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The future of merchandising:
What merchants are saying

Contents





Executive summary	3
Theme 1: Focus on consumers	6
Theme 2: Enable flexibility to reduce friction	11
Theme 3: Work smarter, not harder	15
Theme 4: Develop new mindsets, new skill sets	20
Initiatives that were lower priority	24
Data and findings	25
Methodology	31
Overview of our respondents	32
Authors	33
Acknowledgments	33

Executive summary



Merchandising leaders are at a pivotal moment as rising consumer expectations, accelerating artificial intelligence (AI) and automation, and tightening margins redefine what it takes to compete. Deloitte & Touche LLP (Deloitte) surveyed 570 merchandising executives and professionals across US Mass, Grocery, and Apparel sectors to understand how they are investing, where they are applying AI use cases, and what gaps remain between today's practices and the future of merchandising. The findings reveal a merchandising transformation that is redefining how value is created. Connecting these insights to Deloitte's Future of the Consumer Six Forces framework highlights where chief merchants are advancing in alignment with broader consumer shifts, and where untapped opportunities remain to shape the next era of retail performance.

Key themes

1 FOCUS ON CONSUMERS






	SURVEY INSIGHT	PATH FORWARD
 1A. GenAI-powered shopping takes the lead	Generative AI-assisted shopping is redefining how consumers discover and purchase, rapidly becoming the dominant driver of personalized retail engagement.	Retailers that build strong data foundations and integrate seamlessly with GenAI ecosystems, plus build their own, will shape shopper decisions, deepen loyalty, and command greater share of digital influence.
 1B. Consumer insights drive decisions, personalization, and product experience	Merchandising leaders are on a journey to leverage deep consumer insights and agentic AI to translate real-time preferences into more personalized and relevant products and experiences.	Organizations that blend human creativity with insight-driven intelligence and AI-powered optimization will unlock greater agility, elevate brand differentiation, and strengthen consumer connection at scale.
 1C. Competitive pricing remains a loyalty driver	Competitive pricing continues to be a top loyalty lever, yet most retailers underinvest in pricing strategy and agility.	As value-seeking behaviors rise, retailers that align pricing with consumer expectations and deliver stronger perceived value—not just lower prices—will build trust, capture share, and sustain profitable growth.
 1D. New KPIs measure consumer-centricity	Merchandising teams say they are consumer-centric, yet still do not include customer key performance indicators (KPIs) in their measures of success.	Adopting consumer-driven KPIs, such as customer lifetime value (CLV), share of wallet, profitability, acquisition, and net promoter score (NPS), will operationalize consumer-centricity and help drive decisions that fuel customer success.

2 ENABLE FLEXIBILITY TO REDUCE FRICTION

	SURVEY INSIGHT	PATH FORWARD
 2A. In-store upgrades boost loyalty	Unique, insight-led in-store experiences are emerging as a powerful loyalty driver across sectors, with smaller retailers leading in personalization and immersion.	Retailers that strategically invest in targeted in-store upgrades aligned with shopper expectations will deepen emotional connection, differentiate the brand, and drive repeat visits.
 2B. Seamless digital + physical integration is expected	Omnichannel excellence and real-time inventory visibility have become baseline consumer expectations, not differentiators.	Retailers that deliver frictionless integration across digital and physical touchpoints with accurate inventory will earn consumer trust, minimize lost sales, and sustain competitive advantage in an always-on retail world.
 2C. Supplier partnerships must evolve beyond transactions	While executives recognize supplier relationships as important, most still manage them transactionally, missing opportunities for innovation, agility, collaboration, and effort takeout.	Elevating suppliers to strategic partners will help unlock cost efficiencies, strengthen reliability, and create shared value that safeguards retailers against disruption.






