



KPMG Global tech report 2026: Consumer & Retail

Scaling AI without sacrificing trust

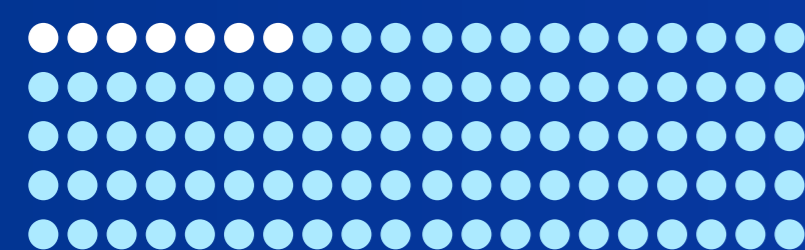




Key findings

Strong investment and ROI

93%



of C&R leaders believe advanced tech will drive future advantage

Organizations are seeing the benefits of their investments, with

45% reporting returns of \$250 million

or more from digital technologies

AI is beginning to scale



of organizations have integrated AI agents into core workflows and offerings.



expect to be deploying AI 'at scale' in the next 12 months — one of the highest percentages across sectors



say the ability to manage an AI agent will become an essential skill in the next five years, transforming how work is done

Data and Governance are key

49% of leaders expect to increase investments in data by 10% or more, placing it second only to cybersecurity

Data security, data-powered forecasting and data analysis and insights are the highest data investment priorities

Governance is also in focus, although trends are split between centralized and federated models of ownership, decision making and accountability

63% say that the IT function leads on the implementation of AI

Emerging tech on the radar

Alongside AI, modern delivery (XaaS) is

currently the most widely scaled modern technology

But over 40% of leaders also expect to

scale digital twins, Web 3 and edge computing in the coming years



Turning tech investment into measurable ROI

This year's research shows that consumer and retail businesses are backing up tech modernization intent with actual dollar investment — ranking towards the top end compared to other sectors. Over half (52 percent) are investing \$50m or more annually in digital technology, including 28 percent who are spending between \$100–250m.

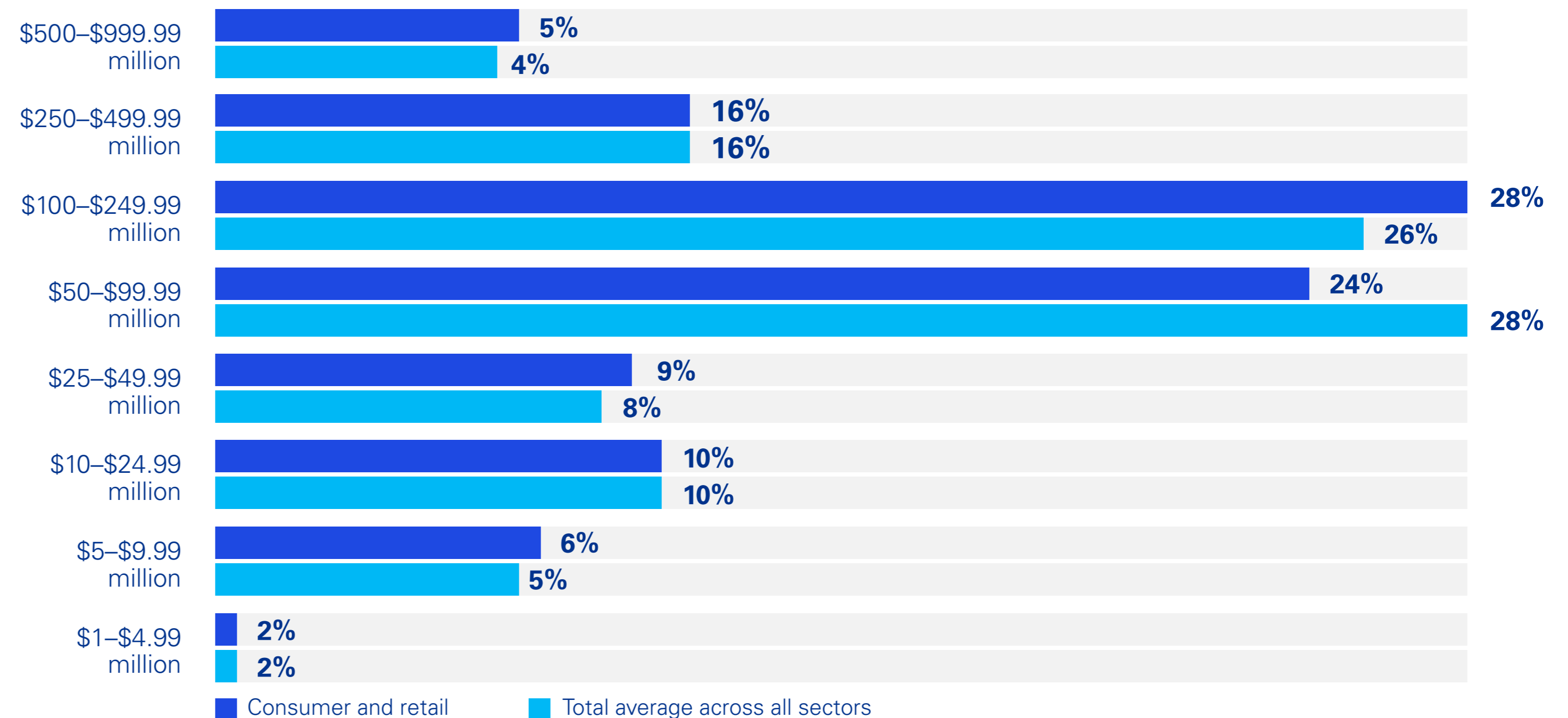
Technology maturity is also high. Areas where consumer and retail (C&R) executives rank themselves as 'managed or optimized' levels include IT service management (92 percent), and compliance (87 percent). Cybersecurity emerges as a strength with 66 percent optimized, significantly above the cross-sector average of 48 percent. Network and cloud infrastructure closely follows at 55 percent optimized, reflecting a strong focus on scalable and resilient digital foundations.

