Perceptive Retail:
The TCS Global Retail Outlook

Contents

Foreword

Perceptive retail: Redefining intelligence in the Age of AI

The retail industry stands at the threshold of a profound transformation. As we navigate an era marked by relentless change, the convergence of advanced technologies—artificial intelligence, agentic systems, and real-time data—has redefined what it means to be competitive, resilient, and customer-centric.

At Tata Consultancy Services, we believe the future of retail is not just about adapting to change but also anticipating it. This is the promise of intelligent retail—or *perceptive retail*—a paradigm shift that empowers retailers to quickly decode market signals, spot opportunities before they manifest, and act with agility, precision, and confidence. It requires the ability to tap into reasoning-based decision intelligence from across the organization and retail ecosystem, nuanced insights from multimodal data, and the autonomy of machine agents to generate intelligent choices for smarter decisions and better business outcomes.

Krishnan Ramanujam
President – Consumer Business Group
Tata Consultancy Services

In this new landscape, advanced technology is no longer a supporting player for retailers—it is a central force shaping every aspect of their organization. From generative and agentic AI to predictive models and multi-agent systems, AI is transforming decision-making from tactical to strategic, empowering retailers to respond to market shifts in real time, personalize customer experiences, and unlock new levels of operational efficiency. Retailers also need to understand the interplay between human creativity and machine intelligence, redefining roles and freeing the workforce to focus on what matters most: building relationships, exercising judgment, and driving innovation.

At TCS, we believe perceptive retail is more than a technological evolution; it is a call to reimagine every aspect of this sector. It means moving beyond better processes to better choices—choices informed by deep context, foresight, and a holistic understanding of customer and organizational needs. It means embracing federated supply chains and resilient operations that can thrive during uncertainty. Above all, it means fostering trust—ensuring that technology serves both the business and consumers transparently and ethically.

This study is designed to help organizations understand the opportunities ahead and to support their journey toward becoming truly perceptive retailers. The future of retail is an exciting one — defined by intelligence, adaptability, and purpose. At TCS, we are proud to help lead this transformation.
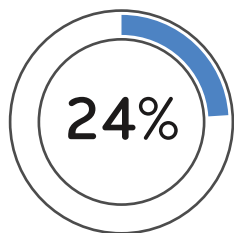
AI's strategic inflection point

Retail is undergoing a profound transformation as artificial intelligence moves from buzzword to business backbone. Senior executives now overwhelmingly view AI as the cornerstone of future success, ranking generative and agentic AI among the top enablers for nearly every strategic priority—from profitable growth to customer experience.

Yet, the industry's AI revolution is still in its early stages. Most retailers have adopted customer-facing tools like chatbots and virtual assistants, but only a minority have advanced to autonomous decision-making or multi-agent systems:

24% — Just **24%** use AI for autonomous decisions

85% — **85%** have not planned or started implementing multi-agent systems—imperative for a long-term enterprise AI strategy

The greatest promise of AI lies in operational transformation. Leading retailers are prioritizing AI-driven demand forecasting, inventory optimization, and dynamic pricing—capabilities selected by over a third of executives as critical to reshaping the industry.

However, adoption remains fragmented, and agility is lagging even among top performers:

51% — Over half (**51%**) of Pacesetters—see page 4—are still in early stages of embedding agility and resiliency.

Overall priorities for retail

Our study shows the top priorities for retailers are clear:

1 Driving profitable growth

2 Improving customer experience & loyalty

3 Building supply chain agility and resiliency

But beneath this alignment, sharp divergences persist by executive role. IT leaders are less focused on personalization and engagement, even as CMOs and customer-facing teams see them as essential. This misalignment risks slowing AI-driven transformation and diluting value and return on investment.

The bottom line

Retail's next chapter will be defined by how quickly organizations move from experimenting with ad hoc AI tools to embedding it as a strategic, enterprise-wide capability—unlocking new levels of decisions, speed, and agility.

The retail industry is entering a new era—one defined by intelligence, adaptability, and purpose. The inaugural edition of the TCS Global Retail Outlook key findings report brings together perspectives from senior executives worldwide, illuminating the forces shaping the future of retail and the transformative impact of artificial intelligence and advanced technologies.

As retailers pursue mission-critical objectives, optimize operations, and strive for greater customer loyalty, agility, and resiliency, the study reveals a clear shift: AI-powered retail is no longer hypothetical—it is rapidly becoming an active driver of smarter decision-making and operational excellence. But only retailers with a clear, enterprise-wide strategy will unlock AI's full potential—transforming aspirations into measurable results and lasting competitive advantage.

Overview: Reimagining retail

To better understand the current state of the retail industry as well as the forces that will shape its future, 817 senior retail executives* were surveyed across 18 countries** to identify their top priorities for 2026 and beyond. We also assigned "Pacesetter" or "Follower" status based on their revenue and profit performance (see sidebar). This report is a condensed version of the comprehensive master report.

The study encompasses five key subsectors—groceries, convenience stores and pharmacies; fashion, apparel, and home goods; home improvement and hardware; quick-service restaurants; and consumer electronics stores—and examines themes around intelligent retail, mission-critical objectives, optimization strategies, customer loyalty, agility and resiliency, including:

Creating unified experiences

- Seamless omnichannel integration
- Personalization at scale
- In-store digital transformation
- Next-gen customer experiences
- Customer loyalty programs

Building operational agility and resiliency

- Supply chain resiliency and visibility
- Agile & responsive systems, including operations
- Sustainable and ethical sourcing
- Technology-enabled supply chains
- Process optimization

Showcasing products for profit

- Data-driven merchandising decisions
- Retail media networks
- Innovative marketing strategies
- Content & commerce integration

Pacesetters vs Followers

Pacesetters: Companies with the best financial performance since 2022.

Followers: Companies with the lowest performance since 2022.

*Includes Chief Merchandising Officer, Chief Supply Chain Officer, Chief Customer Officer, Chief Marketing Officer, Chief Information Officer, Chief Technology, Chief Digital Officer – and their direct reports
**Countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom, United States

Key insights

Insight

From hype to imperative: AI's promise in retail is real— but measurable impact less tangible

AI has shifted from experimental technology to strategic imperative, but adoption is uneven and not yet delivering tangible economic value and transformative impact. Our research shows that retail executives overwhelmingly view AI as central to future success, consistently ranking it among the top priorities. Yet, actual deployment is still largely superficial. About half of retailers **(51%)** are currently planning to implement ad hoc chatbots/virtual assistants as their key AI initiative for 2026. (See Figure 1.)

Top AI-led initiatives

AI-powered chatbots or virtual assistants	**51%**
Inventory and demand forecasting	**42%**
Supply chain optimization	**42%**

Other answers, in order of frequency:

- Personalized customer experience and recommendations
- Fraud detection and prevention*
- Workforce planning and scheduling*
- Dynamic pricing and promotions
- Sustainability and environmental impact reduction
- Marketplace or supply chain disruption*
- Visual search or image recognition tools
- Automated checkout and cashierless stores

equivalent frequency to the preceding answer

Figure 1. What are the top AI-led initiatives currently being prioritized within your organization? Select all that apply. (n=817)

Retail executives said they believe the leading areas for deeper AI-driven transformation—inventory optimization & demand forecasting; supply chain optimization; deep hyper-personalization and dynamic pricing—are poised to reshape the industry, but adoption is still in early stages.

Pacesetters

Pacesetters are more focused on using AI in nearly every area than Followers, particularly for inventory and demand scheduling, dynamic pricing, workforce planning and scheduling, and automated checkouts and cashierless stores.

Inventory and demand scheduling: **46%** of Pacesetters vs **38%** of Followers

AI-driven dynamic pricing: **37%** of Pacesetters vs **30%** of Followers

Workforce planning and scheduling: **40%** of Pacesetters vs **32%** of Followers

Automated checkouts and cashierless stores: **28%** of Pacesetters vs **19%** of Followers

As evidence of AI's early stages in the retail industry, only **24%** of companies are using AI for autonomous decision-making, and **85%** have not begun implementing multi-agent systems—the next frontier in enterprise AI strategy, offering the ability to move beyond siloed automation toward integrated, adaptive, and autonomous AI. (See Figure 2.)

Readiness for the AI future

Category	Area	Planned but not started / Not planned	Have begun implementing	Piloting, testing / Fully implemented and operational
Generative AI	Systems that can identify unstated customer needs and preferences	27%	32%	39%
	AI systems that can understand and reason across multiple data types	53%	22%	24%
Organizational Enablement	Enterprise-wide change management for human-AI collaboration	52%	16%	22%
Knowledge AI	Ability to capture and digitize the unwritten expertise of experienced employees	58%	16%	16%
Agentic AI	Integration of AI as active participants in workforce planning, not just tools	41%	16%	30%
	Technology that makes independent decisions within defined parameters	43%	33%	24%
	Real-time response to competitor actions and market opportunities	51%	27%	21%
	Multi-agent systems where different AI components coordinate to achieve business goals	85%	8%	5%

■ Planned but not started / Not planned   ■ Have begun implementing   ■ Piloting, testing / Fully implemented and operational

Figure 2. Rate your organization's current readiness in the following areas (n=817; not shown: "Don't know")

This gap between ambition and execution represents the industry's greatest challenge—and its most significant opportunity. Those organizations who can accelerate execution can gain competitive advantage.
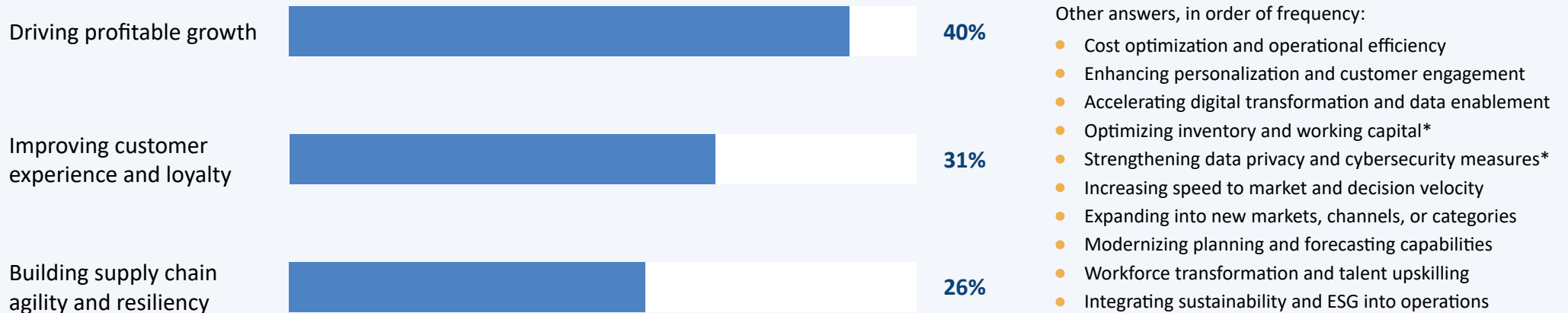
Retailers seek profitable growth, a renewed focus on the customer, and a more flexible, reliable supply chain

We asked leaders to identify the top three mission-critical objectives their organizations are focused on in the coming months. What we uncovered is retailers are laser-focused on objectives that reflect the sector's evolving priorities in a dynamic and competitive landscape. At the top of the list is profitable growth, with retailers turning to AI-driven dynamic pricing, retail media monetization, and strategic partnerships to unlock new revenue streams. Improving customer experience and loyalty follows closely, with brands deploying AI shopping assistants, enhancing post-purchase services, and building emotional connections through purpose-driven initiatives. To build supply chain agility and resiliency, retailers are investing in AI-powered demand sensing, flexible fulfillment networks, and diversified supplier bases. **In fact, out of 13 ranked mission-critical objectives, AI initiatives were the first- or second-most preferred tactic to achieve them in all but the last two objectives**.

