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# TCS Global Retail Outlook

## USA key findings

# USA 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=250+)

**CAN** (n=65)

**ANZ** (n=75+)

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

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

**UK & IE** (n=75)

## Topics

- Intelligent retail
- Mission-critical objectives
- Optimization strategies
- Customer loyalty
- Agility and resiliency
- Future challenges

## Subsector breakdown for this report:

- Groceries, convenience stores, pharmacies: 21%
- Fashion, apparel, home goods: 18%
- Home improvement, hardware: 20%
- Quick-service restaurants: 20%
- Electronics: 21%

# Executive summary

US retailers are prioritizing profitable growth, customer experience, and operational efficiency as they navigate a rapidly evolving market landscape.

Rising operational costs, workforce skills gaps, and technology adoption challenges are the most significant obstacles, demanding innovative strategies and investment in talent and digital capabilities.

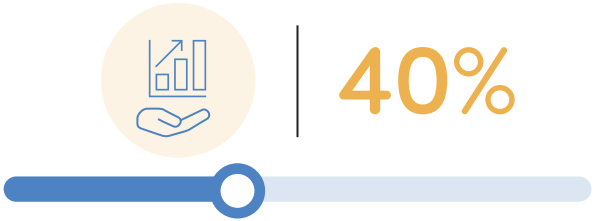
AI-powered solutions—especially chatbots, demand forecasting, and supply chain optimization—are gaining traction, but advanced AI capabilities remain largely untapped across the sector.

Loyalty programs are increasingly seen as critical engines for long-term customer value and personalization, yet many organizations struggle to fully leverage loyalty insights for enterprise-wide decision-making.

Agility and resiliency are becoming embedded priorities, with over half of US retailers advancing agile practices and focusing on risk management, predictive analytics, and cross-functional collaboration.

Payments innovation, including mobile wallets and contactless options, is viewed as essential for frictionless customer experiences and as a strategic lever for loyalty and data-driven growth.

# Top strategic priorities for US retailers in 2026



40%

Two in five US retail executives 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% Cost optimization and operational efficiency

# Biggest obstacles in 2026: rising costs, increasing skills gaps, and challenges in adopting new technology

The US retail sector faces mounting challenges from operational costs, workforce skill shortages, and issues of technology adoption, demanding strategic innovation and efficiency to sustain growth.

## Expected challenges to success for US retailers:

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

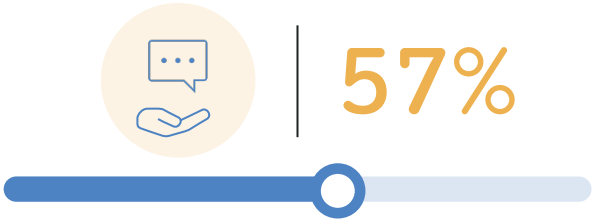
**Workforce skills gap**
Difficulty finding employees with the technical and digital skills needed for modern retail

**Technology adoption**
Challenges in getting staff and operations to effectively utilize new technological solutions.

# US success factors: cost reduction, ability to sense market moves, and AI-powered decision making

Q. As market conditions become increasingly volatile, which of these capabilities are most critical for your organization's success? (n=256)

# AI slowly evolving from customer conversations to operational intelligence




Nearly three in five executives said **AI-powered chatbots and virtual assistants** were among their highest priority AI-led initiatives