Overcoming technical debt is a widespread barrier across business sectors. But there is an encouraging picture here for consumer & retail businesses, too: under half (48 percent) say the cost of fixing technical debt prevents them from investing in new technology programs, significantly lower than the all-sector average (63 percent).

C&R is among the top sectors in realizing measurable returns. Nearly nine in ten respondents (86 percent) report that technology investment is frequently improving business value. Moreover, most are already realizing 31–40 percent of their total financial value from AI and intelligent technologies, putting them ahead of many other industries.

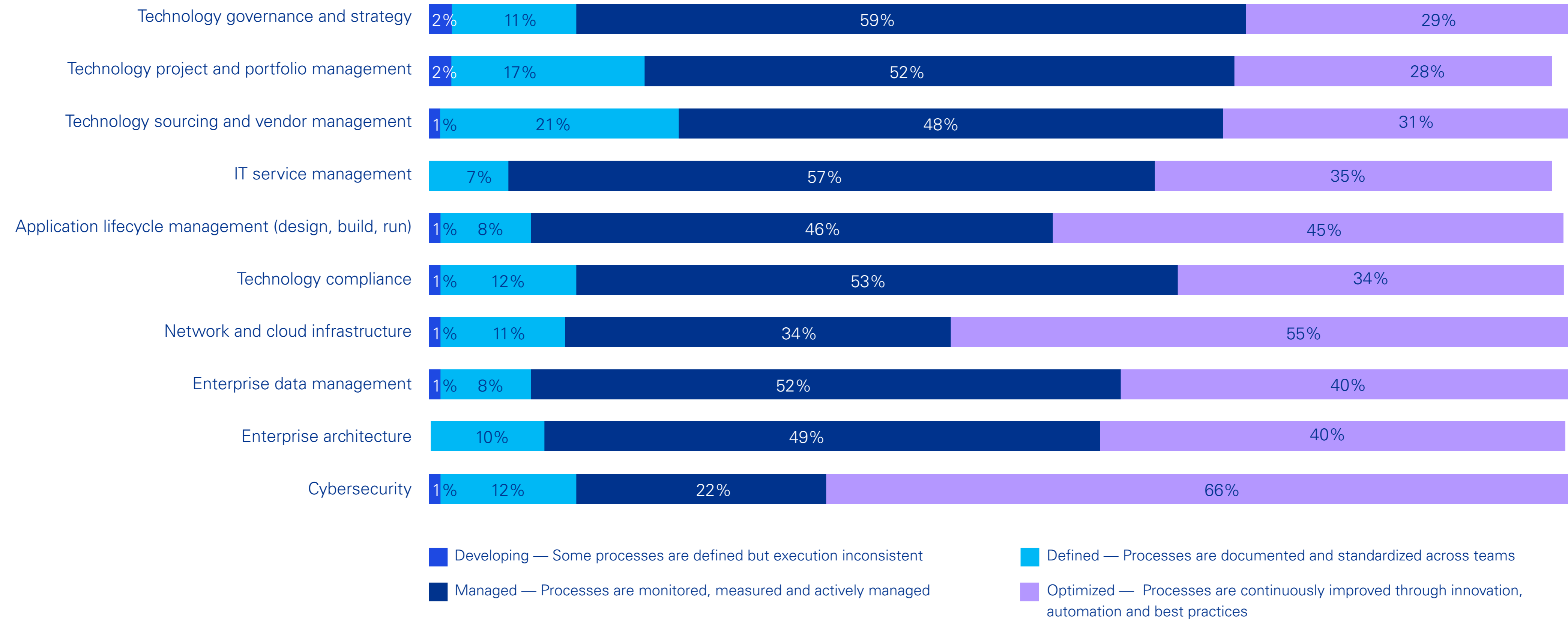
The research suggests that in most cases C&R businesses are achieving this by taking a measured approach, iterating on what works, rather than attempting to innovate ahead of time: nearly two-thirds of respondents (63 percent) describe themselves as fast followers, while only 30 percent are early adopters/innovators.