Mission-critical objectives

Driving profitable growth	**40%**
Improving customer experience and loyalty	**31%**
Building supply chain agility and resiliency	**26%**

Other answers, in order of frequency:
- Cost optimization and operational efficiency
- Enhancing personalization and customer engagement
- Accelerating digital transformation and data enablement
- Optimizing inventory and working capital*
- Strengthening data privacy and cybersecurity measures*
- Increasing speed to market and decision velocity
- Expanding into new markets, channels, or categories
- Modernizing planning and forecasting capabilities
- Workforce transformation and talent upskilling
- Integrating sustainability and ESG into operations

equivalent frequency to the preceding answer

Figure 3. Which are your top 3 mission-critical organizational objectives for the next 12-18 months? (n=817)

Pacesetters

Although Pacesetters and Followers will both focus on driving profitable growth, Pacesetters are more focused on securing and enabling future growth; Followers are more likely to cite cost optimization and operational efficiency as a top priority over the next year to a year and a half, ranking it 3rd. For Pacesetters, optimizing costs ranked 10th, but they were more likely than Followers to say strengthening data privacy and cybersecurity measures and increasing speed to market and decision velocity were top priorities, ranking them 4th and 5th (compared to 10th and 11th for Followers). Followers also prioritized building supply chain resiliency lower than Pacesetters and the general survey population; they instead prioritized optimizing inventory and working capital higher. (See Figure 4 .)

Rank of Mission-Critical Objectives	Overall	Pacesetters	Followers
Driving profitable growth	1st	1st	1st
Improving customer experience and loyalty	2nd	2nd	2nd
Building supply chain agility and resiliency	3rd	3rd	6th
Cost optimization and operational efficiency	4th	10th	3rd
Enhancing personalization and customer engagement	5th	6th	5th
Accelerating digital transformation and data enablement	6th	8th	7th
Optimizing inventory and working capital	6th	9th	4th
Strengthening data privacy and cybersecurity measures	6th	4th	10th
Increasing speed to market and decision velocity	9th	5th	11th
Expanding into new markets, channels, or categories	10th	7th	8th
Modernizing planning and forecasting capabilities	11th	12th	9th
Workforce transformation and talent upskilling	12th	11th	11th
Integrating sustainability and ESG into operations	13th	13th	13th

Figure 4. Which are your top 3 mission-critical organizational objectives for the next 12-18 months? (n=817)

Profitable growth demands intelligent operations

If retailers' top objective is driving profitable growth (see Figure 3), their leading AI-led initiative—chatbots and virtual assistants (see Figure 1)—will be insufficient to achieve this goal. Many seem to recognize that true profitable growth will require applying AI to customer data for real-time pricing that optimizes margins, expanding retail media networks to monetize their data, and branching into additional services and business lines for growth beyond their traditional channels.

How retailers plan to drive profitable growth

Implement AI-driven dynamic pricing to optimize margins in real-time **42%**

Expand retail media networks to monetize first-party data and digital shelf space **32%**

Build strategic partnerships for adjacent service offerings (e.g., financial services, insurance) **31%**

Other answers, in order of frequency:

- Optimize store footprints by closing underperformers and investing in high-potential locations
- Create marketplace platforms to generate commission-based revenue streams
- Develop private label products with higher profit margins
- Enable social commerce channels to capture younger demographics
- Enter new geographic markets through acquisition or organic expansion
- Launch subscription services and membership programs to increase recurring revenue

Figure 5. Select up to 3 ways you plan to drive profitable growth. (n=329; only asked of those who picked this as a mission-critical objective)

AI assistants key to improving customer experience and loyalty

When retailers were asked how they plan to improve customer experience and loyalty—the second-most-frequent mission-critical objective cited (see Figure 3)—deploying AI shopping assistants with personalized recommendations ranked highest.

How retailers plan to improve customer experience and loyalty

Deploy AI shopping assistants that provide personalized recommendations and answer complex queries — **44%**

Enhance post-purchase services (delivery, installation, returns) for customer convenience — **36%**

Build emotional connections through purpose-driven initiatives and community engagement — **32%**

Other answers, in order of frequency:
- Create unified commerce platforms for seamless shopping across all channels
- Implement frictionless checkout options (scan-and-go, cashierless stores) to reduce wait times
- Enable clienteling tools for associates to provide personalized in-store service
- Develop premium loyalty tiers with exclusive benefits and experiences
- Create curated product discovery experiences based on lifestyle and values
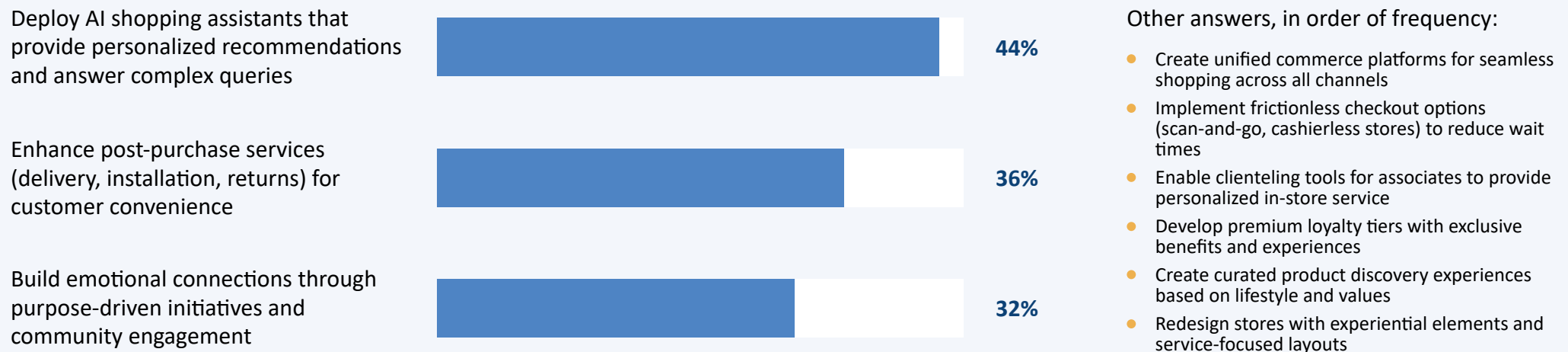- Redesign stores with experiential elements and service-focused layouts

Figure 6. Select up to 3 ways you plan to improve customer experience and loyalty. (n=250; only asked of those who picked this as a mission-critical objective)

Deploying AI shopping assistants with personalized recommendations reflects an immediate operational focus as well long-term competitive positioning. Its strategic implications suggest that customer-centricity is being operationalized as retailers move from reactive to predictive engagement. Perhaps most importantly, competitive differentiation will increasingly depend on how intelligent your digital layer is—not just your product mix or pricing.

Pacesetters

Pacesetters seem to understand this need for differentiation in digitalization. They were more likely to prioritize creating unified commerce platforms for seamless shopping across all channels than Followers, who showed more interest instead in trying to build emotional connections through community engagement than Pacesetters.

34% of Pacesetters vs **27%** of Followers prioritized creating unified commerce platforms.
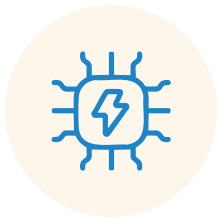
Only **28%** of Pacesetters showed interest in building community engagement compared to **34%** of Followers.

> " To succeed in Retail, customer centricity, agility and innovation are paramount. At Wickes we've always prided ourselves on being digitally enabled, successfully blending our online presence with our physical store network to deliver a seamless shopping experience for our customers. With all the exciting opportunities that AI now presents, we are constantly exploring and finding new ways to further enhance the way we understand and interact with our customers and operate our business ever more efficiently.
>
> **David Wood,** *CEO of Wickes*

AI-powered demand sensing key for supply chains of the future

Building supply chain resiliency was the third-most cited mission-critical objective. AI-powered demand sensing is the primary capability respondents said they will rely on for building resilient, agile supply chains. Worth noting in the broader context of AI: multi-agent orchestration for supplier coordination remains a largely untapped advantage for the immediate future, with less than a quarter of retailers selecting it as a capability for achieving an agile, resilient supply chain.