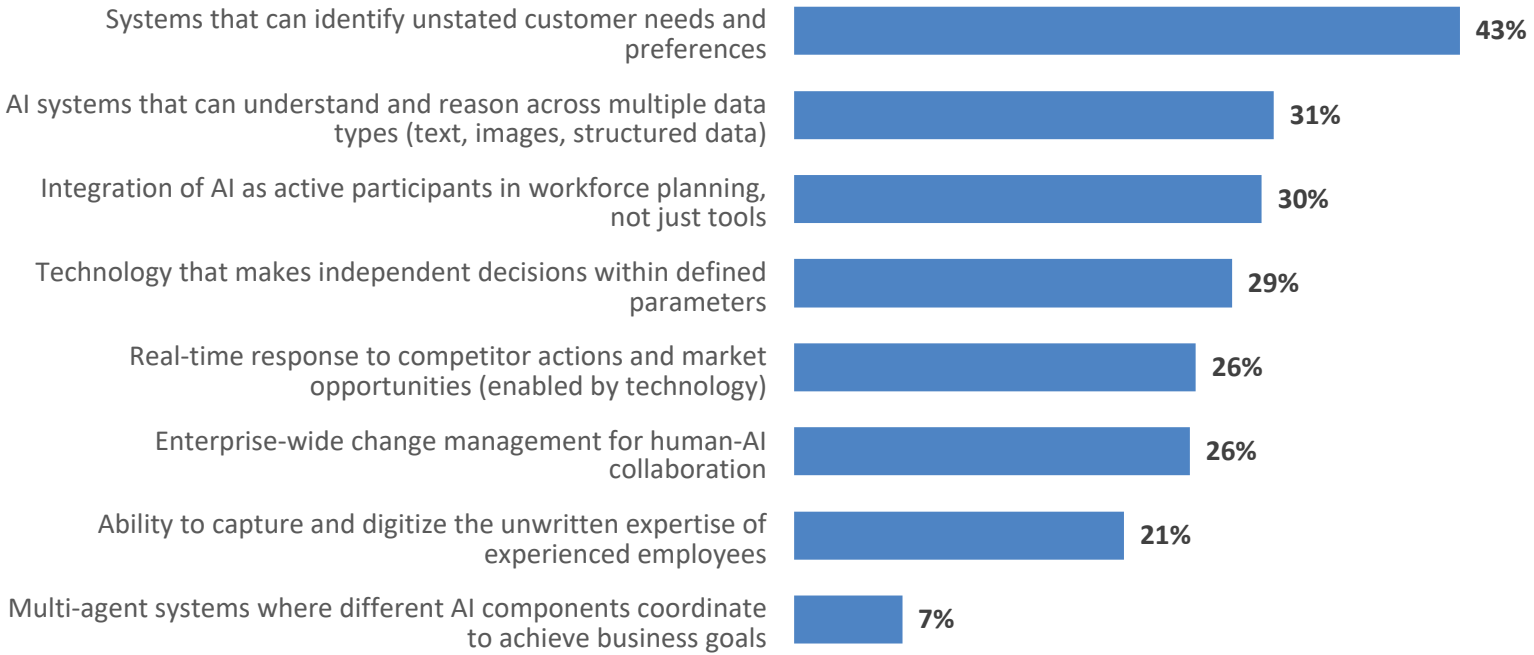
**Other most popular AI-led initiatives:**

50% Inventory and demand forecasting

48% Supply chain optimization

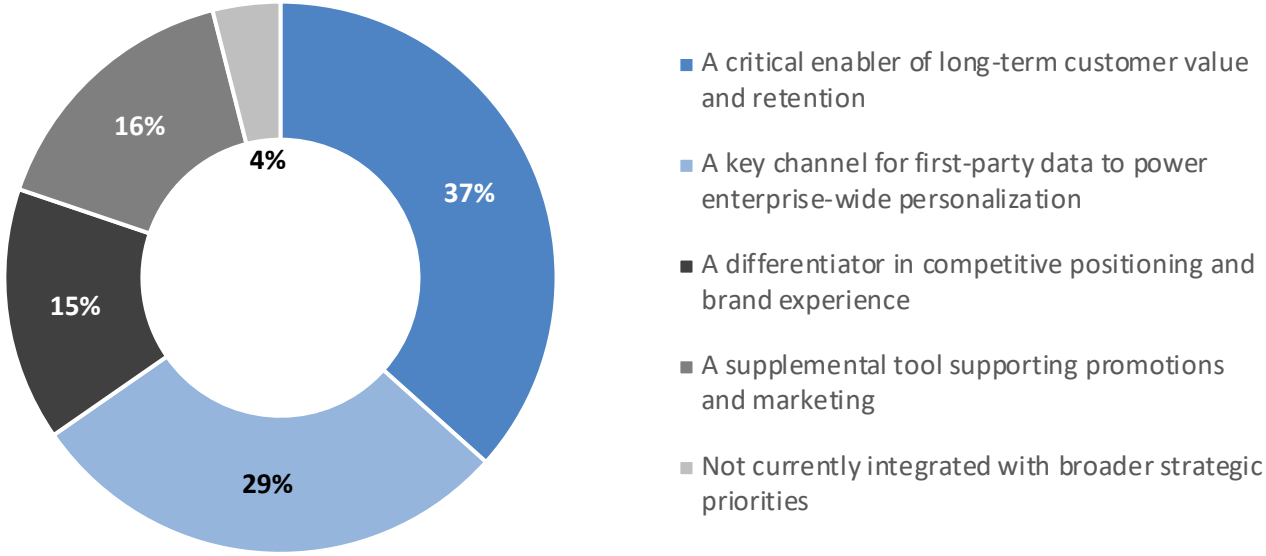
# Advanced AI capabilities still untapped for most US retailers

