2026 TRENDS

Retail

clarkston CONSULTING

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AI & Agentic Tools

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Agile Retail

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Managing Price-Sensitive Customers

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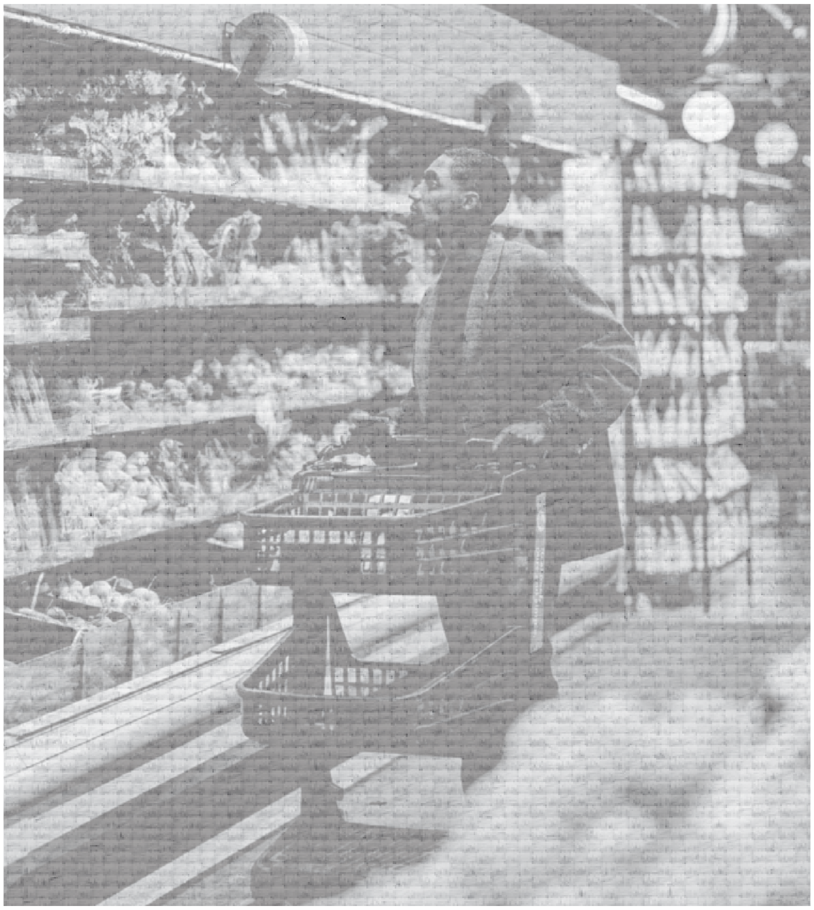
Retail Media Networks

TREND 5

Continued Emphasis on Customer Experience

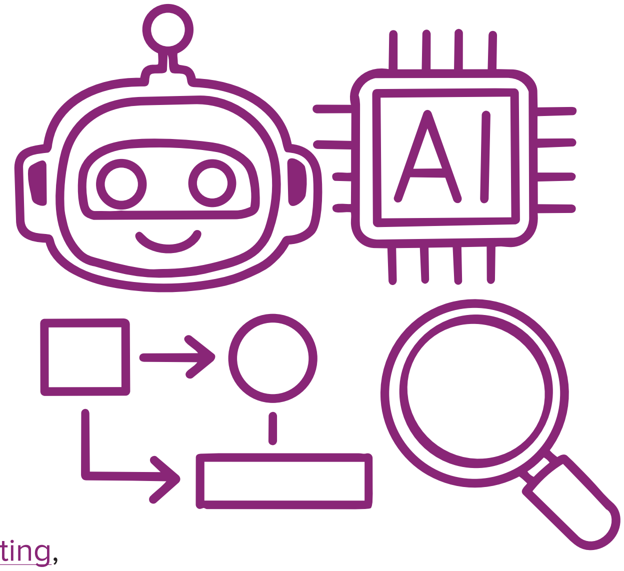
As we kick off 2026, the retail landscape continues to be faced with an ever-changing customer and growing global uncertainty. Retailers have to be ultra-responsive to their customers' needs, lessening reaction time from months to weeks if not days. They also have to continue to navigate evolving supply chains, constantly adjusting to impacts from tariffs and geopolitical shifts. Layer into that the growth of AI & agentic tools, which are now commonly part of any conversation about retail growth, and the outlook for 2026 is one of opportunities and challenges for retailers to sink or swim with.