Typical annual investment in digital technologies



Q: Thinking about your organization's technology investments, specifically investments in digital technology, please estimate the following in USD (\$):
Your organization's typical annual investment in digital.

Source: KPMG Global tech report 2026, KPMG International, January 2026.

**Which of the following best describes your organization's maturity across the following core technology functions?**



Simpler tech stacks for efficiency and AI-readiness

Simplification of the technology architecture can be a driver of better ROI. Businesses often have hundreds of applications in play across their estates, but many of these sit outside the core tech stack, are seldom used and only create complexity and cost.

As Dr. Puneet Mansukhani reflects: “We’re having a lot of ‘phase zero’ discussions where businesses are asking: What are the right set of applications for the processes in our business? How can we simplify them? By identifying what can be removed, and what can be moved into the core, a business could free up perhaps 15 percent capacity and significantly reduce costs. This decluttering also sets the organization up to embed AI more effectively across its key functions at both the front end and the back.”

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In an industry where cost pressures are high and margins are tight, it makes sense that the majority of consumer & retail brands are taking a controlled, risk-limiting approach. The biggest players can innovate at scale but for others, following on fast is an effective tactic. Nevertheless, modernization intent is endemic across the industry. The conversations we’re having with clients are very much ‘AI first’ as C&R businesses look to embed smart tech across their operations to become a lever for growth.”

Dr. Puneet Mansukhani
Head of Global Retail Digital Technology
and Transformation at KPMG International,
and Co-Lead Consumer & Retail at
KPMG in India

Simplification can also create the clarity needed to better track digitization performance and ROI. The research shows this is an area that C&R need to focus on: only 48 percent track the performance of tech initiatives against business plans, compared to the 65 percent average across all sectors combined. Structured and disciplined approaches are needed with a clear focus on outcome-led initiatives where metrics can be tightly tracked in real time and remediations or fixes applied where necessary.

The research shows this is an area that C&R need to focus on: only

48%

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65%

average across all sectors combined.



Scaling AI in the new agentic-agentic paradigm

A few years ago, the tech narrative for C&R businesses was about digital transformation; now, it focuses on AI in operations. AI is no longer a niche technology project but the central pillar of future growth and competitiveness. Indeed, in the KPMG 2025 Consumer & Retail CEO Outlook Report 64 percent of leaders ranked Generative AI as their top strategic investment priority.

There is no single objective for this investment but rather the pursuit of wide-ranging, value-enhancing use cases right across the business, from foundational efficiencies to transformative innovation. This may take shape in a host of ways: to boost productivity, achieve sharper demand forecasting, hone dynamic pricing, improve inventory management, streamline the supply chain — or to elevate brand storytelling at the front end and deliver hyper-personalized experiences to the consumer. However it's used, it represents a powerful engine to create new value.

Augmenting back-office operations holds particularly strong potential for C&R businesses, as Brett Benner, Consumer & Retail Consulting Lead at KPMG in the US observes: "That's how brands are truly going to get the value from an ROI perspective. Using AI in the back office helps you make better, more informed decisions from an operations perspective while becoming more efficient from a staffing perspective."

Current and future AI adoption trends

42% | **74%**

Innovating and deploying AI use cases into production at scale, delivering ROI across multiple use cases

35% | **23%**

Strategic investment in core business capabilities, and some AI use cases running actively across the organization that are returning business value

21% | **2%**

Multiple AI proof of concept tests running and a limited number of ad hoc use cases in production, but ROI not achieved yet

3% | **0%**

Limited number of AI proof of concept tests running and some use cases identified

■ Today ■ In 12 months' time

Q: Which of the following best describes your organization's current level of AI adoption, and where do you expect to be in 12 months?

Source: KPMG Global tech report 2026, KPMG International, January 2026.



This perspective is reflected in our research, which shows AI usage steadily spreading and scaling across the sector. Active deployment of AI use cases has grown from 29 percent of respondents a year ago to 42 percent now. Three-quarters (74 percent) say they will be deploying AI at scale in the next 12 months — putting C&R amongst the leaders on a cross-sector basis.