3 WORK SMARTER, NOT HARDER

	SURVEY INSIGHT	PATH FORWARD
	3A. AI trend analysis modernizes merchandising AI-driven trend detection is transforming merchandising from intuition-based to insight-based, enabling faster, more precise decisions across assortment, pricing, and inventory.	Retailers that embed AI capabilities and insights into decision-making will anticipate demand shifts earlier, improve agility, and set the pace for next-generation merchandising.
	3B. Predictive financial planning becomes essential Machine learning and predictive modeling are redefining merchandise planning, replacing manual processes with data-driven foresight and more automated logic to enable micro-level detail at scale.	Integrating predictive planning at a micro—level across merchandising, supply chain, and finance will enhance agility, accuracy, and profitability amid continued market volatility.
	3C. Smarter forecasting improves inventory accuracy AI-enabled forecasting is closing long-standing gaps in demand and inventory accuracy, improving speed and reducing waste.	Retailers that automate forecasting and embed AI into planning workflows will ensure that the right products are in the right place to drive efficiency and consumer satisfaction.
	3D. Automation can free time for strategy Merchandising professionals spend disproportionate time on manual tasks, while executives underprioritize automation as a strategic lever.	“Automating the awful” will free teams to focus on higher-value, strategic activities that fuel growth, innovation, and capability building for the future.
	3E. AI readiness and preparedness still lag Despite strong AI ambition, most organizations remain only moderately prepared to operationalize it, exposing a gap between strategy and execution.	Building both technological and cultural readiness through capabilities like data modernization, upskilling, and change management is critical to scale AI impact and accelerate transformation.



4 DEVELOP NEW MINDSETS, NEW SKILL SETS

	SURVEY INSIGHT	PATH FORWARD
	4A. Too many priorities dilute impact Merchandising teams are spread thin across competing initiatives, with limited focus undermining progress on the most value-creating priorities.	Leaders who sharpen strategic focus and concentrate investment on the few initiatives that matter most will maximize return on investment and sustain transformation momentum.
	4B. Organizational silos and legacy systems slow change Structural silos and outdated systems are the leading barriers to innovation and speed across merchandising functions.	Modernizing technology and redesigning operating models around cross-functional collaboration will unlock agility, accelerate decision-making, and enable faster scaling of innovation.
	4C. Upskilling is critical but underfunded Skills gaps in analytics and data-driven decision-making persist, even as leaders underinvest in workforce development.	Investing in continuous upskilling and digital fluency will ensure talent keeps pace with technology, unlocking the full value of automation, analytics, and AI.

What to take away now

Merchandising is reshaping itself in real time. Across Mass, Apparel, and Grocery, leaders are aligning around four key themes: putting consumers at the center; removing friction across channels; using AI to work smarter at a finer grain; and rewiring organizations through data, operating models, and talent to sustain the shift. Pricing and value remain non-negotiable loyalty drivers, omnichannel accuracy is now table stakes, and agentic AI will only accelerate the move from intuition to insight at scale.



Anchor on consumer value, then measure it.

Treat consumer KPIs (CLV, share of wallet, visit frequency, NPS) as North Star metrics for assortment, pricing, and promos, then hard-wire incentives and governance to act on them.



Invest in data as product.

Build the foundational product, inventory, and behavioral data that internal and external GenAI agents can trust, through clean attributes, clear hierarchies, and usable metadata that power discovery, personalization, and forecasting.



Automate the awful.

Prioritize automation in analysis, pricing, promotions, and forecasting to free capacity for creative, strategic work such as micro-merchandising, trend shaping, and experience design.



Make omnichannel transparent.

Deliver real-time, accurate inventory and seamless journeys across digital and physical, because confidence in availability is as critical as price to conversion and loyalty.



Elevate partners and your people.

Shift suppliers from transactional to strategic collaborators, and match tech spend with structured upskilling and change management so teams can adopt and trust AI in the flow of work.

The future of merchandising will be defined by speed with discipline. Agentic AI will sense demand earlier, predictive planning will set tighter guardrails, and agile teams will execute local decisions that collectively drive enterprise impact. The industry is moving from periodic resets to continuous, data-driven orchestration of product, price, and experience. Retailers that focus their bets, modernize foundations, and invest in their people will not just keep pace with change, they will set it, shaping the next era of profitable, consumer-centric growth.