How retailers plan to build supply chain agility and resiliency

Implement AI-powered demand sensing that analyzes multiple signals (weather, social trends, events)	**39%**
Build flexible fulfillment networks with micro-fulfillment centers and ship-from-store	**33%**
Diversify supplier base across geographies to reduce single-source dependencies	**30%**
Establish strategic inventory buffers for critical products	**30%**

Other answers, in order of frequency:

- Implement multi-agent AI systems for automated supplier coordination and exception handling
- Develop supplier collaboration platforms for real-time information sharing
- Create nearshoring strategies to reduce lead times and transportation risks
- Create scenario planning capabilities with digital twin simulations
- Deploy control tower platforms for end-to-end supply chain visibility

Figure 7. Select up to 3 ways you plan to build supply chain agility and resiliency. (n=209; only asked of those who picked this as a mission-critical objective)
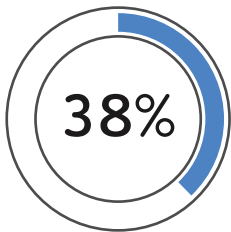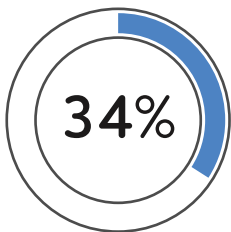
Pacesetters

Pacesetters are even more focused on brute force resilience measures, ranking establishing strategic inventory buffers for critical products first over AI-powered demand sensing. For their part, Followers plan to catch up to Pacesetters' market advantages by deploying technology as a leapfrogging capability, especially AI-powered demand sensing. They were also more likely than Pacesetters to see the importance of implementing multi-agent AI systems for automated supplier coordination and exception handling, which didn't even make the top five list for Pacesetters.

Pacesetters are nearly twice as likely to establish strategic inventory buffers for critical products and to create nearshoring strategies to reduce lead times and transportation risks than Followers.

Our study shows:

38%

38% of Pacesetters ranked establishing strategic inventory buffers for critical products as their top resilience measure.

34%

At **34%**, AI-powered demand sensing ranked second among Pacesetters.

Embedded agility and resiliency remain aspirational for most retailers

While agility and resiliency are recognized as critical for navigating market volatility, advanced maturity levels remain low.

10% say agility and resiliency are embedded into operations, powered by data, technology, and empowered teams

42% are "developing" in agility and resiliency, with some progress made, but inconsistent across functions and geographies. Another **11%** are in the "early-stage," having made limited progress, despite acknowledging such capabilities as a priority.

Overall organizational agility and resiliency maturity

37%

42%

10%

11%

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
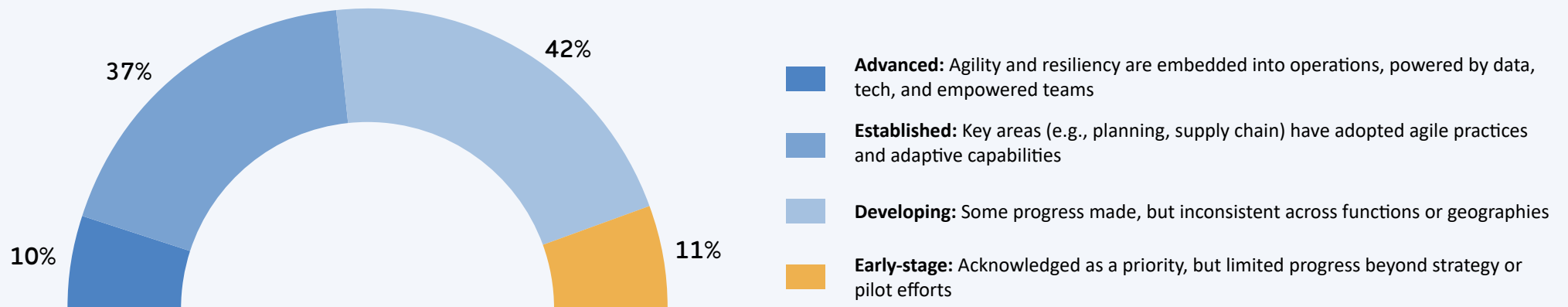
Figure 8. How would you rate your organization's overall agility and resiliency maturity? (n=817; not shown: "Not yet prioritized: 0.49%")

Pacesetters

The study shows that even a majority of Pacesetters (**51%**) are still in early or developing stages of addressing resiliency and agility, and only a small fraction (**12%**) have embedded agility across their operations. Key enablers—such as cross-functional collaboration, flexible technology infrastructure, and rapid response capabilities—are largely in planning phases. This gap underscores a pressing need for investment in adaptive operating models to ensure long-term competitiveness.

> "
> Retail's future is intelligent, federated and data driven. At SOK, we're blending national scale with local agility—empowering regional co-ops to act on real-time signals while AI and advanced analytics guide decisions across the in-store network. We're reimagining member value through digital engagement, sustainability commitments, and multichannel convenience, all while staying true to our cooperative purpose in a world that demands speed and resilience.
> "
>
> *Hannu Krook, CEO of SOK Corporation*

CASE STUDY: How Tapestry operationalized AI and automation

Tapestry Inc., the parent of Coach, Kate Spade, and Stuart Weitzman, partnered with TCS to accelerate a global POS modernization initiative. The objective: deliver seamless, secure, and high-speed transactions across brands within an ambitious one-year timeline. Facing constraints from manual testing and limited automation, TCS introduced a breakthrough solution combining Unified Functional Testing with robotic hardware automation. This enabled end-to-end testing of both software and physical POS components, dramatically improving efficiency. Results were significant: automation coverage jumped from 55% to 80%, testing cycle time was cut by up to 60%, and manual intervention nearly eliminated. Implemented through TCS's offshore POS lab, the approach provided scalable, remote testing across regions, positioning Tapestry as a leader in retail technology innovation. With plans to achieve 100% automation, Tapestry is setting a benchmark for operational agility and customer-centric transformation.

From reactive to resilient

Our study reveals that retailers are prioritizing a blend of advanced analytics, risk management, and organizational adaptability to stay ahead of disruption. The leading approaches—from leveraging AI for predictive forecasting to strengthening supplier relationships—are shaping the industry's new playbook for operational agility.

Retailers' priorities for improving agility and resiliency in a volatile market

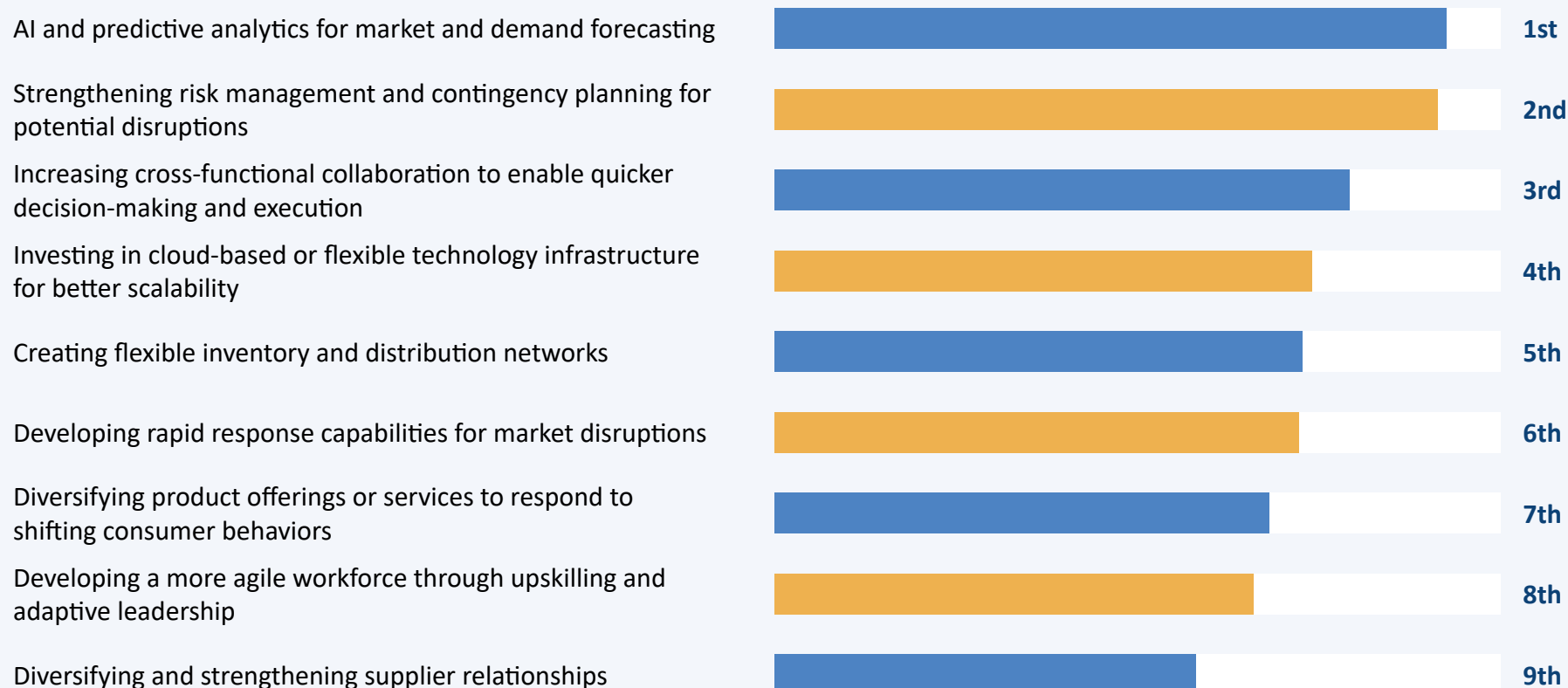| Priority	Rank
AI and predictive analytics for market and demand forecasting	1st
Strengthening risk management and contingency planning for potential disruptions	2nd
Increasing cross-functional collaboration to enable quicker decision-making and execution	3rd
Investing in cloud-based or flexible technology infrastructure for better scalability	4th
Creating flexible inventory and distribution networks	5th
Developing rapid response capabilities for market disruptions	6th
Diversifying product offerings or services to respond to shifting consumer behaviors	7th
Developing a more agile workforce through upskilling and adaptive leadership	8th
Diversifying and strengthening supplier relationships	9th

Figure 9. Rank the top three priorities most critical for increasing agility and resiliency to meet rapidly changing market conditions and potential disruptions (n=817; bars represent weighted mean score)

Financial pressures, a workforce skills gap, and cybersecurity rank as top challenges

Rank of obstacles to overall retail success

Workforce

2nd	Workforce skills gap
15th	Employee development

Operations & Supply Chain

1st	Financial management
4th	Inventory optimization
6th	Supply chain visibility

Data & Technology

3rd	Data security & privacy
5th	Technology integration
7th	Technology adoption
11th	Data utilization
13th	Data collection

Customer & Brand Experience

8th	Digital customer experience	**12th**	Channel coordination
9th	Product differentiation	**17th**	Physical store experience
10th	Marketing effectiveness	**18th**	Brand identity

Sustainability & Reporting

14th	Sustainable operations	**16th**	Environmental reporting

Figure 10. What do you anticipate your biggest obstacles will be for your organization's success in 2026? (n=817)

Despite the lack of workforce skills they need to succeed, retailers don't see a best way forward. "Employee development," as a comparison problem, ranked only 15th out of 18 as challenge. Taken together, however, those citing either of these as a "major challenge" in the year ahead were evenly split between two primary approaches for dealing with this obstacle: continual skills assessment or comprehensive training programs.