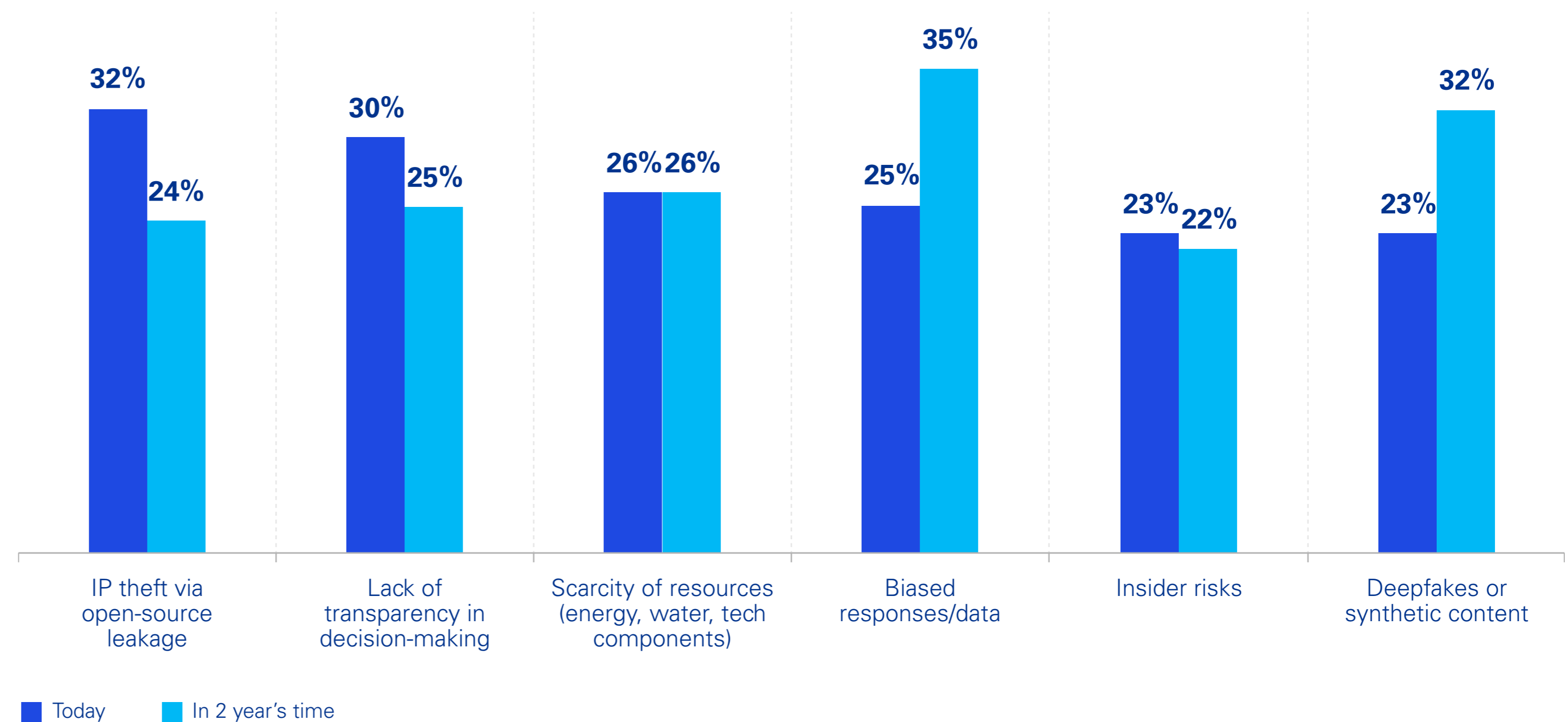
This is borne out by what KPMG consumer & retail professionals are seeing on the ground. “There has been a shift in the past 12 to 18 months from experimentation with AI to scaling,” says Barry Raghunathan, Technology Leader, Consumer & Retail at KPMG in the US. AI’s impact on operations and revenue is increasing, he says, adding: “The use cases have gone from cool pilots to really measurable ROI.”

Overcoming the barriers to enable agentic commerce

With consumers increasingly using AI to guide them in their product searches and purchase decisions, brands are gearing up for a new era of agentic to agentic commerce. KPMG’s [AI in Retail](#) report explores this in more depth, analyzing a world where businesses don’t just compete for the customer but for the algorithmic preference of the agent the customer is using.

To reach that level of sophistication requires a mature AI model. But there are a number of hurdles in the way. The biggest barriers and risks of AI were seen to include lack of transparency in decision making, biased responses/data and IP theft. In the next two years, it was biased data that was expected to grow the most as an issue, along with the problem of deepfakes.

Top five AI-related risks by combined ranking (current vs. future outlook)



Q: Please review the following AI-related risks and rank the top three that your organization is most concerned about today, and in 2 years time.

Source: KPMG Global tech report 2026, KPMG International, January 2026.



A key priority is to retain customer trust. Outcomes through AI must remain centered in quality and value that serve the customer's best interests, while brand communications must remain authentic and human in tone. Retaining a human in the loop at all stages of AI development is critically important, along with clearly defined governance, ethics and decision-making processes. It's something defined in KPMG's [Trusted AI framework](#), which informs both KPMG's own AI development and our advice to clients.

Ownership of developing and scaling AI is another key question. Here, the survey reveals a split between centralized and federated approaches, with no single model dominating. However, when it comes to execution, IT is in the lead, accounting for 63 percent of implementations.

Regardless of how ownership of AI is configured, Dr. Puneet Mansukhani, Head of Global Retail Digital Technology and Transformation at KPMG International, and Co-Lead Consumer & Retail at KPMG in India, emphasizes that business owners must be closely involved: "The business knows the business best," he says. "After all, this is not a tech transformation as such but rather it's about enhancing the customer experience, bolstering productivity and improving delivery. The business has to own and articulate the outcomes it wants to achieve — and then it becomes the joint responsibility of the CIO and the IT function to deliver it."

