth

Among those prioritizing profitable growth, Pacesetters were far more likely than Followers to emphasize creating marketplace platforms to generate commission-based revenue streams (46% vs. 15%).

Data foundations for a smarter operating model

Among those focused on digital transformation and data enablement, Pacesetters were more likely than Followers to prioritize unified data platforms (50% vs. 40%) and multimodal AI for extracting insights from unstructured data (44% vs. 20%).

Faster, more adaptive execution

Pacesetters were much more likely than Followers to prioritize real-time competitive-intelligence monitoring with automated response triggers (48% vs. 13%) among efforts to increase speed to market and decision velocity. They also ranked digital transformation and mobile ordering above labor shortages in their list of the challenges they're facing, while Followers reversed that order.

Action agenda: three moves to turn pressure into performance

The findings point to a practical next step for QSR leaders: protect the operating core, make digital convenience and loyalty work harder, and respond faster to change. The opportunity is not to launch more isolated initiatives, but to connect menu economics, customer engagement, and workforce execution more tightly across the business.

Strategy	Execution: strengthen the operating core	Commercial intelligence: make loyalty and digital convenience more useful	Resilience: build faster response
Tactics	• Improve forecasting, supply chain discipline, and process automation together • Use training and workforce planning to raise productivity without sacrificing service quality • Apply tighter operational discipline to protect margins, not just cut costs	• Use loyalty data more directly to shape pricing, assortment, and customer segmentation • Treat mobile ordering, digital experience, and personalization as one system • Apply AI where it can improve conversion, convenience, and repeat behavior at scale	• Connect workforce, channel, and commercial decisions more tightly • Improve cross-functional coordination and faster response to market change • Build more adaptive digital and decision-support capabilities, not just reactive workarounds
Proof points	• Top optimization priorities are data analytics, supply chain improvement, and process automation • Training and customer feedback also rank in the upper tier, showing QSRs are balancing efficiency and service quality • Margin pressure is the leading expected obstacle	• Loyalty most influences marketing effectiveness, assortment planning, and strategic pricing • QSRs' top near-term objectives include profitable growth, customer experience, and cost optimization • Digital transformation and mobile ordering rank among the top subsector challenges	• QSRs are mostly mid-maturity in agility and resiliency, with "established" the largest group • Top resilience priorities include cross-functional collaboration and AI/predictive analytics • Top pressures combine food-cost inflation, digital/mobile ordering, and labor shortages
Pacesetters' edge	• Pacesetters are more likely than Followers to put data and analytics at the center of efficiency efforts • They are also more likely to use AI-powered labor scheduling and product simplification as cost levers	• Pacesetters are much more likely than Followers to position loyalty as a strategic asset (68% vs. 53%) • They are more likely to pursue marketplace-style growth models and stronger data foundations	• Pacesetters put more emphasis on real-time competitive response and automated decision triggers • They rank digital/mobile ordering above labor shortages, while Followers reverse that order

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**

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