Planned tactics for addressing workforce development challenges

Skills assessment: Regular evaluation of workforce capabilities and identification of skill gaps — **44%**

Training programs: Comprehensive internal training and development programs for technical and soft skills — **44%**

Partnership programs: Collaborate with educational institutions and training providers for talent development — **12%**
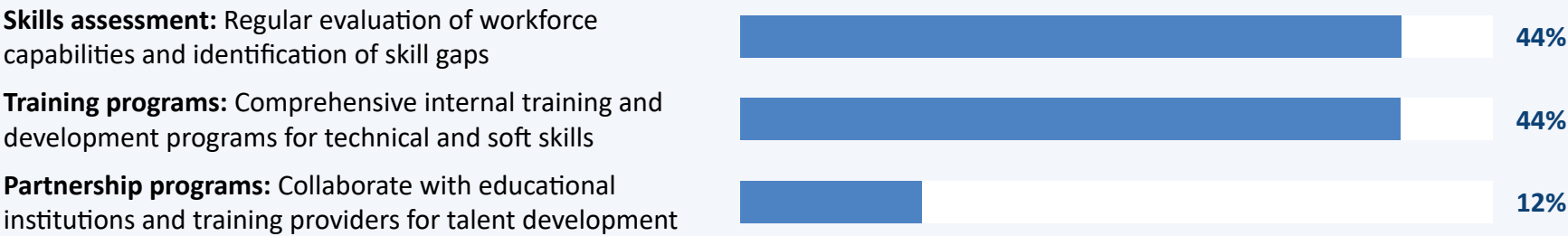
Figure 11. What is your strategy for overcoming these potential challenges: workforce development? (n=320; only asked of those who said "workforce skills gap" or "employee development" would be a major challenge)

Of course, retail employers will ideally initiate multiple tactics in concert with one another. For example, for those retail executives who said organizational transformation and talent upskilling would be mission-critical objectives (which ranked 12th out of 13 overall), their options ran the gamut when they could select up to 3 options.

How retailers plan to achieve organizational transformation and talent upskilling
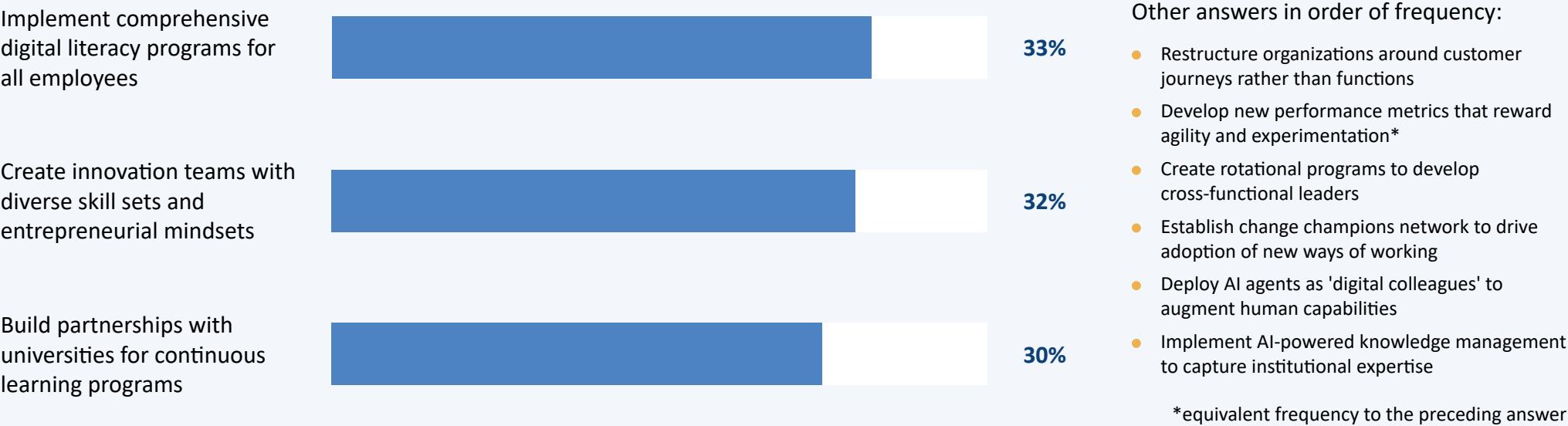
Implement comprehensive digital literacy programs for all employees — **33%**

Create innovation teams with diverse skill sets and entrepreneurial mindsets — **32%**

Build partnerships with universities for continuous learning programs — **30%**

Other answers in order of frequency:
- Restructure organizations around customer journeys rather than functions
- Develop new performance metrics that reward agility and experimentation*
- Create rotational programs to develop cross-functional leaders
- Establish change champions network to drive adoption of new ways of working
- Deploy AI agents as 'digital colleagues' to augment human capabilities
- Implement AI-powered knowledge management to capture institutional expertise

*equivalent frequency to the preceding answer

Figure 12. Select up to 3 ways you plan to achieve achieve organizational transformation and talent upskilling. (n=141; only asked of those who picked this as a mission-critical objective)

Only a third of the retailers who say achieving organizational transformation and talent upskilling is a mission-critical objective say they plan to implement digital literacy programs for all their workers; this points to a potential obstacle: the human element, not technology capabilities, may continue to be a significant roadblock in retail's AI revolution.

Hyper-personalization requires enterprise intelligence

Personalization remains a top priority for retailers—but delivering it effectively requires a unified view of the customer. To support deeper engagement, many retailers are investing in comprehensive customer data platforms (CDPs) that enable 360-degree insights across channels, behaviors, and preferences. Our research shows that retailers are focused on deploying AI shopping assistants (see Figure 6) and building CDPs (see Figure 13), pointing to a shift from static segmentation to real-time, nuanced, context-aware experiences. The value compounds when CX intelligence enables 360-degree insights across channels, behaviors, preferences, assortment, pricing, and fulfillment.

How retailers plan to enhance hyper-personalization and customer engagement

Build comprehensive customer data platforms (CDPs) for 360-degree customer views — **34%**

Deploy AI that infers unstated needs from behavioral patterns and contextual signals — **33%**

Develop personalized marketing campaigns using generative AI for content — **31%**

Other answers in order of frequency:

- Implement predictive analytics to anticipate life events and changing needs
- Enable conversational commerce through voice assistants and chatbots
- Implement real-time personalization engines that adapt to in-session behavior
- Create hyper-localized assortments based on neighborhood demographics and preferences
- Create digital stylists and virtual try-on experiences using AR/VR
- Build community platforms that connect customers with similar interests*
- Adopt new and emerging payment systems (e.g., cryptocurrency, biometric, blockchain payment systems)

*equivalent frequency to the preceding answer

Figure 13. Select up to 3 ways you plan to enhance hyper-personalization and customer engagement. (n=183; only asked of those who picked this as a mission-critical objective)

The top answers for those 183 respondents who are prioritizing hyper-personalization and customer engagement center around building a single, privacy-safe customer view and using machine learning to trigger next-best actions across channels. The net effect could be higher conversion and attachment with tighter guardrails on margins, plus better customer retention because engagement is timely, relevant, and consistent across digital and store touchpoints.

Pacesetters

Prioritize advanced personalization and immersive experiences: they are more than twice as likely to embark on personalized marketing campaigns using generative AI for content than are Followers.

"Creating digital stylists and virtual try-on experiences using AR/VR" was among their top five tactics, which ranked 9th for Followers.

CASE STUDY: How Colruyt revolutionized grocery order fulfillment

Colruyt Group, a leading European supermarket chain, partnered with TCS to pioneer the world's first use of autonomous mobile robots in grocery warehouse operations. This strategic move aimed to boost efficiency, reduce costs, and scale fulfillment to meet surging online demand. Traditional manual picking was labor-intensive and slow, creating a bottleneck for profitability and customer service. TCS introduced self-driving vehicles integrated with Oracle Warehouse Management and advanced algorithms to assist staff with real-time picking lists, optimal routing, and special handling for fresh goods. The system enabled flexible order distribution between manual and automated processes while integrating with billing and discount systems. The impact was transformative: picking productivity rose by 20%, logistics were streamlined, and Colruyt established a scalable foundation for future automation across distribution centers—reinforcing its position as an industry innovator in operational agility and customer-centric fulfillment.