Empowering staff to become 'bionic' employees

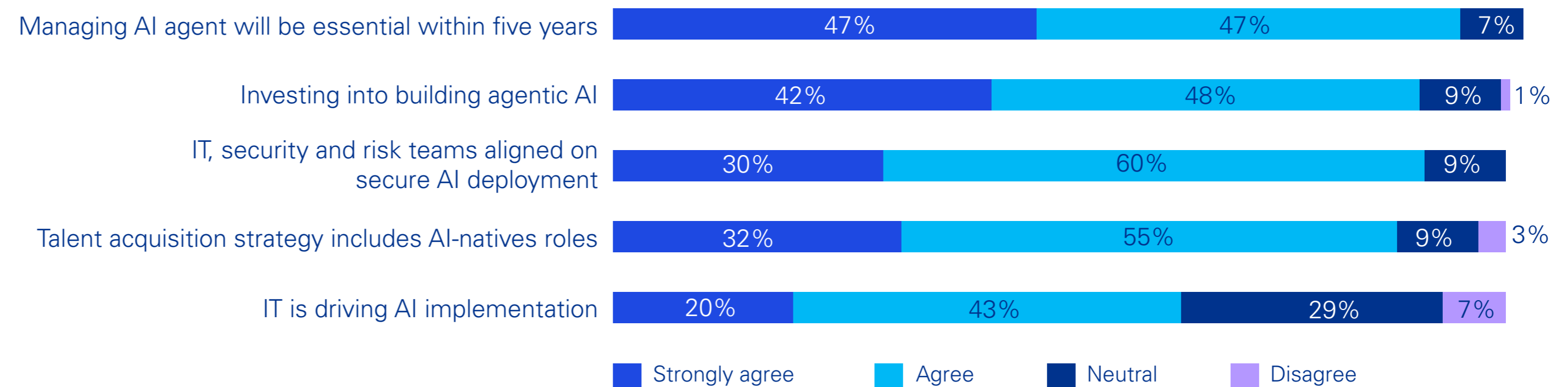
There are significant people implications too. Leaders almost overwhelmingly agree (94 percent) that the ability to manage an AI agent will become an essential workforce skill in the next five years — raising the need for the upskilling and training of staff. Nine in ten C&R leaders say they are embedding agentic AI into workflows and nearly as many (87 percent) say their talent acquisition strategy includes AI-native roles.

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The real opportunity for AI in retail is not replacing people, but augmenting their capabilities and changing the economics of growth. As AI becomes embedded across planning, forecasting, marketing, and supply-chain decisions, retailers can scale revenue far faster than costs, allowing existing teams to manage significantly greater complexity without proportional increases in headcount. This enables operating costs, particularly in non-customer-facing functions, to grow sub-linearly as the business scales. While physical store labor and operational complexity still add cost, AI materially improves productivity and margin leverage by shifting employees from transactional tasks to higher-value advisory roles. When deployed responsibly, this can drive sustainable performance, stronger teams, and greater customer trust.”

James Wilson
Partner, Technology Consulting,
Advisory, and Head of Consumer and Retail
KPMG in Singapore