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




Q. Rate your organization's current readiness in the following areas. (n=256)

# The strategic aspirations of loyalty programs in the US

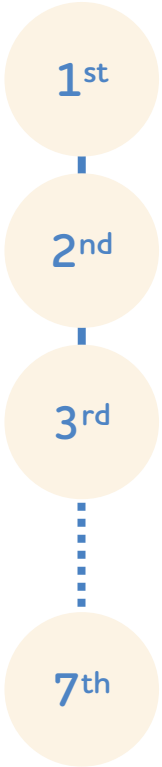



Q. How are your loyalty initiatives positioned in your overall growth and customer strategy? (n=241)

# US: Loyalty programs not yet factoring into most enterprise decisions

Q. Which enterprise-level decisions are most influenced by insights from your loyalty program? (n=256)

# Other loyalty challenges: Reward expectations, competitive differentiation, and program costs



1st Balancing growing customer reward expectations with margin requirements

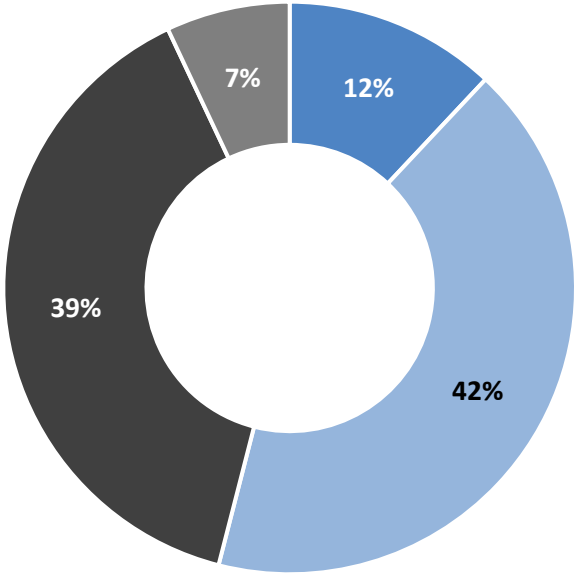
2nd Differentiating program benefits from competition

3rd Optimizing program costs and improving ROI

7th Insufficient member participation in program activities

Q. Rank the top three challenges your company faces with its customer loyalty programs. (n=241)

# Assessing agility and adaptability in a disruptive market: 54% of US 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 organization's overall agility and resiliency maturity? (n=256)

# Stronger risk management identified as top agility & resiliency priority

1st — Strengthening risk management and contingency planning for potential disruptions

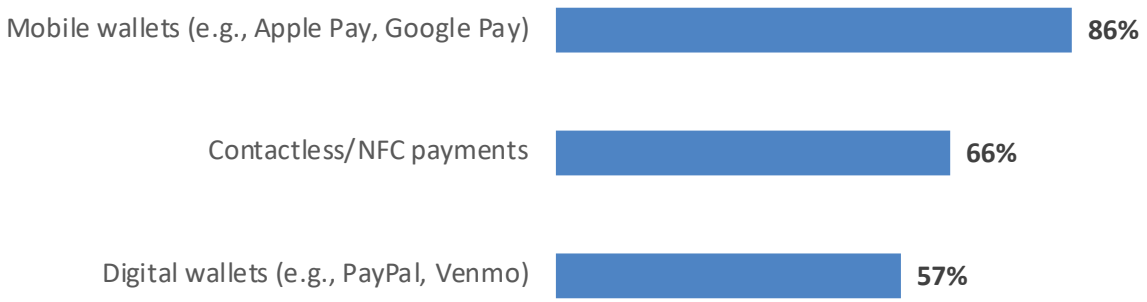
2nd — AI and predictive analytics for market and demand forecasting

3rd — Increasing cross-functional collaboration to enable quicker decision-making and execution

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

Q. Rank the top three priorities most critical for increasing agility and resiliency to meet rapidly changing market conditions and potential disruptions. (n=256)

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




Q. Which new or emerging payment systems are your organizations currently using, exploring, or planning to adopt? (n=256)

Other answers in order of frequency:

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

**equivalent frequency to the preceding answer*

# Recommendations for US 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 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. |

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# Thank you

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