AI ranks high in retailers' plans for success

Retailers want efficiency, foresight, and intelligent decisions—in that order. The capabilities retailers select as "most critical for success" show a clear pattern: the sector is shifting from optimization to anticipation to autonomous decision-making. Even though most retailers have far to go to achieve the AI-led capabilities, they recognize them as the next frontier of competitive advantage.
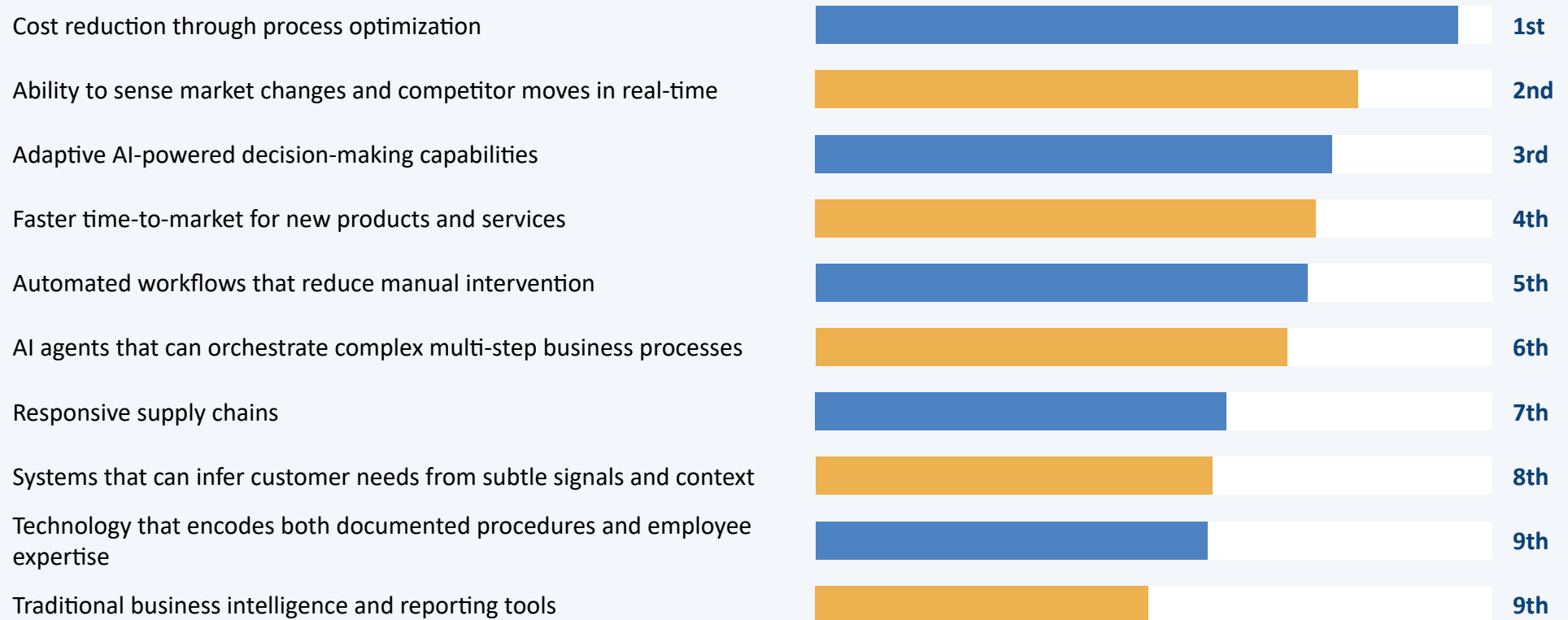
Capabilities considered most critical for success

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

Figure 14. As market conditions become increasingly volatile, which of these capabilities are most critical for your organization's success? Rank the top 3. (n=817; bars represent weighted mean score)

Process optimization remains the foundation, but it's no longer enough. Retailers still prioritize reducing operational waste because margins remain tight. But optimization delivers diminishing returns unless paired with better forecasting, faster decisions, and more adaptive processes.
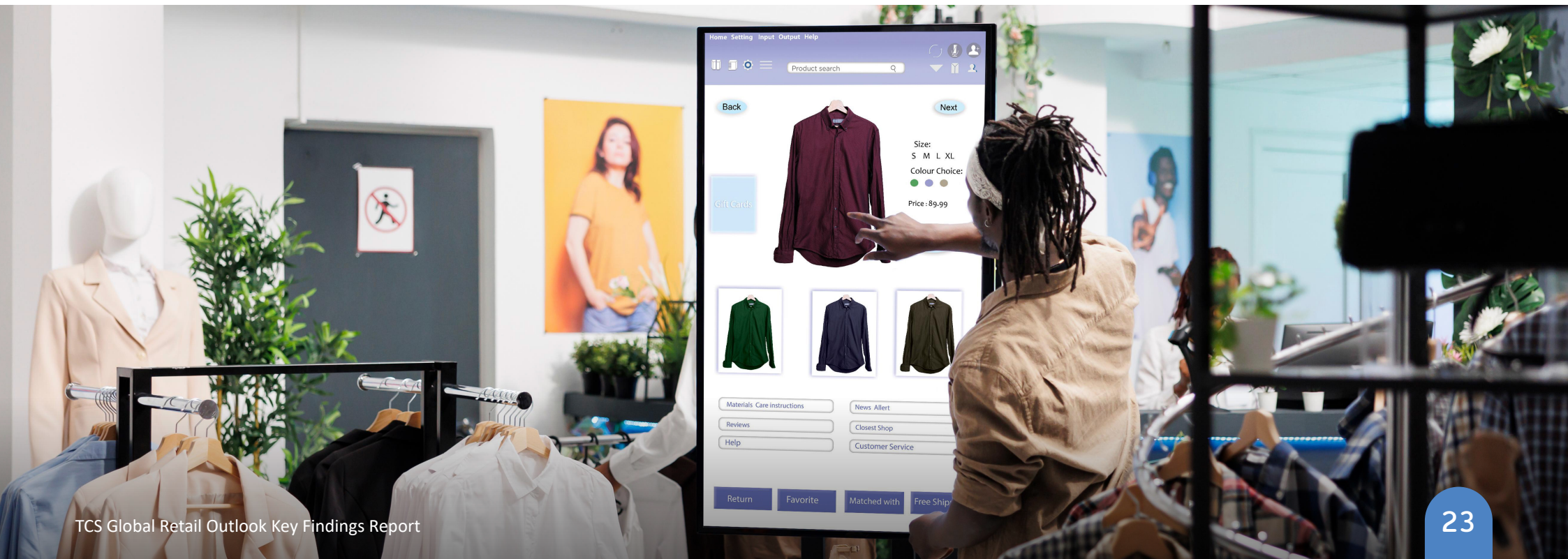
The real breakthrough is sensing market shifts earlier and acting faster. Executives now place high value on real-time insight into demand, competitor moves, and cost volatility. This reflects a shift from efficiency-driven retail to perceptive retail, where the speed of recognizing change becomes a differentiator.

Pacesetters

Pacesetters recognize the need for speed and value faster time-to-market, ranking it #2 compared to Followers, who ranked it #5.

Followers are incentivized to keep up, ranking the ability to sense market changes and competitor moves in real-time at #2, where for the Pacesetters, this capability drops to #4 in priority.

Insight

Retailers' top optimization priorities are operational and technology led

First, retail executives seek to streamline supply chains to cut lead times and waste; second, they plan to enhance data and AI-driven demand forecasting and inventory management. These choices signal a shift from blunt cost cutting to growth-oriented optimization based on technology-enabled foresight and speed using better data and automation to reduce costs while improving service quality. Complementary themes like talent development and customer feedback loops reinforce that the gains from AI depend on upskilled teams and connected, data-rich ecosystems.

Preferred approaches for improving efficiency and reducing costs

Approach	Rank
Optimizing supply chain management to reduce lead times and minimize waste	1st
Enhancing data analytics capabilities to improve demand forecasting and inventory management	2nd
Investing in employee training and development to increase productivity and service quality	3rd
Leveraging customer feedback and data to refine product offerings and service approaches	4th
Collaborating with external partners to identify cost-saving opportunities without compromising quality	5th
Automating specific operational processes	6th
Standardizing processes across locations and channels	7th
Implementing continuous improvement programs	8th
Optimizing space utilization and store layouts	9th

Figure 15. 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=817; bars represent weighted mean score)

Pacesetters

Pacesetters tend to be data-first and customer led, putting analytics for demand forecasting and inventory at the top and elevating customer feedback loops ahead of workforce training—signaling a strategy that uses AI and richer data to anticipate demand and tune offerings before tackling downstream process fixes.

Followers are more operations-first, leading with physical supply chain optimization and prioritizing employee training over customer feedback refinement—an approach that focuses on tightening execution in the core network before deeper intelligence layers.

AI-powered labor scheduling key to optimization & efficiency

When cost optimization and operational efficiency rises to the level of a mission-critical objective—as it does for almost a quarter (24%) of retail executives surveyed—using AI to optimize workers' schedules became the top answer.

How retailers plan to achieve cost optimization and operational efficiency

Category	Percentage
Deploy AI-powered labor scheduling to match staffing with traffic	41%
Reduce product complexity by eliminating low-performing SKUs	39%
Implement predictive maintenance to reduce equipment downtime	33%
Centralize shared services for finance, HR, and IT functions	33%

Other answers in order of frequency:

- Implement robotic process automation for repetitive back-office tasks
- Consolidate technology vendors and platforms to reduce complexity
- Renegotiate contracts with major suppliers and service providers*
- Optimize real estate portfolio based on changing shopping patterns
- Implement zero-based budgeting to challenge all cost assumptions

*equivalent frequency to the preceding answer

Figure 16. Select up to 3 ways you plan to achieve cost optimization and operational efficiency. (n=197; only asked of those who picked this as a mission-critical objective)

These key tactics for optimizing costs and making operations efficient, as well as the more popular approaches shown earlier for achieving profitable growth and improving supply chain resiliency, resemble classic "lean" processes—remove waste/inefficiencies, standardize and streamline workflow—but are now amplified and accelerated by AI and automation.

Pacesetters

44% of Pacesetters selected reducing product complexity by eliminating low-performing SKUs as their number one answer compared to **34%** of Followers.

Loyalty programs hold untapped potential to inform enterprise decisions

Retailers invest heavily in loyalty programs, yet most fail to fully leverage the insights these programs produce. Nearly half apply loyalty data to improve marketing effectiveness, but far fewer use it for broader decisions like assortment planning or store experience—missing an opportunity to drive enterprise-wide impact. This gap matters because loyalty programs are positioned as critical enablers of retention and personalization, yet their potential to inform enterprise decisions remains largely untapped.

93% of companies in our study currently have or are planning loyalty programs. A third (**33%**) of those say loyalty programs are a critical enabler of long-term customer retention, and over a quarter view them as a key channel powering enterprise-wide personalization. (See Figure 17.)

The role of loyalty initiatives in growth and customer strategy

- 33% — A critical enabler of long-term customer value and retention
- 28% — A key channel for first-party data to power enterprise-wide personalization
- 20% — A differentiator in competitive positioning and brand experience
- 15% — A supplemental tool supporting promotions and marketing
- 5% — Not currently integrated with broader strategic priorities

Figure 17. How are your loyalty initiatives positioned in your overall growth and customer strategy? (n=759; only asked of retailers with loyalty programs)

Most respondents use loyalty data to refine marketing; fewer apply it to assortment or store experience. Retailers need to unlock the full value of their loyalty programs by unifying data, embedding privacy-by-design principles, and leveraging AI across merchandising and operations to turn insights into action.

Business decisions influenced by loyalty data

Marketing effectiveness and ROI tracking **47%**

Strategic pricing and promotions **45%**

Customer segmentation and lifecycle management **42%**

Other answers in order of frequency:

- Product and assortment planning
- Channel and store experience strategy
- Loyalty insights are underutilized in broader decisions
- No current loyalty program or near-term plan for one

Figure 18. Which enterprise-level decisions are most influenced by insights from your loyalty program? Select all that apply. (n=817)

Gen AI accelerates digital transformation & data enablement

To speed digital transformation and data enablement, executives say deploying gen AI for content creation, code development, and process documentation is the top recommendation. Data enablement means getting clean, connected, and governed data into the hands of the business and Gen AI is the accelerator for building that unified view.