Theme 1: Focus on consumers

WHAT WE HEARD: Merchandising teams are reorienting their strategies around the consumer, leveraging data-driven insights, technology, and AI to deliver more personalized products, experiences, and value at every touchpoint.

WHY IT MATTERS: Retailers who place the consumer at their core are far more likely to differentiate themselves and capture spend in a world overflowing with choices. We are seeing legacy players fall to the wayside in the market because they are no longer relevant to their consumers, and this relevancy is based on personalized factors. This is happening right now, and delaying investment here could be devastating in the very short term.

WHERE RETAILERS ARE MISSING OUT: Retailers are not using consumer KPIs to plan and measure success. They are also not involving consumers in shaping products and experiences to a large degree (e.g., by building digital communities and leveraging real-time engagement platforms). There is evidence that involving customers in product and assortment development (through various means) enables retailers to adapt quickly to changing preferences and deliver offerings that stand out in a crowded market.



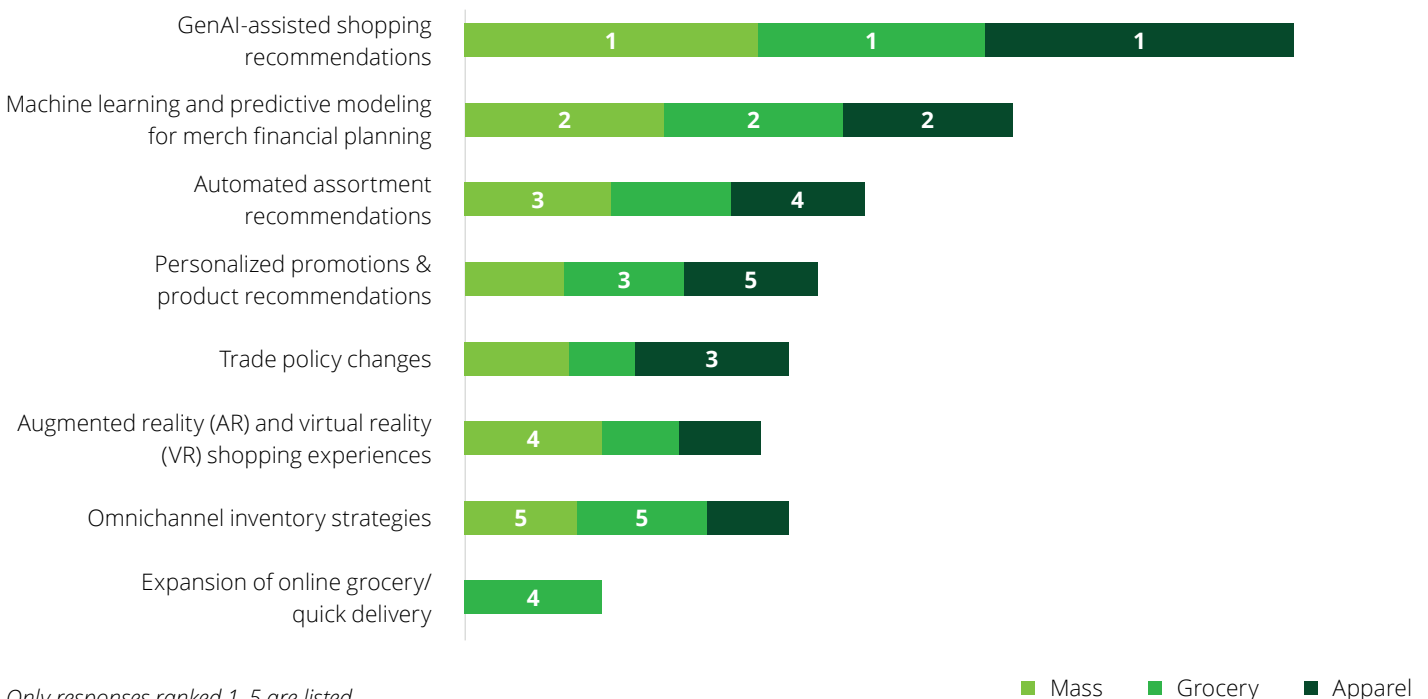
1A GenAI-powered shopping takes the lead

