TCS Global Retail Outlook

UK & Ireland key findings

UK & Ireland report
Fresh insights into the forces shaping the future of retail

The respondents

(n=800+)

US (n=250+)   **CAN** (n=65)   **ANZ** (n=75+)

EUR [France, Germany/Austria, Spain, Switzerland] (n= 200+)   **UK & IE** (n=75)

- **Benelux** (n= 65)
- **Nordics** [Denmark, Finland, Norway, Sweden] (n= 70+)

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

Topics

- Intelligent retail
- Mission-critical objectives
- Optimisation strategies
- Customer loyalty
- Agility and resilience
- Future challenges

Subsector breakdown for this report:

- Electronics: 27%
- Fashion, apparel, home goods: 20%
- Home improvement, hardware: 19%
- Groceries, convenience stores, pharmacies: 17%
- Quick-service restaurants: 17%

Company headquarters of survey respondents in UK & Ireland
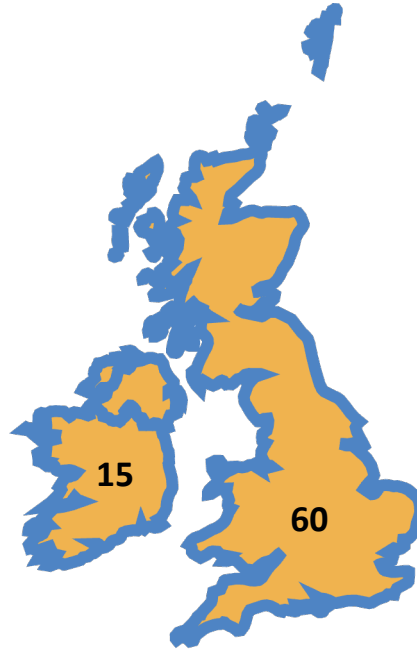
Executive summary

UK & Ireland retailers are focused on driving profitable growth, improving customer experience, and strengthening data privacy and cybersecurity as their top strategic priorities.

The sector faces significant challenges from rising operational costs, stringent security requirements, and evolving data privacy regulations, which demand innovative approaches and operational efficiency.

Critical success factors include leveraging complex AI-driven orchestration, reducing costs through process optimisation, and sensing market changes in real time. AI-powered chatbots, hyper-personalised customer experiences, and demand forecasting 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 programmes are increasingly valued for enabling long-term customer retention and personalisation, yet many organisations struggle with reward expectations, programme costs, and data fragmentation across customer touchpoints.

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

Top strategic priorities for UK & Ireland retailers in 2026

48%

Nearly half of UK & Ireland retail executives said "driving profitable growth" is among their most mission-critical objectives over the next 18 months

Other top priorities:

33% Improving customer experience and loyalty

25% Strengthening data privacy and cybersecurity measures

Biggest obstacles in 2026: operational costs, security requirements, and data privacy compliance

The UK & Ireland retail sector faces mounting challenges from operational costs, security requirements, and data privacy compliance, demanding strategic innovation and efficiency to sustain growth.

Expected challenges to success for UK & Ireland retailers:

Operational costs
Managing rising expenses in labor, technology, and facilities

Security requirements
Protecting sensitive customer and business data from increasing cybersecurity threats

Data privacy compliance
Meeting evolving regulations around customer data collection and usage

Most critical success factors: complex AI-driven orchestration, reducing costs, and sensing market moves

Factor	Rank
AI agents that can orchestrate complex multi-step business processes	1st
Cost reduction through process optimisation	2nd
Ability to sense market changes and competitor moves in real-time	3rd
Adaptive AI-powered decision-making capabilities	4th
Automated workflows that reduce manual intervention	5th
Responsive supply chains	6th
Faster time-to-market for new products and services	7th
Systems that can infer customer needs from subtle signals and context	8th
Traditional business intelligence and reporting tools	9th
Technology that encodes both documented procedures and employee expertise	10th

Q. As market conditions become increasingly volatile, which of these capabilities are most critical for your organisation's success? (n=75)

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AI slowly evolving from customer conversations to operational intelligence