As we look into the trends for the year, we see opportunities for retailers who've made investments in technology and process to improve reaction times and efficiencies, and challenges for those that are reliant on aging platforms that are stretching just to keep up with the table stakes of modern commerce. This report highlights five key trends we expect to impact the industry in 2026 and beyond.



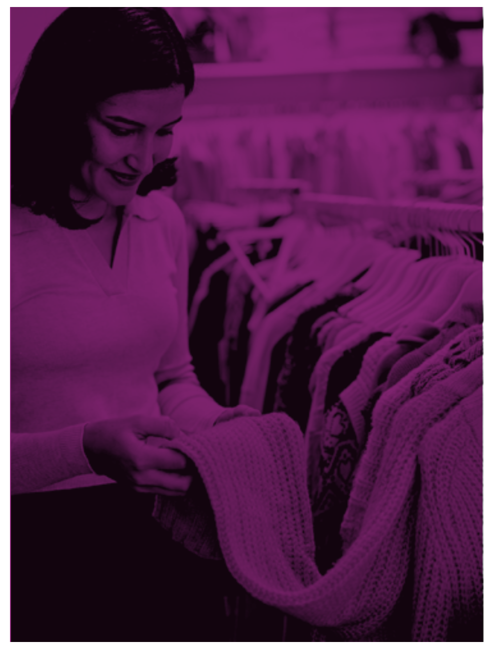
TREND 1

AI & Agentic Tools



AI-powered tools and agents are increasingly common among retailers looking to enhance operations. In fact, 98% of retail executives expect to achieve full AI deployment by 2028. As AI usage continues to rise, retailers should make sure they are prepared to make the most out of what AI has to offer.

One of the biggest shifts is the focus on agentic AI use cases for retailers, as seen at NRF 2026. Agentic commerce, agentic marketing, and other agentic use cases are top of mind as retailers try to streamline operations and adapt to customer expectations.



Agentic tools take the recent AI surge beyond prediction and content generation, incorporating independent task execution. Agents can take a user prompt or other trigger, develop a plan, and then work through a multi-step process, potentially leveraging databases or APIs to execute tasks in other systems.

Use cases are seen in customer service at Gap, where agents handle routine customer service requests, and at 7-Eleven, where agents help with time-consuming documentation tasks. One thing that is clear is the importance of these tools as enablers for the operator experience, not overrunning or replacing it.

Beyond these applications, retailers continue to expand their use of AI across broader technology platforms to drive efficiency. AI-powered demand forecasting is becoming increasingly accurate, enabling retailers to optimize inventory levels, reduce waste, minimize out-of-stocks, and improve product availability. AI also continues to power customer personalization, allowing retailers to recommend products tailored to specific shoppers' preferences and send targeted discounts and individualized email campaigns. Together, these capabilities enhance the customer experience and strengthen long-term loyalty.

As AI becomes more embedded in retail operations in 2026, success will depend less on the technology itself and more on how prepared organizations are to use it. Governance and guardrails will be critical to ensure agents augment, rather than override, human judgment. When designed well, agentic and other AI tools will reduce operational burden and enable teams to focus on the customer experience.

TREND 2

Agile Retail

Agile retail is a growing framework that applies Agile development principles to prioritize speed and flexibility while staying closely aligned to customer needs in retail execution. As customer demands grow, retailers need to be able to be faster to respond – no longer can they wait until next season, or even next month, to be able to react to a change in demand or behavior.

By leveraging data to spot trends in advance, Agile retail allows organizations to rapidly respond to potential shifts. It is emerging as a way for retailers to combat rising operational costs and volatile demand amid ongoing economic and political uncertainty. Agile retail supports improved delivery times and more automated fulfillment processes, ultimately driving greater efficiency. As retailers prepare for the new year, transforming Agile retail into an end-to-end operational strategy can help enhance responsiveness and adaptability at both the enterprise and local level.

Smart warehouses and micro-fulfillment centers are just one of the ways Agile retail is expanding. These small, automated hubs can be strategically placed closer to shoppers to enable faster delivery times while reducing transportation emissions. This capability is increasingly important as 80% of shoppers expect retailers to offer same-day delivery. Moving away from large, centralized distribution centers can help retailers meet these rising expectations.

In response, hyperlocal fulfillment is growing into a standard practice for retailers heading into 2026. Companies like Walmart are already leveraging micro-fulfillment centers to speed up delivery. This shift not only improves operational efficiency but also allows retailers to better align product availability with local preferences, leading to higher customer satisfaction.