KEY TAKEAWAY: GenAI-assisted shopping emerged as the No. 1 trend across merchandising leaders (figure 1), reshaping the consumer journey through personalization and convenience. Shoppers are already leveraging GenAI to shop, whether retailers have proprietary tools or not, and the recommendations these tools deliver significantly influence purchase decisions. Retailers that can control or shape the recommendations seen by shoppers, either through their own GenAI shopping agents or by providing the purpose-fit data to feed GenAI platforms, have a crucial advantage in capturing spend. GenAI assistants will be foundational to this entire journey. Those with the deepest insights into consumer needs, preferences, and behaviors, and the ability to translate those insights into the foundational data that powers GenAI platforms like ChatGPT, will be best positioned to take advantage. The power of being a top search result for a shopping assistant is capturing net new consumers and growing share.

ADDITIONAL OBSERVATIONS: The foundation for GenAI success is robust, well-structured data that includes great product information that shopping assistants can ingest and use to guide shoppers to your product. Retailers must focus on capturing detailed product attributes and granular consumer search and purchasing behavior from their own channels, framing these efforts around use cases that reflect real shopper needs. What is needed is a two-sided approach: building foundational data to power internal GenAI shopping assistants, while ensuring product data is optimized and accessible for external GenAI agents to locate and recommend these products. Despite AI being a strategic priority, most organizations underinvest in foundational data, often missing critical connections between assortment strategy, product attributes, and demand levers. To fully leverage GenAI for personalization, discovery, and downstream conversion, foundational data management must be treated as a core strategic imperative for both internal and external success.

SUBSECTOR NUANCES: Survey results showed that Mass merchants prioritized AI as a key merchandising trend and strategic initiative, ranking it as most important throughout the survey, and outpacing both Grocery and Apparel in their focus. However, this capability is an effective tool across subsectors. In Grocery, GenAI could deliver true end-to-end convenience, from meal planning and item selection to order placement and delivery. In Mass, merchandising professionals could enable the cross-category “one-stop shop” experience by using GenAI to not only meet specific consumer requests, but also drive broader basket-building. In Apparel, GenAI assistants could focus on personalized recommendations for style, fit, and sizing; however, human input will likely remain important given the aesthetics and trend aspect of the sector.

Figure 1
Ranking of future merchandising trends (Executives’ responses)