56%

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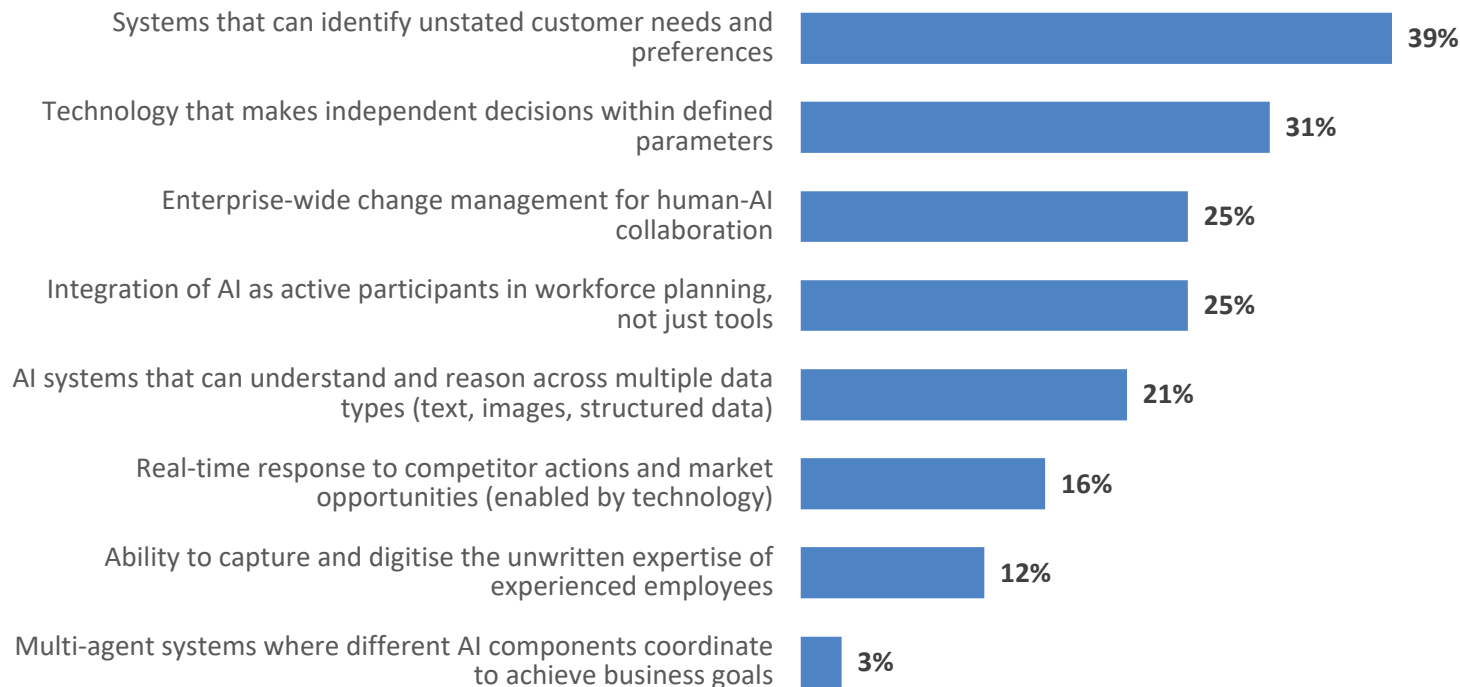
Other most popular AI-led initiatives:

41% Hyper-personalised customer experience and recommendations
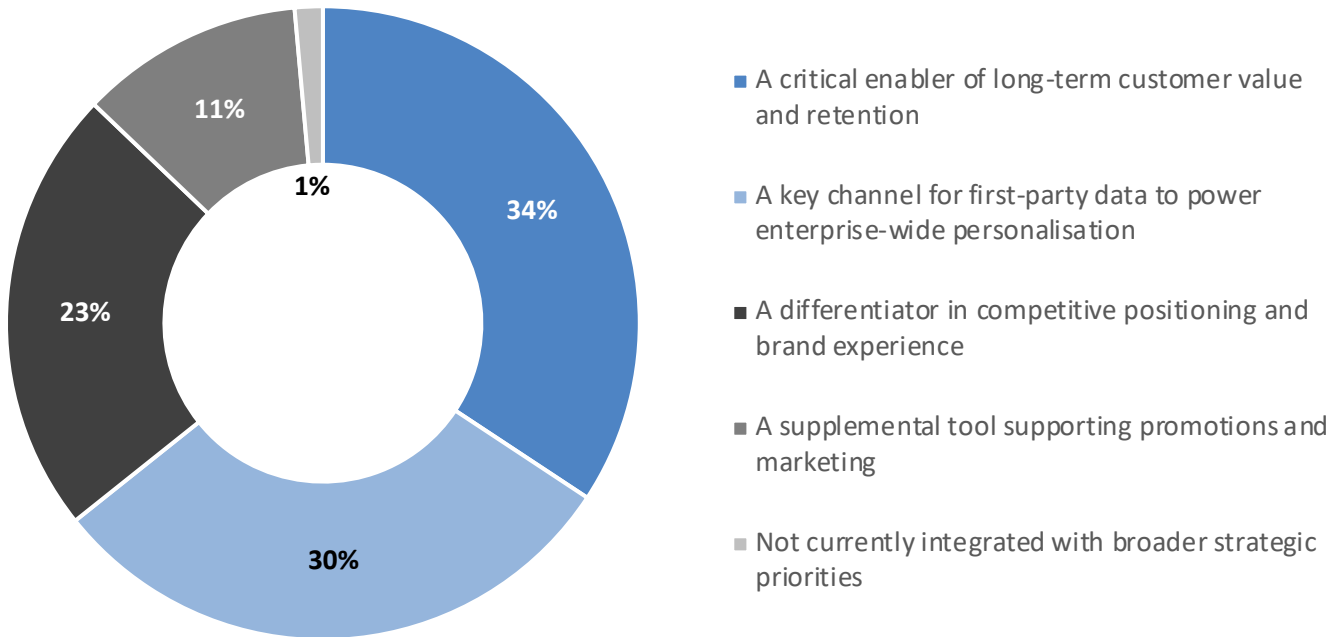
41% Inventory and demand forecasting

Advanced AI capabilities still untapped for most UK&I retailers

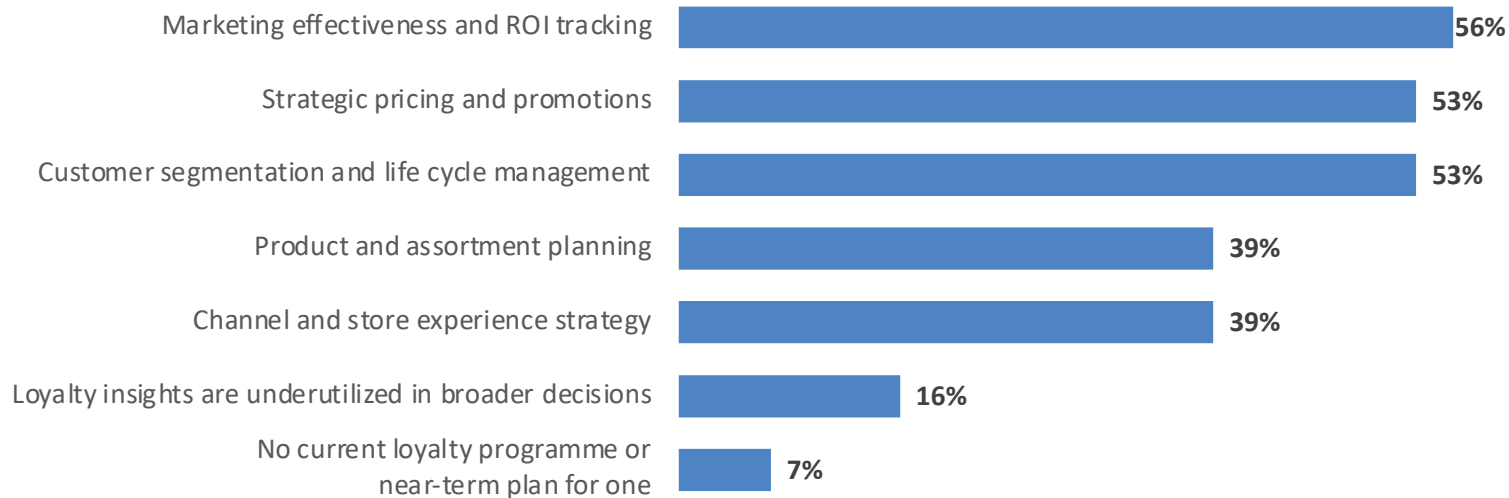"Piloting, testing," or "fully implemented and operational"