Retail experiences themselves are also becoming more localized. For example, McDonald's has tailored its menu offerings globally to specific regions' dietary preferences. With advances in generative AI and machine learning, retailers can now leverage customer data to localize product offerings and adapt products to the specific needs of each region.

Looking ahead, Agile retail will continue to shape the industry. Retailers that invest in AI-driven forecasting and flexible fulfillment models will be prepared to meet shifting customer preferences. Additionally, those that adopt Agile principles will operate with higher efficiency, while those that don't will risk falling behind in a competitive market.

TREND 3

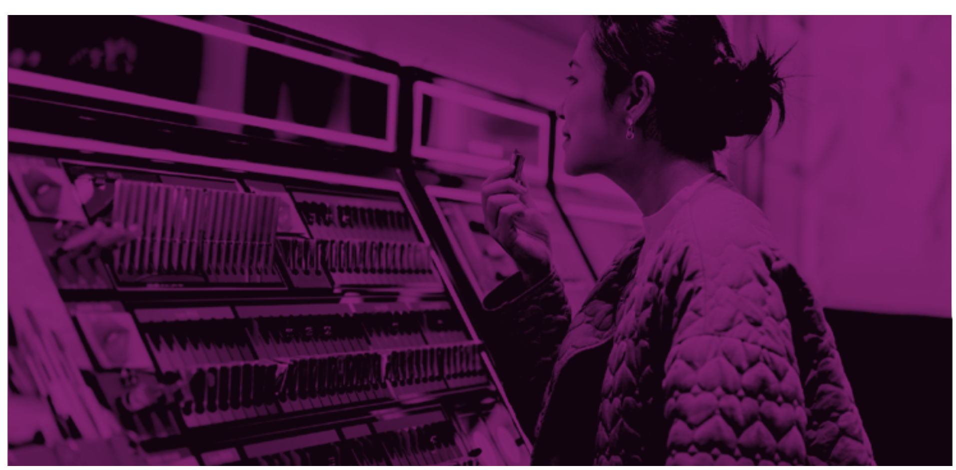
Managing Price-Sensitive Customers

Shoppers remain highly price sensitive as tariffs and economic uncertainty continue to influence shopper behavior. In fact, 72% of consumers reported reduced spending in the past three months. As price sensitivity increases, shoppers are placing greater emphasis on the value propositions of the products they choose to buy. This heightened focus on price has led many shoppers to reduce discretionary spending and trade down to cheaper alternatives.

Moving into 2026, this price-sensitive behavior is becoming more strategic. Customers are more likely to switch to lower-priced brands when the quality differences seem minimal; however, shoppers will stay loyal to higher-priced brands when they feel those products are more durable, sustainable, or of higher quality. As a result, a clearly defined value proposition is becoming essential for brands, who must communicate why their products justify a premium price.

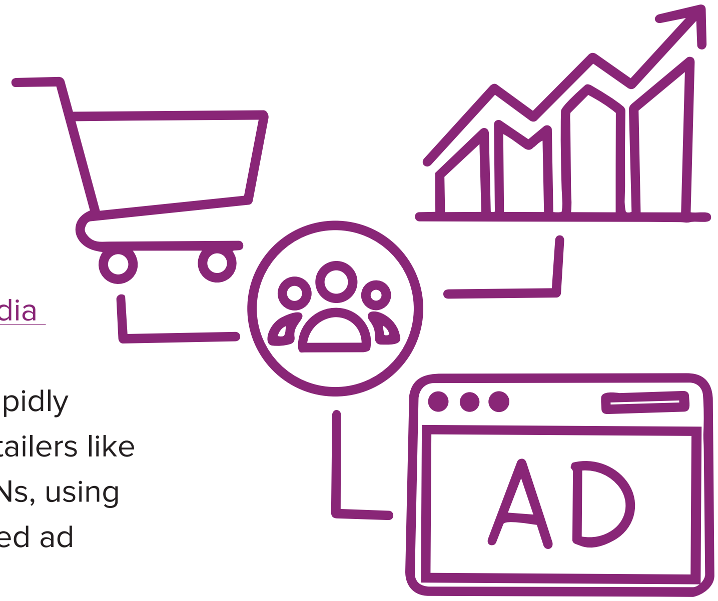
Retailers can also combat price sensitivity by using AI-based pricing optimization and loyalty programs. AI-based pricing tools can help retailers readjust prices in real time, helping them stay competitive while protecting or maintaining profit margins. Loyalty programs further enhance perceived value by offering rewards and personalized offers. In fact, loyalty program members demonstrate approximately 33% lower price sensitivity for products in stores where they hold memberships, making these programs an effective lever for retailers.