How retailers plan to accelerate digital transformation & data enablement

Deploy generative AI for content creation, code development, and process documentation **38%**

Migrate legacy systems to cloud-native architectures for scalability and speed **35%**

Create unified data platforms that integrate all customer and operational data sources **35%**

Other answers in order of frequency:

- Establish data governance frameworks to ensure quality and compliance
- Implement composable commerce platforms using microservices and APIs
- Enable multimodal AI to extract insights from unstructured data (images, documents, voice)
- Build API ecosystems to enable rapid partner integrations
- Implement edge computing in stores for real-time analytics and decisions*
- Create digital innovation labs for rapid experimentation

*equivalent frequency to the preceding answer

Figure 19. Select up to 3 ways you plan to accelerate digital transformation and data enablement. (n=177; only asked of those who picked this as a mission-critical objective)

This emphasis on generative AI and foundational modernization (such as continuing cloud migration and creating unified data platforms) signals a strong focus on scalability and speed, aided by advanced AI capabilities.

Pacesetters

41% of Pacesetters are even more focused on deploying gen AI for content creation to accelerate digital transformation compared to **36%** of Followers.

AI-driven allocation essential to optimizing inventory and working capital

As retailers aim to optimize working capital, many are turning to AI to make smarter, more localized decisions. Leading approaches among respondents are implementing AI-driven allocation strategies that factor in local demand patterns and shelf space and improving demand forecasting accuracy to reduce excess inventory—helping ensure the right products are in the right places at the right time.

How retailers plan to optimize inventory and working capital

Implement AI-driven allocation that considers local demand patterns and shelf space — **43%**

Reduce excess inventory through improved demand forecasting accuracy — **42%**

Implement just-in-time replenishment for fast-moving categories — **36%**

Other answers in order of frequency:

- Deploy automated markdown optimization to clear slow-moving products profitably
- Optimize payment terms with suppliers through dynamic negotiations
- Create vendor-managed inventory programs to shift carrying costs
- Enable ship-from-store to leverage store inventory for e-commerce
- Implement consignment models for new or seasonal categories*
- Create inventory sharing networks with partners or franchisees

*equivalent frequency to the preceding answer

Figure 20. Select up to 3 ways you plan to optimize inventory and working capital. (n=177; only asked of those who picked this as a mission-critical objective)

Pacesetters

Pacesetter firms are 1.5X more likely than Followers to say they'll optimize payment terms with suppliers through dynamic negotiations to manage cash flow and capital (**36%** vs **24%**); it was their third highest answer, in fact. And Pacesetters are 1.4X more likely than Followers to say they would create inventory sharing networks with partners or franchisees as a possible tactic for optimizing inventory (**21%** vs **15%**), even though this was the least popular option for both.

AI is the future of cybersecurity for retailers (and others)

As data privacy and security rise to the top of the retail agenda, organizations are increasingly turning to intelligent defenses. To strengthen protection across systems and customer touchpoints, retail executives selecting this as a key objective are deploying AI-powered cybersecurity platforms—designed to detect threats, adapt in real time, and safeguard sensitive data at scale.

How retailers plan to strengthen data privacy and cybersecurity measures

Deploy AI-powered cybersecurity platforms to proactively detect and respond to threats in real time with minimal human intervention — **54%**

Extend zero-trust security architectures across cloud, store systems, and edge devices like kiosks and sensors — **43%**

Automate compliance monitoring using AI to track evolving data privacy regulations and audit internal systems — **42%**

Other answers in order of frequency:

- Build privacy-by-design principles into new digital products, ensuring security is integrated from the start
- Implement privacy-preserving analytics to gain insights without exposing raw customer data
- Use synthetic data for AI training to avoid exposure of real customer information while enabling advanced modeling
- Adopt confidential computing to protect sensitive data even while it's being processed in cloud environments

Figure 21. Select up to 3 ways you plan to strengthen data privacy and cybersecurity measures. (n=177; only asked of those who picked this as a mission-critical objective)

When retail executives who prioritized strengthening their cybersecurity capabilities were asked how they planned to do so, AI-driven cybersecurity and compliance automation dominate their answers, signaling a strong focus on proactive, tech-enabled security measures.

Pacesetters

55% of Pacesetters vs **51%** of Followers rank AI-powered cybersecurity platforms first

47% ranked extending zero-trust architectures to secure their cloud, store systems, kiosks and sensors second (vs **37%** for Followers).

Predictive trend analytics increase speed to market and decision velocity

Speed is becoming a competitive differentiator in retail—from product launches to decision-making. To increase velocity across the organization, many retail executives are implementing predictive trend analytics that help identify emerging opportunities earlier and then act on them faster.

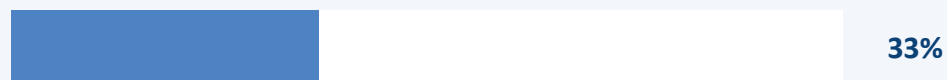## How retailers plan to increase speed to market and decision velocity

Implement predictive trend analytics to identify opportunities earlier	36%
Create cross-functional agile teams with embedded decision-making authority	35%
Deploy real-time competitive intelligence monitoring with automated response triggers	33%
Streamline vendor onboarding with automated compliance and integration	33%

Other answers in order of frequency:

- Develop direct-to-consumer capabilities to bypass traditional distribution
- Build modular product development processes for faster launches
- Implement AI agents for automated merchandising decisions (pricing, allocation, markdowns)
- Establish rapid testing frameworks for new concepts (pop-ups, limited releases)*
- Create automated approval workflows with AI-powered risk assessment

*equivalent frequency to the preceding answer

Figure 22. Select up to 3 ways you plan to increase speed to market and decision velocity. (n=170; only asked of those who picked this as a mission-critical objective)

Additionally, creating cross-functional agile teams with embedded decision-making authority was a frequent choice across survey respondents.

Pacesetters

Pacesetters are **1.6X** more likely than Followers to build modular product development processes for faster launches (**29%** vs **18%**), and **1.5X** more likely to implement AI agents for automated merchandising decisions (**27%** vs **18%**).

CASE STUDY: Belk's journey to intelligent operations

Belk, a leading U.S. department store chain, partnered with TCS to transform its IT operations and enable intelligent, automated processes. After eliminating its mainframe environment and moving toward a cloud-enabled ecosystem, Belk faced challenges with complex, resource-heavy IT operations supporting 20,000 employees and 36,000 annual tickets. TCS implemented its Machine First Delivery Model (MFDM™) powered by ignio™ AIOps, automating over 290 use cases including proactive store monitoring, infrastructure patching, and security compliance. Real-time dashboards and machine learning models improved visibility and accelerated anomaly detection across store, e-commerce, and supply chain transactions. The impact was substantial: 15% reduction in operating costs, 58% of incidents proactively managed, 40% lower manual monitoring costs, 10% annual ticket reduction, and a 90% drop in store outages. This AI-driven transformation positions Belk for scalable growth, operational resilience, and continued innovation in modern retail.

Digital and mobile payments are no longer optional

The rapid adoption of BNPL and the early exploration of biometrics, crypto, and blockchain signal a payment landscape that is becoming more diverse and dynamic. The findings suggest that retailers who invest in flexible, secure, and customer-centric payment systems will be best positioned to drive conversion, loyalty, and long-term growth.

The proliferation of digital payment methods also means retailers will have access to richer, real-time transaction data across channels. This can fuel personalization, loyalty programs, and fraud prevention—but also raises the stakes for data privacy and security.

New/emerging payment systems in use, being explored or planned for adoption

Mobile wallets (e.g., Apple Pay, Google Pay) — **80%**

Contactless/NFC payments — **68%**

Digital wallets (e.g., PayPal, Venmo) — **52%**

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)
- Central Bank Digital Currencies (CBDCs)
- Blockchain-based payment solutions

Figure 23. Which new or emerging payment systems are your organizations currently using, exploring or planning to adopt? (n=817)

C-suite's competing priorities create roadblocks for integrated AI strategy

When we looked at the jobs survey respondents hold, either as C-suite officers or people who report directly to a C-suite officer, we found broad agreement on corporate priorities. Across all job roles, "driving profitable growth" emerged as the most frequently cited priority—making it the leading focus across the sector, even if not an absolute majority.

All respondents recognize the value of "improving customer experience and loyalty," which usually ranked second, or at most, third.

However, the C-suite differ widely on some secondary and tertiary corporate priorities.

New/emerging payment systems in use, being explored or planned for adoption

Building supply chain agility and resiliency	**#2** for supply chain executives & tied at **#2** for technology executives*	**#7** for customer-facing executives & **#8** for merchandising executives
Enhancing personalization and customer engagement	**#3** for customer-facing executives**	**#10** for merchandising executives & **#12** for technology executives
Optimizing inventory & working capital	**#3** for supply chain executives	Tied at **#9** for customer-facing executives & **#10** for technology executives
Accelerating digital transformation	**#3** for merchandising executives	Tied at **#9** for customer-facing executives & **#10** for supply chain executives

Figure 24. Out of this list, which are your top 3 mission-critical organizational objectives for the next 12-18 months? (n=817)

*Chief information and technology officers, and their direct reports
**Chief marketing, digital, and customer officers, and their direct reports

Despite broad agreement on top priorities like profitable growth and customer experience, the study reveals disconnects across the C-suite. IT executives are deprioritizing personalization even as CMOs rank it critical, while merchandising officers surprisingly rank supply chain resiliency ninth despite its fundamental importance. This misalignment risks creating implementation bottlenecks and missed opportunities for integrated transformation. The transformative opportunity is not necessarily which priority is chosen, it's that retailers must harmonize objectives across the C-suite to build an integrated AI roadmap.

Retailers are clear on the "what," but misaligned on the "how"

The data shows strong alignment on priorities like profitable growth and customer experience—but major divergence on how to achieve them. This misalignment is now a bigger barrier than technology.

Retailers are pursuing efficiency and growth simultaneously, but through different lenses

Followers prioritise cost optimization, while Pacesetters focus on speed, cybersecurity, and decision velocity: all capabilities linked to long-term value creation.

AI is central to every mission but not yet connected end-to-end

Executives see AI as critical across pricing, forecasting, CX, and operations—but strategies remain siloed.