Capability	Percentage
Systems that can identify unstated customer needs and preferences	39%
Technology that makes independent decisions within defined parameters	31%
Enterprise-wide change management for human-AI collaboration	25%
Integration of AI as active participants in workforce planning, not just tools	25%
AI systems that can understand and reason across multiple data types (text, images, structured data)	21%
Real-time response to competitor actions and market opportunities (enabled by technology)	16%
Ability to capture and digitise the unwritten expertise of experienced employees	12%
Multi-agent systems where different AI components coordinate to achieve business goals	3%

Q. Rate your organisation's current readiness in the following areas. (n=75)

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The strategic aspirations of loyalty programmes in the UK & Ireland

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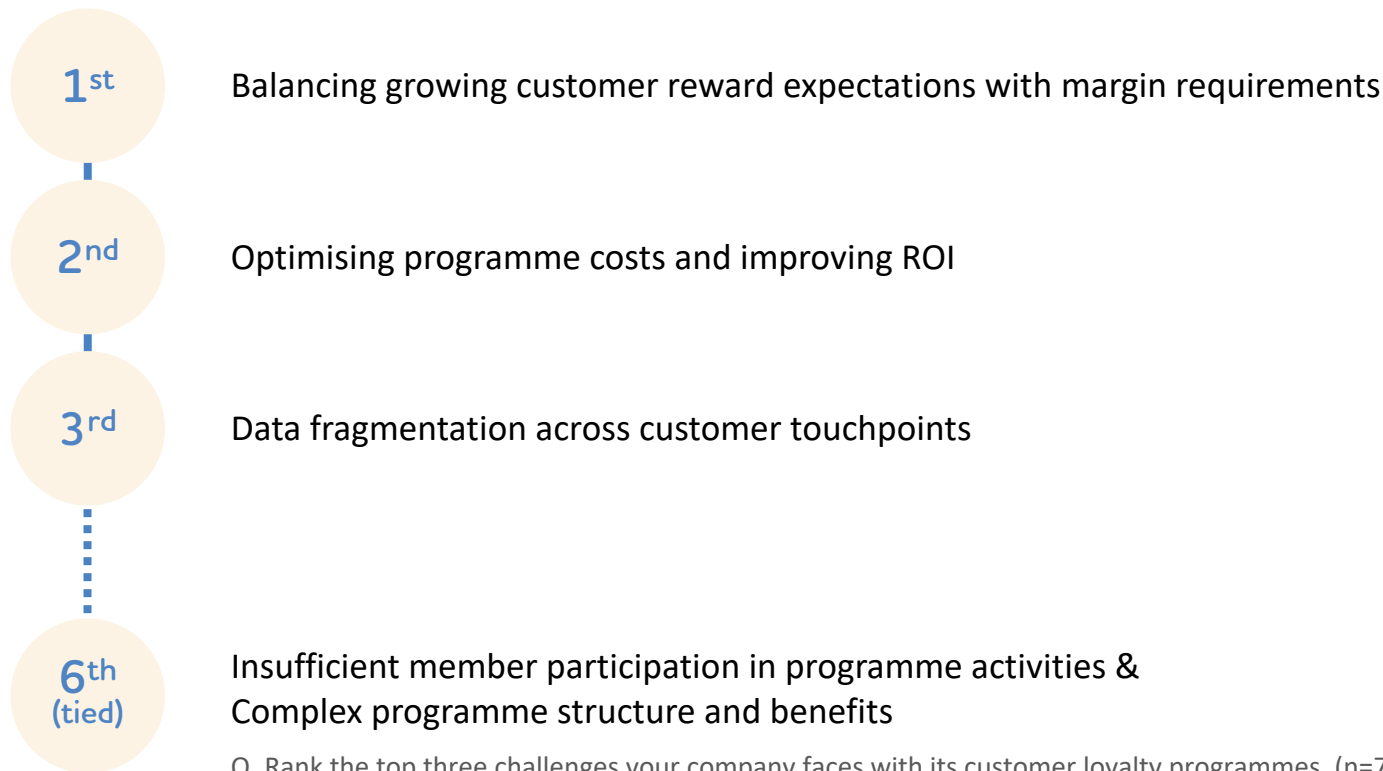- Not currently integrated with broader strategic priorities