Top five strategic workforce areas impacted by AI





Leveraging data for insight and resilience

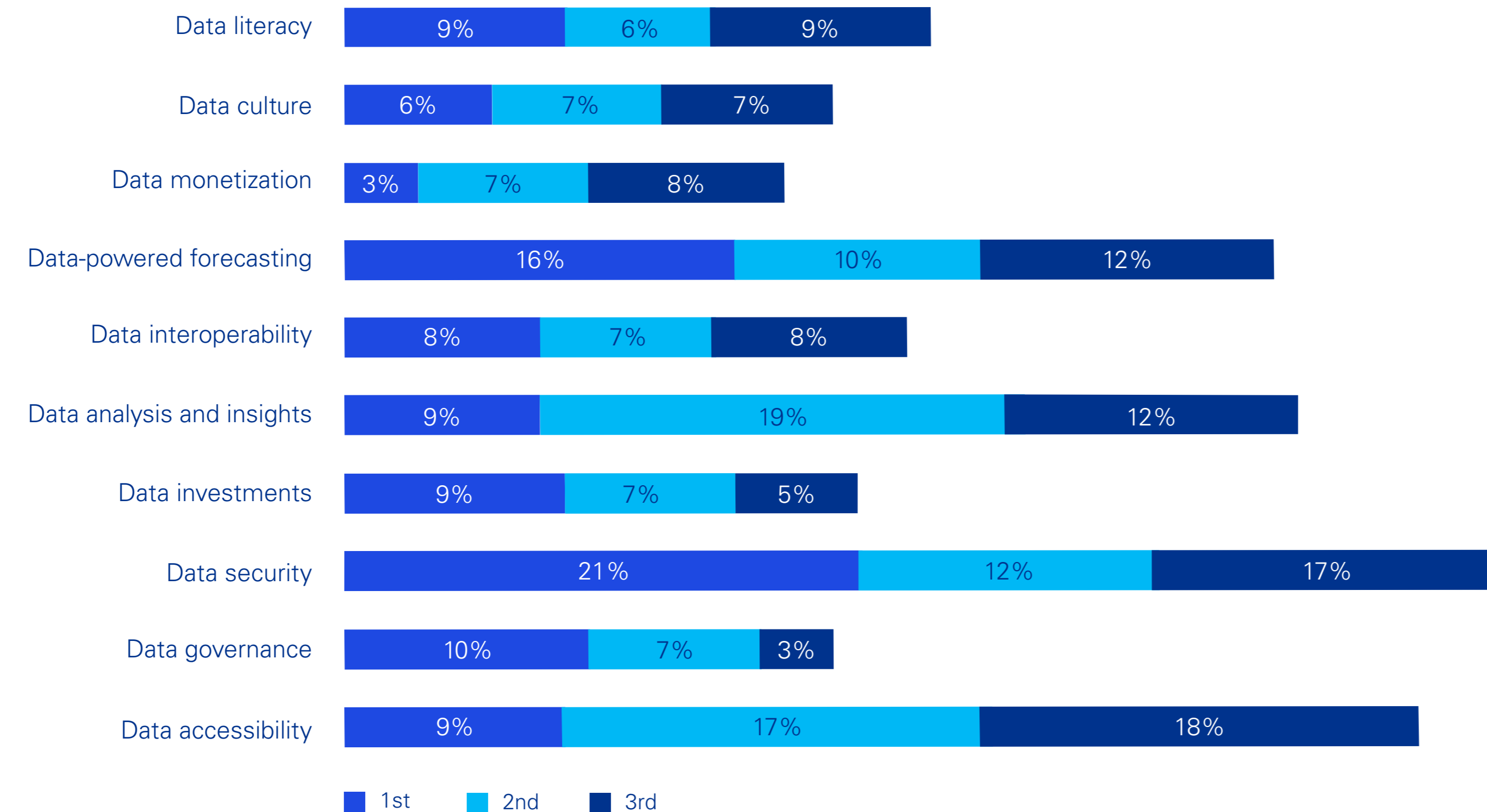
Most retailers and consumer businesses sit on rich operational and customer data — POS, e-commerce, loyalty, inventory, and supply systems — but much of it remains siloed. This leads to blind spots that degrade customer promises and force teams to rely on instinct rather than insight. Connecting a few critical flows (such as linking digital inventory to store availability or merging loyalty IDs with POS transaction data) can improve visibility and trust quickly, without rebuilding the data platform.

Executives are highly cognizant of the importance of data — especially as data readiness is foundational to successful AI. Data is the second highest area overall for increased investment (49 percent planning an uplift of 10 percent or more), narrowly behind cybersecurity (52 percent) and a little ahead of AI (42 percent).

Our research shows that data security is seen as the most critical area for achieving strategic organizational goals, but this is closely followed by value-generative capabilities such as data-powered forecasting and data analysis and insights.

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Everybody has understood the importance of data. The adage of ‘garbage in, garbage out’ very much applies. Bringing data together into a single source is a priority so that customer and business-related decisions can be founded on insights rather than gut feel. At the same time, there is a realization that when it comes to the customer, you can’t build a complete picture in one go. It’s a case of understanding the customer persona over multiple transactions, linking information together through systems over time.”

Dr. Puneet Mansukhani
Head of Global Retail Digital Technology
and Transformation at KPMG International,
and Co-Lead Consumer & Retail at
KPMG in India

**Most critical areas to achieve strategic organizational goals over the next 12 months**

Q: Which of the following data and analytics improvement areas will be most critical for your organization to achieve its strategic goals over the next 12 months?

Source: KPMG Global tech report 2026, KPMG International, January 2026.

Building these data flows requires focus, but the results will justify the effort: data from e-commerce platform analytics, CRM systems, loyalty schemes, social media analytics, competitor price analysis tools, customer feedback and surveys, and retail app engagement, can be pulled, aggregated and analyzed. A more seamless commercial enterprise that bridges offline and online, and builds a customer-centric view, can be created.

In doing so, C&R businesses must carefully navigate the tightrope between using customer data for personalization and service improvement, and respecting customer data privacy. This is an area where customers themselves are often somewhat torn — wanting businesses to recognize them and give them relevant offers but fiercely protective of their privacy rights.

For years, retailers have treated data governance as a defensive necessity, navigating regulations like GDPR (General Data Protection Regulation) and CCPA (California Consumer Privacy Act) to avoid risk. The task now is shifting to maintain strict compliance while leveraging data to fuel agentic AI commerce with consumers. This only reinforces the importance of strong and transparent governance to maintain trust.



Security a constant focus

Cybersecurity topped executives' technology investment lists — reflecting the spate of cyber incidents that have affected high-profile C&R brands in recent times. Better cybersecurity management was cited as the second highest benefit of technology investments overall, behind only new revenue growth (40 percent vs 41 percent). Across the board, tech investments and enhancements must have security baked in by design and be continually reviewed and refreshed.

Due to the classic 'double agent' status of AI — helping businesses run more sophisticated and predictive defenses but also creating new attack vectors and techniques for cybercriminals — the cyber war is only set to intensify. C&R businesses must stay constantly vigilant and constantly evolve their security protocols and toolkits.