The gap:

AI initiatives do not yet flow across functions, preventing compounding gains.

What Pacesetters are doing differently

Pacesetters—those organizations with stronger financial performance—focus on these strategies:

Operationalize AI where it moves P&L fastest

They are more likely to deploy AI for inventory and demand scheduling, workforce planning/scheduling, and automated checkout—and they back that with dynamic pricing as a primary growth lever. This pairing connects front-of-house demand generation with back-of-house availability and margin protection, turning AI from isolated tools into an end-to-end performance system.

Invest in decision velocity, not just analytics

On planning and forecasting, Pacesetters prioritize integrated business planning platforms and machine-learning models that continuously improve forecast accuracy—and even experiment with AI agents that encode expert judgment into planning workflows. Organizationally, they shift incentives to reward speed and experimentation and stand-up change champions, accelerating adoption far beyond traditional "digital literacy" programs.

Resilience is both brute-force and algorithmic

Pacesetters build strategic inventory buffers and nearshoring to shorten lead times, but they also layer in demand sensing, smarter allocation, and ML-driven replenishment. The pattern is pragmatic: stabilize what you can control physically while progressively automating sensing-to-acting cycles with AI.

Build foundational capabilities over flashy features

While Followers chase visible innovations, Pacesetters invest more heavily in backend capabilities—46% prioritize AI-driven (vs 29% of Followers), and they're nearly twice as likely to establish strategic inventory buffers and nearshoring strategies. This suggests success comes from building robust operational foundations before adding customer-facing features.

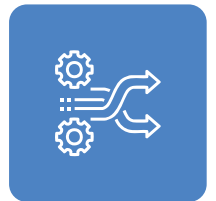# What Pacesetters are doing differently (cont'd)

Use speed as a competitive weapon

Pacesetters rank "faster time-to-market" as their #2 success factor (versus #5 for Followers), recognizing that in volatile markets, the ability to quickly capitalize on opportunities matters more than perfect execution. They're implementing AI not just for efficiency but for velocity.

Embrace integrated, not isolated, transformation

Pacesetters show higher adoption across nearly every AI category, suggesting they pursue comprehensive transformation rather than piecemeal initiatives. They're 41% more likely to deploy machine learning models that continuously improve forecast accuracy and significantly more focused on implementing integrated business planning platforms.

View multi-agent orchestration as the next frontier

While 85% of all retailers (including Pacesetters) say they haven't started implementing multi-agent systems (MAS), they are the next phase of enterprise AI. Where traditional monolithic AI struggles with multi-step reasoning, dynamic environments, and cross-domain tasks, these systems break workflows into smaller, specialized units that can adapt and scale. In retail, MAS offers transformative potential—autonomous merchandising, responsive supply chains where agents monitor demand and trigger orders, AI-powered retail media orchestration, and more. Pacesetters who move first here will likely dominate the next cycle.

Shift from automation to autonomy

Pacesetters are starting to shift from AI that assists decisions to AI that makes them. Their higher adoption of AI for workforce planning, automated checkouts, and demand scheduling suggests they're comfortable delegating operational decisions to machines, freeing human talent for strategic work.

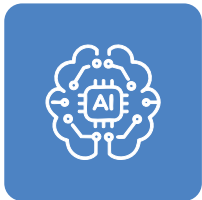# What Pacesetters are doing differently (cont'd)

Build learning systems, not just smart tools

Pacesetters prioritize machine learning models that continuously improve forecast accuracy (38% vs 23% for Followers) and experiment with AI agents that embed expert judgment into workflows (37% vs 25% Followers). This focus on adaptive systems creates a compounding advantage—turning AI from static tools into dynamic engines of growth. This suggests Pacesetters are creating systems that get smarter over time, compounding their compounding their competitive advantage.

Focus on unified and personalized customer experience

For experience and loyalty, Pacesetters place more emphasis on unified commerce foundations and advanced personalization (including generative content at scale and immersive try-on) while many peers still chase community engagement as a substitute for intelligence. Best practice couples CDP-anchored profiles with AI shopping assistants and next-best-action orchestration—then routes those insights into assortment, pricing, and store operations to close the loop.

Embrace the path forward with agentic AI

The next maturity step is to evolve today's "assistive" AI into agentic AI that coordinates across pricing, merchandising, supply, and service with human-in-the-loop governance. Concretely, best-practice programs will: (1) define high-value decision loops (2) stand up domain agents with clear policies, guardrails, and KPIs, (3) connect agents to shared data products, (4) codify escalation/override paths and audit trails, and (5) measure outcomes beyond cost. With most retailers not yet planning multi-agent systems, early movers can capture outsized advantage by turning AI from insights into autonomous, auditable action.
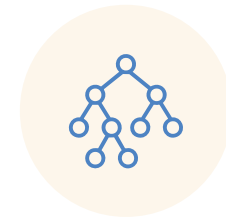
Insights in action: Recommendations

Connect front-end AI (assistants) to operations (pricing, availability, fulfillment) to unlock compounding value.

Stand up unified data products: privacy-safe profiles; operational data shared across functions.

Define high-value decision loops and implement domain agents with guardrails, KPIs, and escalation paths.

Prioritize workforce enablement beyond literacy: change champions, aligned incentives, and hands-on governance.

Measure beyond cost: margins, sell-through, decision latency, customer lifetime value, and speed to market.

Summary: Path to perceptive retail

Perceptive retail marks a major shift in how retail organizations operate. Instead of treating AI as just a helpful technology running in the background, retailers are now integrating AI as an active member of their workforce—one that helps guide decisions and shape outcomes in real time. This approach empowers retail enterprises to thrive in today's fast-moving market by combining smart, context-aware decision-making with deep insights from a wide range of data sources.

Many retailers are already embracing artificial intelligence within their daily operations through innovations ranging from personalized pricing to digital twins that can simulate options and optimize decisions. This is just the beginning for AI, a once-a-generation or maybe once-a-century technological disruption.

What sets this transformation apart is the way AI systems can reason, interpret complex signals, and act autonomously—working alongside human teams to understand the bigger picture and anticipate customer needs and industry trends that aren't always obvious. Moving from simple predictive analytics to AI-driven decision-making with richer context represents a significant evolution in retail, unlocking new levels of precision, agility, and foresight.

Perceptive retail offers a range of transformative benefits for retailers, fundamentally changing how they operate and engage with customers.
By integrating AI as an active participant within the workforce, retailers can achieve:

Empowered decision-making

Perceptive Retail leverages reasoning-based decision intelligence, allowing retailers to make smarter, more informed decisions. This shift from predictive systems to decision-making systems with deeper contextual understanding enables retailers to infer meaning from complex data and understand unstated needs.

Proactive operations

Retailers can move from reactive to proactive processes. With the ability to decode market signals and spot opportunities before they manifest, retailers can act decisively and stay ahead of the competition.

Improved customer experience

The unified customer experience pillar focuses on transforming personalization from reactive to proactive, context-aware processes. This means that retailers can better understand and anticipate customer needs, providing a more tailored and satisfying shopping experience.

Operational efficiency

Agentic operations reimagine business processes with autonomous decision-making across all operational areas. This leads to more efficient workflows and the ability to coordinate responses across business functions seamlessly.

New revenue streams

The growth ecosystems pillar allows retailers to expand beyond traditional business models into new revenue streams, such as retail media networks and data monetization. This diversification can lead to increased profitability and business growth.

Sustainability and circularity

Incorporating sustainability and circularity into business operations is another key benefit. Retailers can adopt more sustainable practices, reducing waste and contributing to a circular economy.

Competitive advantage

By leading with competitive advantage and tangible outcomes, such as double-digit growth in revenue, conversions, and customer lifetime value, retailers can position themselves as industry leaders and innovators.