In 2026 and beyond, shoppers will continue to favor budget-friendly brands alongside those they believe are worth the added cost. Retailers that strengthen and clearly communicate their value propositions, whether through quality, convenience, or strong branding, will be better positioned to attract and retain customers in a price-sensitive market.



TREND 4

Retail Media Networks



The past few years saw the experimentation of retail media networks (RMNs), with retailers testing on-site ads and sponsored product placements. However, RMNs have rapidly become a fully functioning advertising channel. Major retailers like Walmart, Target, and Amazon have all been utilizing RMNs, using their collections of first-party data to power highly targeted ad placements across their websites and apps.

RMNs use data to target ads to shoppers. When retailers collect information on consumer spending behavior and purchase history, often supported by loyalty program data, they can more accurately curate ads that resonate with shoppers. These more relevant ads can improve return on investment for advertisers while expanding profit opportunities for retailers. This shift highlights how retail is no longer limited to selling physical products alone.

As direct-to-consumer (DTC) brands continue to rise in popularity and increase competition, retailers need to find ways to diversify their revenue streams. Data monetization through RMNs enables retailers to capitalize on the shopper insights they already collect, creating new sources of value beyond traditional retail margins. However, with this data monetization comes concerns about privacy and data governance. Shoppers are becoming increasingly aware of how their data is used, and 87% of consumers say they won't do business with a company they don't trust to protect their information. As retailers rely on first-party shopper data to support targeted advertising, strong compliance with privacy regulations and responsible data management practices are essential to maintaining customer trust and transparency.

Looking into the future, RMNs are projected to reach a value of $7.3 billion globally by 2034. Insights derived from loyalty data and purchase behavior will continue to enhance targeting capabilities across these networks. Retailers that invest in strong data governance alongside AI-driven optimization will be better positioned for success as RMN adoption becomes more widespread.

TREND 5

Continued Emphasis on Customer Experience

Omnichannel features have been implemented across retail over the years. Technology-backed processes like BOPIS, self-checkout, and app-based ordering are all increasingly offered and preferred by shoppers. Today, 87% of retailers now have a BOPIS option, while 77% of shoppers prefer self-checkout due to its speed and convenience. As retailers enter 2026, omnichannel capabilities, alongside continued investment in in-store technology, will remain a critical part of the overall customer experience.

For starters, store-in-store formats give shoppers access to more product offerings. For example, the Sephora in Kohl's partnership gives shoppers access to Sephora products while helping Kohl's drive additional foot traffic. This model also helps lower operating costs for the secondary brand and creates added convenience by allowing customers to shop for more products within a single location.

In-store technology has continued to advance as well. Retailers are using tools such as smart displays and digital kiosks to give shoppers more ways to explore products and complete purchases. Digital kiosks allow customers to search for items and pay directly in-store, while AR and VR technologies enable virtual product trials without physical interaction. For instance, Sephora has integrated its "Virtual Artist" tool into its app, allowing shoppers to try on makeup remotely. These technology-enabled experiences enhance convenience while strengthening engagement between shoppers and retailers.

Social media has also become more closely integrated into the shopping journey. More than 40% of Americans have made a purchase on social media and say they would do so again. Embedded links within social media posts allow shoppers to purchase products directly from their feeds, increasing conversion opportunities when purchases can be completed in just a few clicks.

As expectations for convenience continue to rise, creating seamless transactions across mobile, online, and in-store channels is becoming essential. Retailers must focus on blending digital and physical experiences in a way that supports ease of use while reinforcing brand identity and delivering meaningful customer interactions.

Looking Ahead

In 2026, retailers will continue to navigate a landscape shaped by ongoing economic uncertainty alongside changing customer expectations and continued technological change. Success will depend on a retailer's ability to stay agile, deliver value to their customers, and efficiently leverage AI. Those that respond effectively to evolving expectations and adopt new technologies thoughtfully are more likely to earn shopper trust and loyalty over time.

Turning these priorities into action, however, requires a clear strategy and the right support – and retailers don't have to navigate this shift alone. Clarkston Consulting brings deep retail expertise and a pragmatic approach to help organizations turn uncertainty into opportunity and translate AI ambition into measurable results.

ABOUT CLARKSTON CONSULTING

Businesses across the retail industry partner with Clarkston Consulting to enhance strategic decision-making, improve operational efficiencies, implement new technologies, and promote business growth and market diversification. Leveraging deep functional and industry expertise, our people discover, design, and deliver solutions that fit your business, your goals, and your future. At Clarkston, your purpose is our purpose.

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