Better cybersecurity management was cited as the second highest benefit of technology investments overall, behind only new revenue growth

40% vs **41%**

Technologies prioritized and invested in to support organizational ambition in the next 12 months

Cybersecurity	52%	32%	13%	2%	-
Data and analytics	49%	34%	16%	1%	-
AI and automation (including Gen AI and agentic AI)	42%	41%	14%	1%	1%
XaaS technologies (including public cloud or multi-cloud)	28%	47%	24%	1%	-
Modern delivery (including Agile, DevOps and low code/no code)	27%	52%	20%	2%	-
Edge computing	26%	44%	26%	4%	-
Web3 (including blockchain and tokenization)	26%	44%	27%	3%	-
Advanced simulation/digital twins	25%	50%	22%	2%	-
VR/AR/XR/Spatial computing	20%	50%	27%	2%	-
Post-quantum cryptography (PQC)	13%	53%	33%	1%	-

■ Big increase in budget (more than 10%)
 ■ Small increase in budget (1–10%)
 ■ Budget in line with our current levels
 ■ Small decrease in budget (1–10%)
 ■ Big decrease in budget (more than 10%)

Q: Of the following technologies, which is your organization currently prioritizing and investing in to support its ambitions over the next 12 months?

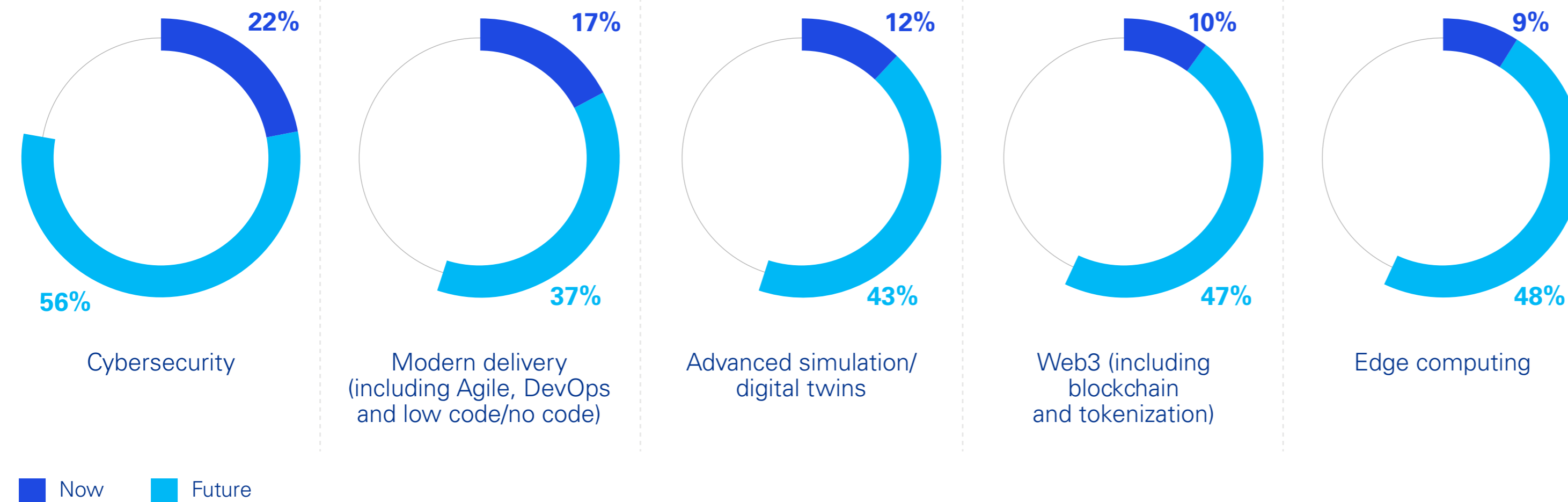
Source: KPMG Global tech report 2026, KPMG International, January 2026.



Pulse of the future: the emerging technologies of tomorrow

When asked about current and future adoption of other tech, modern delivery (XaaS) was the most widespread advanced technology currently deployed (17 percent saying it is already fully scaled in the business) — but looking ahead twelve months, edge computing (48 percent), Web3 (47 percent) and digital twins (43 percent) are all on the agenda.

Current and future adoption of key technologies (Top five)



Q: For each of the following technologies, how would you describe your organization's position today? In 12 months?

Source: KPMG Global tech report 2026, KPMG International, January 2026.

This forward-looking interest may help explain why survey responses indicate stronger planned adoption of edge computing and Web3 over the next several years. Rather than reflecting widespread current deployment, these responses point to executive recognition of the specific operational and strategic value these technologies could deliver as conditions mature.

Edge computing is gaining attention for its potential to enable low latency processing, greater system resilience, and faster decision making across distributed store and supply chain environments. These attributes are particularly relevant where dependence on centralized cloud infrastructure creates performance or reliability constraints. As a result, retailers are exploring edge enabled use cases such as in store analytics, improved inventory visibility, and localized automation. For example, computer vision data from in store cameras can be processed locally on edge devices, allowing AI models to detect theft risks, shelf availability issues, or unusual customer behavior in real time and support more responsive operations.