Q. How are your loyalty initiatives positioned in your overall growth and customer strategy? (n=70)

UK & Ireland: Loyalty programs not yet factoring into most enterprise decisions

Marketing effectiveness and ROI tracking — **56%**

Strategic pricing and promotions — **53%**

Customer segmentation and life cycle management — **53%**

Product and assortment planning — **39%**

Channel and store experience strategy — **39%**

Loyalty insights are underutilized in broader decisions — **16%**

No current loyalty programme or near-term plan for one — **7%**

Q. Which enterprise-level decisions are most influenced by insights from your loyalty programme?
(n=75)

Other loyalty challenges: Reward expectations, programme costs, and data fragmentation

1st Balancing growing customer reward expectations with margin requirements

2nd Optimising programme costs and improving ROI

3rd Data fragmentation across customer touchpoints

6th (tied) Insufficient member participation in programme activities & Complex programme structure and benefits

Q. Rank the top three challenges your company faces with its customer loyalty programmes. (n=70)
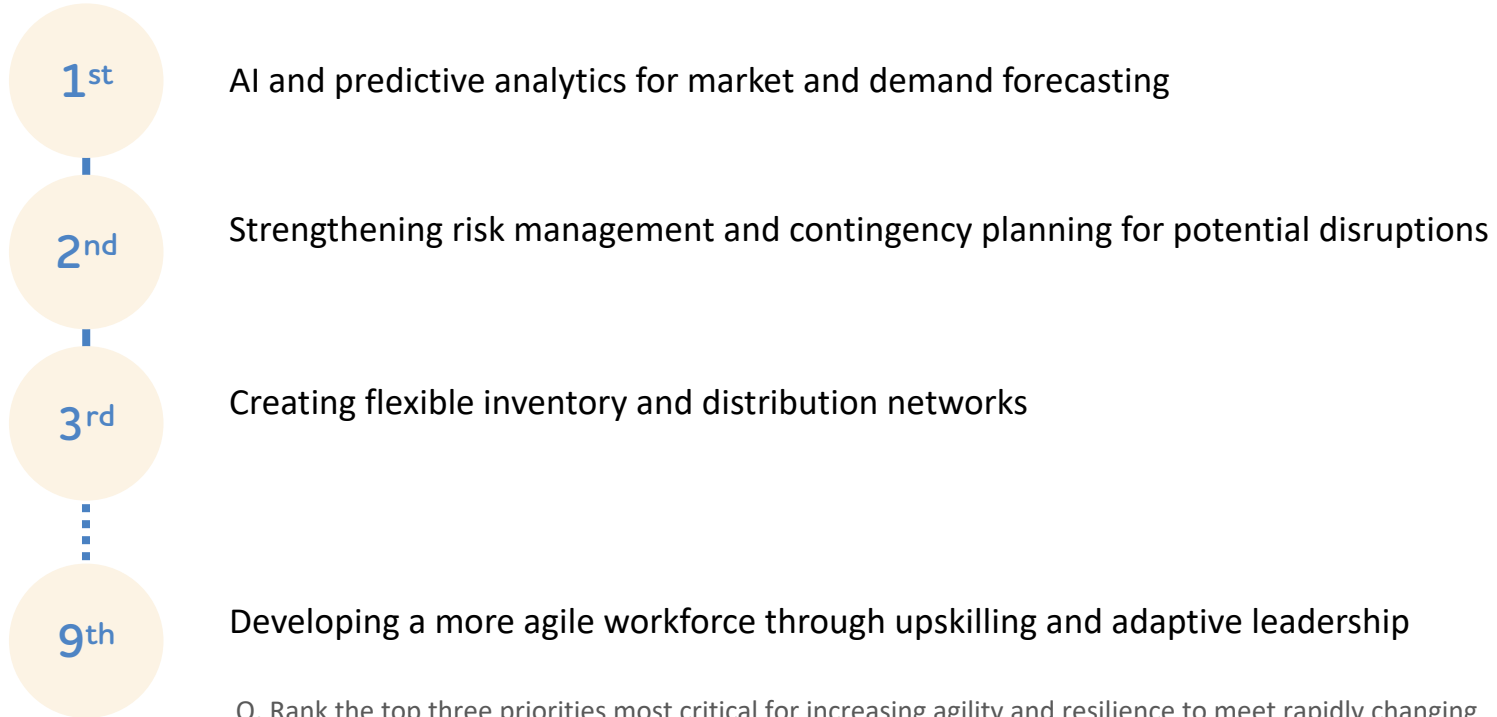
Assessing agility and adaptability in a disruptive market: 44% of UK&I retailers are advanced or established in agile practices
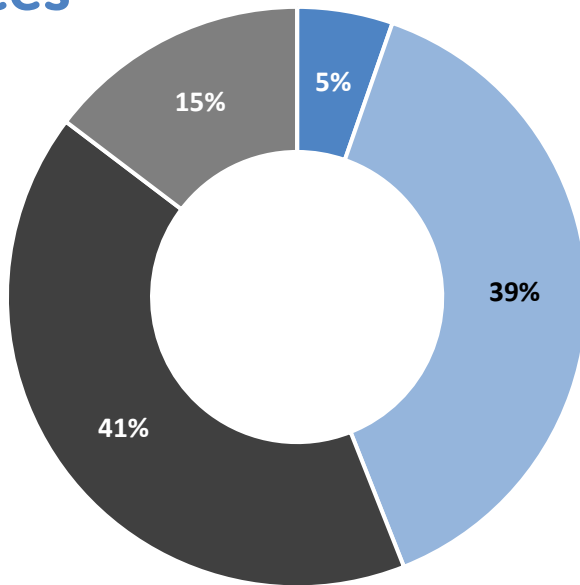
- **Advanced:** Agility and resiliency are embedded into operations, powered by data, tech, and empowered teams