Institutional wisdom

The codification of tacit knowledge into institutional wisdom ensures that valuable insights and best practices are retained within the organization, enhancing long-term strategic planning and decision-making.
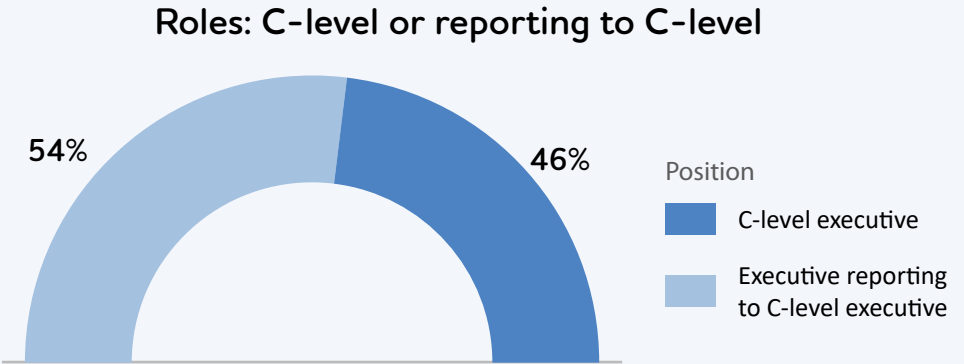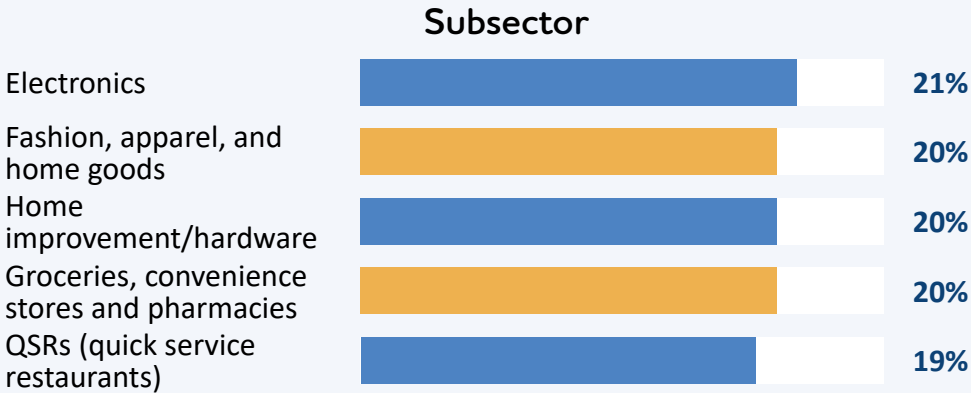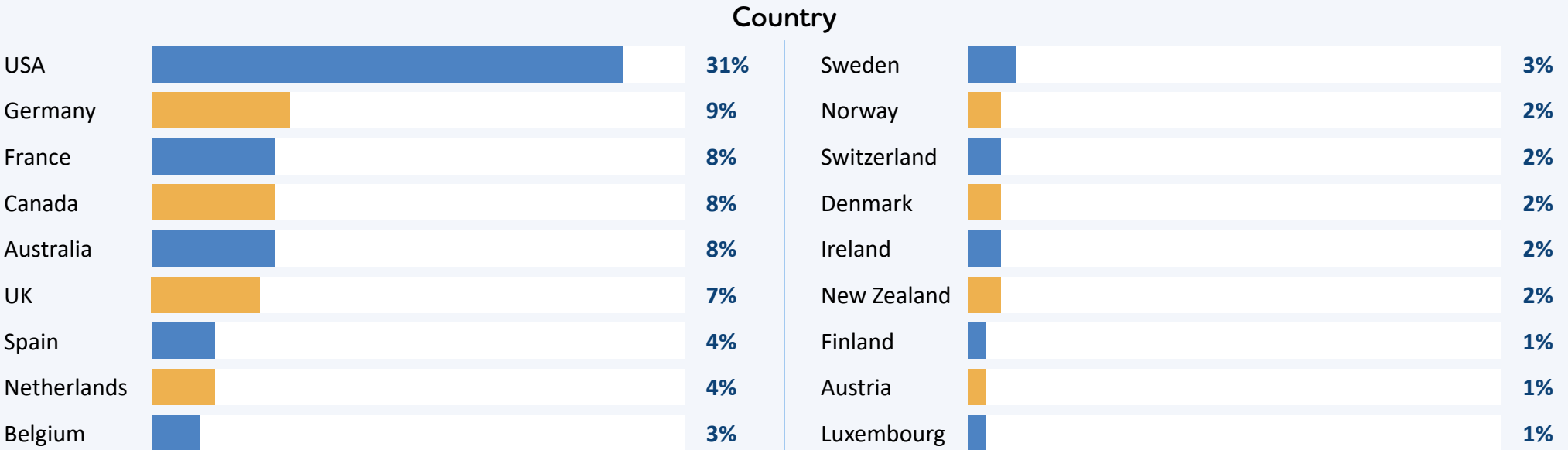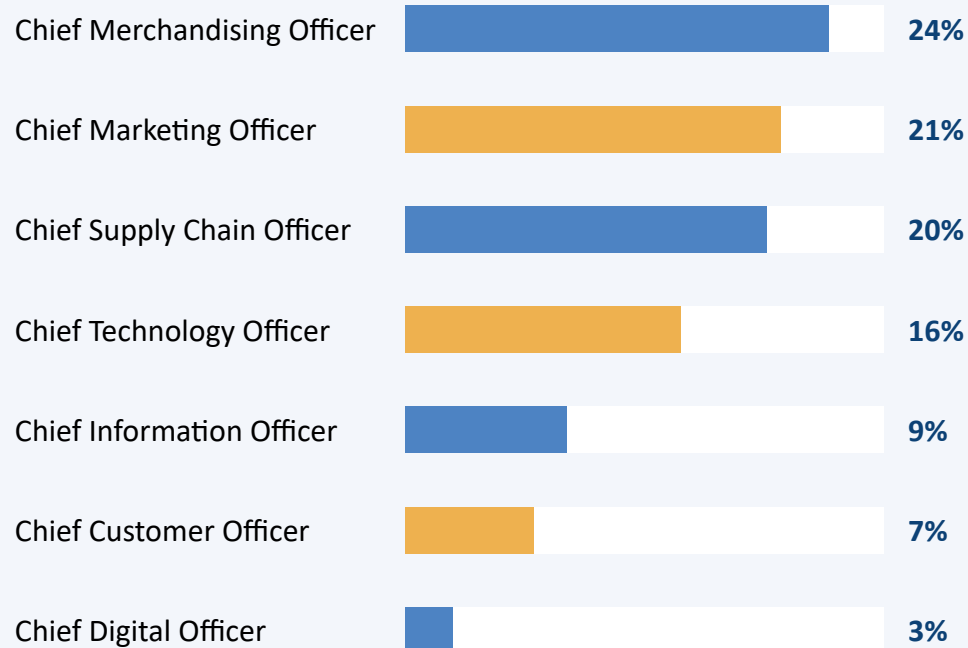
Methodology

Global study | 👥 **817** respondents in | 🌐 **18** countries across | 🏪 **5** retail

Country

Country	%		Country	%
USA	**31%**		Sweden	**3%**
Germany	**9%**		Norway	**2%**
France	**8%**		Switzerland	**2%**
Canada	**8%**		Denmark	**2%**
Australia	**8%**		Ireland	**2%**
UK	**7%**		New Zealand	**2%**
Spain	**4%**		Finland	**1%**
Netherlands	**4%**		Austria	**1%**
Belgium	**3%**		Luxembourg	**1%**

Subsector

Subsector	%
Electronics	**21%**
Fashion, apparel, and home goods	**20%**
Home improvement/hardware	**20%**
Groceries, convenience stores and pharmacies	**20%**
QSRs (quick service restaurants)	**19%**

Roles: C-level or reporting to C-level

54% **46%**

Position
- C-level executive
- Executive reporting to C-level executive

C-level executives

Role	%
Chief Merchandising Officer	24%
Chief Marketing Officer	21%
Chief Supply Chain Officer	20%
Chief Technology Officer	16%
Chief Information Officer	9%
Chief Customer Officer	7%
Chief Digital Officer	3%

Report-to for other executives

Role	%
Chief Supply Chain officer	27%
Chief Merchandising Officer	25%
Chief Marketing Officer	13%
Chief Technology Officer	13%
Chief Information Officer	10%
Chief Customer Officer	8%
Chief Digital Officer	4%

Revenue of respondents' companies

29% with over **$1** billion USD in annual revenue

Annual revenue in USD

$50 M to $100 M	**14%**
$100 M to $250 M	**22%**
$250 M to $500 M	**18%**
$500 M to $1 B	**17%**
$1 B to $5 B	**17%**
$5 B to $10 B	**8%**
$10 B to $20 B	**2.4%**
$20 B to $50 B	**1.6%**
$50 B to $75 B	**0.4%**
$75 B to $100 B	**0.2%**
$100 B to $200 B	**0.1%**
$200+ B	**0.2%**

Revenue by region in USD

Region	Less than $1B USD	More than $1B USD
ANZ	68%	32%
Benelux	88%	12%
Nordics	87%	13%
UK & Ireland	76%	24%
Europe (other)	79%	21%
North America	58%	42%
Total	71%	29%

Legend: Less than $1B USD / More than $1B USD

Pacesetters

The more financially successful companies compared to their peers

Pacesetters & Followers

- **Pacesetters** — 48%
- **Middle** — 21%
- **Follower** — 31%

Executive champion

Krishnan Ramanujam
President, Consumer Business Group, TCS

The executive champion would like to thank the following contributors to this study:

Tom Bowman
Lead Managing Partner,
Consumer Business Group, TCS

Michael Chong
Managing Partner,
Consumer Business Group, TCS

Mohammad Imran Kamdar
Global Head, Customer Data Strategy,
Loyalty & Personalization, TCS

Mohan Krishnan
Global Head,
Retail Strategic Initiatives, TCS

Varadharajan Ragunathan
Head of Retail Media,
Ad Tech, and Commerce Media, TCS

Meril Sakaria
Head of New Growth Initiatives,
Consumer Business Group, TCS

Cheenttan Voraa
Global Head,
Retail Business Consulting, TCS

This study was made possible by the dedication and effort of countless team members. A special thank-you to these individuals for their collaboration and support:

Abhinav Kumar
Chief Marketing Officer, TCS

Vikrant Gaikwad
Global Head,
Industry Marketing, TCS

Serge Perignon
Global Head, Services Marketing and
Thought Leadership Institute, TCS

Shilpa Vitankar
Marketing Head,
Consumer Business Group, TCS

Kirthi Duvoor
Business Unit Head – APAC –
Consumer Business Group, TCS

Kelly Foree
VP, Retail & E-Commerce,
Consulting Partner, TCS

Dhanasekaran Gopal
Head of Product Strategy and Management,
Consumer Business Group, TCS

Ashish Khurana
Vice President,
Head of Retail for Americas, TCS

Shekar Krishnan
Vice President and Business Unit Head –
Retail UK & I – Consumer Business Group, TCS

Abhijit Niyogi
Vice President and Business Unit Head –
Retail Europe – Consumer Business Group, TCS

Murali R
Global AI Head,
Consumer Business Group Technology, TCS

Arunprasath V Rajendran
Retail AI & Analytics Leader, TCS

Ramana Reddy
Vice President and Business Unit Head –
Retail Americas – Consumer Business Group, TCS

PC Thomas
Vice President and Business Unit Head –
Retail Americas – Consumer Business Group, TCS

Sapna Agarwal   Derek Baker   Srilatha Berzgoan   Savio Sanjay Dmello   Suzanne Rose   Sobha Varghese   Kuriko Wong

About the study

The Global Retail Outlook Key Findings report is designed to provide insights into how 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, and not every insight gathered is included in this report.

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

For the most up-to-date content and news, download the 'TCS Perspectives' app for your iOS and Android device.

Tata Consultancy Services

Tata Consultancy Services (TCS) (BSE: 532540, NSE: TCS) is a digital transformation and 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.

Rooted in the heritage of the Tata Group, TCS is focused on creating long term value for its clients, its investors, its employees, and the community at large. With a highly skilled workforce spread across 55 countries and 202 service delivery centers across the world, the company has been recognized as a top employer in six continents. With the ability to rapidly apply and scale new technologies, the company has built long term partnerships with its clients – helping them emerge as perpetually adaptive enterprises. Many of these relationships have endured into decades and navigated every technology cycle, from mainframes in the 1970s to Artificial Intelligence today.

TCS sponsors 14 of the world's most prestigious marathons and endurance events, including the TCS New York City Marathon, TCS London Marathon and TCS Sydney Marathon with a focus on promoting health, sustainability, and community empowerment. **www.tcs.com**

TCS generated consolidated revenues of over US $30 billion in the fiscal year ended March 31, 2025. For more information, visit www.tcs.com

Follow TCS on