Web3 technologies are similarly being considered for targeted applications rather than broad deployment. Executive interest is primarily focused on improving supply chain transparency and traceability, supporting environmental, social, and governance and sustainability objectives. Blockchain based solutions can provide a shared and verifiable record of a product's journey from raw material sourcing and manufacturing through logistics and retail distribution. This increased auditability can strengthen trust among retailers, regulators, and end consumers.

Digital twins, meanwhile, hold perhaps the biggest potential for C&R. The fact that it was ranked narrowly behind other emerging technologies, instead of significantly out in front, suggests that many C&R businesses may be underestimating it.

Creating a digital twin of the consumer business or retail value chain effectively spins up a real-time, virtual model of the entire operation, from demand signals to last-mile delivery, with AI acting as its intelligent engine.

The digital twin creates a virtual model of the factory and fulfillment network, encoding real-world constraints such as capacities, routings, changeover times, minimum order quantities, and quality risk.

Using AI-enabled simulation, teams can model demand spikes, supply interruptions, and new-product ramp-ups across internal and contract manufacturing sites. This allows planners to test scenarios before acting — optimizing where to run what, when, and on which lines — generating contingency plans if conditions change. The digital twin feeds improved capacity and allocations scenarios back into existing planning and scheduling systems.

However, weak internal governance and limited in-house expertise emerged as the biggest challenge for C&R organizations (61 percent) with regards to barriers to collaborating on emerging technologies. This figure is significantly higher than the cross-sector average of 44 percent, recording the highest response across sectors. Governance-related gaps are further intensified by the lack of a strategic partnership roadmap, as reported by 44 percent of respondents, highlighting an urgent need for C&R companies to strengthen governance frameworks and invest in building capabilities to remain competitive and fully leverage innovation opportunities.

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In practice, digital twins are helping organizations easily unlock 10–15 percent effective capacity, improve utilization, and reduce overtime and stock-outs. They also help derisk major launches by enabling teams to pressure-test plans in advance — turning high-stakes decisions into modeled scenarios rather than costly and time consuming real-world experiments.”

Stephan Fetsch
EMA Head of Consumer and Retail
KPMG in Germany



The road ahead

To build on momentum and accelerate business enhancements through technology, consumer and retail businesses should consider the following key principles:

01

Strengthen your data foundations

Structuring and optimizing data, with clear governance processes and protections, is fundamental and a prerequisite for deploying AI. Take the time to ensure data flows are AI ready, then track progress rigorously through output metrics and KPIs.

02

Simplify architecture and rethink processes

Reevaluate core business processes and reduce unnecessary complexity and over engineering in systems and data flows. A simpler, more modular architecture enables AI to operate as a horizontal capability across the organization rather than a vertical solution tied to individual functions where data happens to be trusted. This shift improves reuse, accelerates deployment, and increases the impact of AI at scale.

03

Leverage data for insight and forward planning

Move beyond backward looking analysis. When data is available in near real time, business users can make better decisions, such as selecting vendors on a given day, that directly influence cost optimization, revenue, and profitability.

04

Scale AI via platforms, not pilots

Move from isolated pilots and proofs of concept to shared platforms that can scale across channels, products, and departments. Adopt an AI first, trust by design mindset, with clear ownership and strong cross functional collaboration.

05

Build a future-ready, agent-empowered workforce

Redesign talent strategies to focus on upskilling, building AI fluency, and empowering employees to deliver better customer experiences and outcomes through AI enabled tools and agents.

06

Put security and trust at the heart

AI and other emerging technologies introduce new risks. Embed security, trust, and ethics into AI development from the outset so that efforts are inherently joined up. Rigorously test solutions before launch and keep humans in the loop to critically assess outcomes.



How KPMG can help

New opportunities

At a faster rate than many companies can keep pace with, regular disruption continues to test the consumer and retail industry, presenting new opportunities while challenging norms. With a deep understanding of these companies' pressing issues and priorities, KPMG firms offer an extensive suite of forward-looking Audit, Tax and Advisory services designed to navigate new complexities and the long term-shift in consumer behaviors.

Experienced industry specialists

Our global network of Consumer and Retail professionals is dedicated to helping companies in the food and drink, agribusiness, consumer goods, luxury and retail sectors. And our suite of advanced approaches is specifically designed to support greater customer centricity through digital transformation, data analytics and security, supply chain management, and growth and new business models.

Global industry insights

By working with one of the world's leading consumer and retail networks, KPMG clients can gain access to global industry insights, leading practices and advanced approaches, regardless of company size or location.

Methodology

This year's report is based on insights from over 250 consumer and retail leaders across a wide range of subsectors, including apparel, fashion and luxury, consumer and packaged goods, food retail, and non-food retail. Respondents represent both private (76 percent) and public (24 percent) organizations and hold senior leadership roles such as Managing Director, Chief Information Officer, IT Director or Technology Director, and EVP, SVP, or VP of Technology. Geographically, respondents are based across EMEA (28 percent), the Americas (32 percent), and APAC (41 percent).

Note: Figures may not total 100 percent due to rounding.



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