- **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
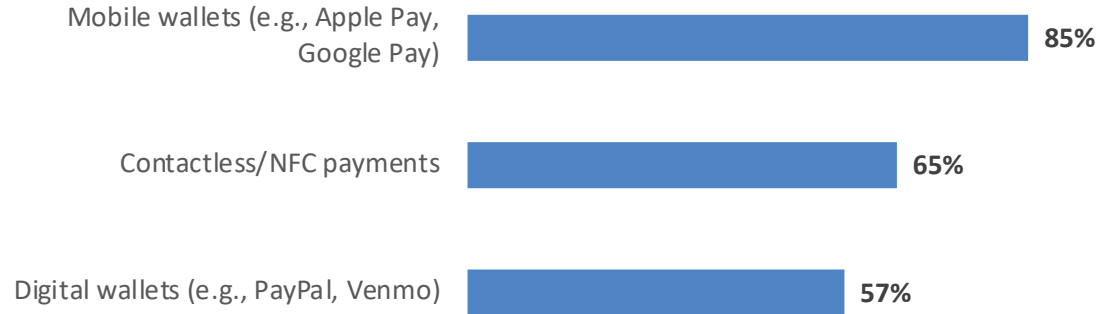
Q. How would you rate your organisation's overall agility and resilience maturity? (n=75)

AI-enabled market and demand forecasting identified as top agility & resilience priority

1st   AI and predictive analytics for market and demand forecasting

2nd   Strengthening risk management and contingency planning for potential disruptions

3rd   Creating flexible inventory and distribution networks

9th   Developing a more agile workforce through upskilling and adaptive leadership

Q. Rank the top three priorities most critical for increasing agility and resilience to meet rapidly changing market conditions and potential disruptions. (n=75)

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

Mobile wallets (e.g., Apple Pay, Google Pay) — **85%**

Contactless/NFC payments — **65%**

Digital wallets (e.g., PayPal, Venmo) — **57%**

Q. Which new or emerging payment systems are your organisations currently using, exploring, or planning to adopt? (n=75)

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

*equivalent frequency to the preceding answer

Our recommendations for UK & Ireland retailers

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 programmes from transactional discounts to data-driven personalisation, 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.

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Thank you

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