1B

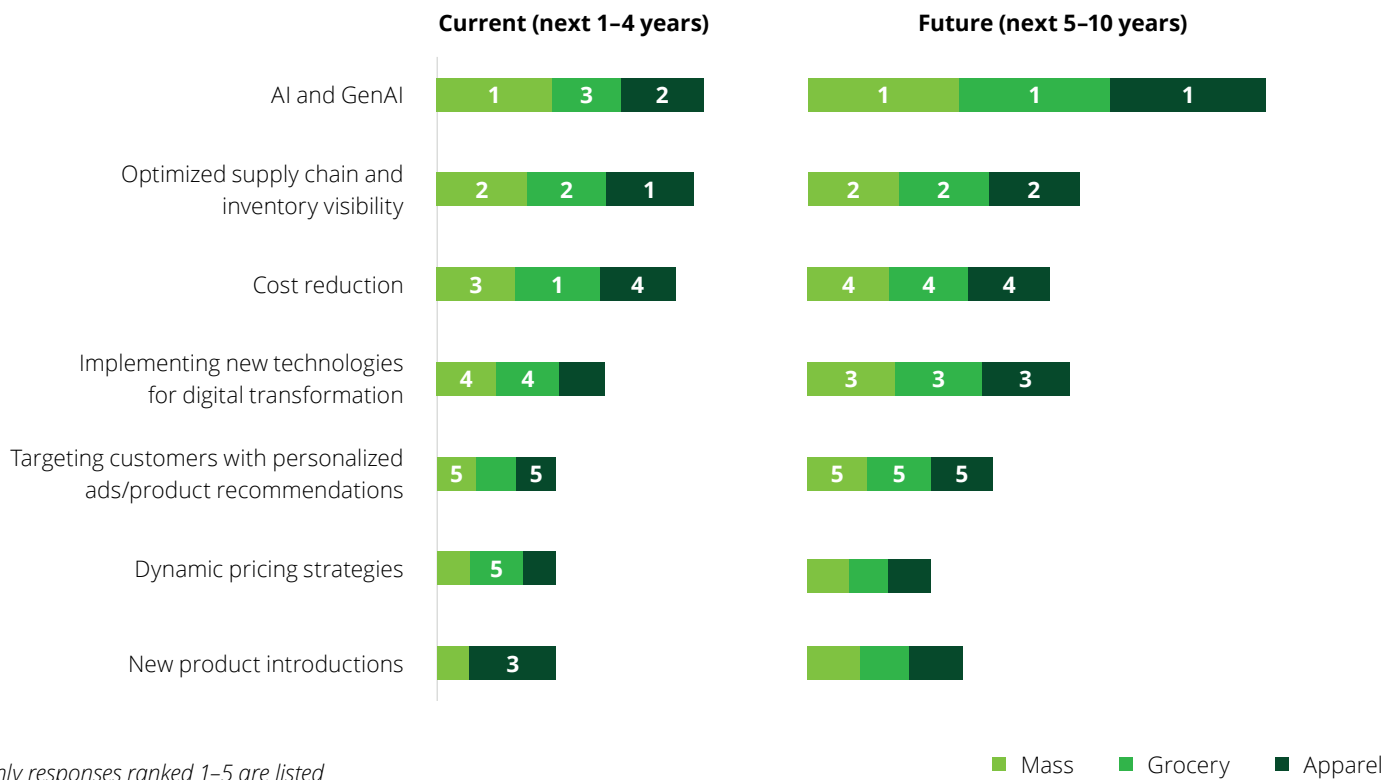
Consumer insights drive decisions, personalization, and product experience

KEY TAKEAWAY: Merchandising executives expressed a strong interest in elevating the consumer experience (figure 2), committing to strategies that will integrate the consumer insights and perspective into product/assortment decisions to deliver more personalized consumer interactions. Retailers that refine their ability to translate deep consumer insights into tailored assortments and personalized experiences by taking advantage of agentic AI capabilities will be best positioned to stand out in today's competitive retail environment.

ADDITIONAL OBSERVATIONS: The integration of agentic AI will enable merchandisers to manage and optimize product assortments, pricing, and inventory levels at a level of granularity that a human could not manage. As a result, merchandisers could focus more on strategic decision-making and creative vision. AI agents could also handle routine tasks and generate actionable performance insights and recommended actions to merchants to elevate the everyday job. This capability is generating a deeper understanding of consumer needs, helping merchandising teams make more informed, data-driven choices that refine offerings and elevate the overall consumer experience.

SUBSECTOR NUANCES: Grocery merchandising executives emphasized using consumer insights to enhance convenience and deliver personalized recommendations that simplify the shopping experience. In contrast, Mass retail executives did not rank personalized promotions and product recommendations as highly (figure 1), despite the significant opportunity it represents. Apparel leaders are focused on integrating trend and fit data into product development and design, while also collaborating more closely with marketing teams to craft cohesive, insight-driven brand stories that strengthen consumer connection.

Figure 2
Ranking of Strategic Initiatives (Executives' responses)



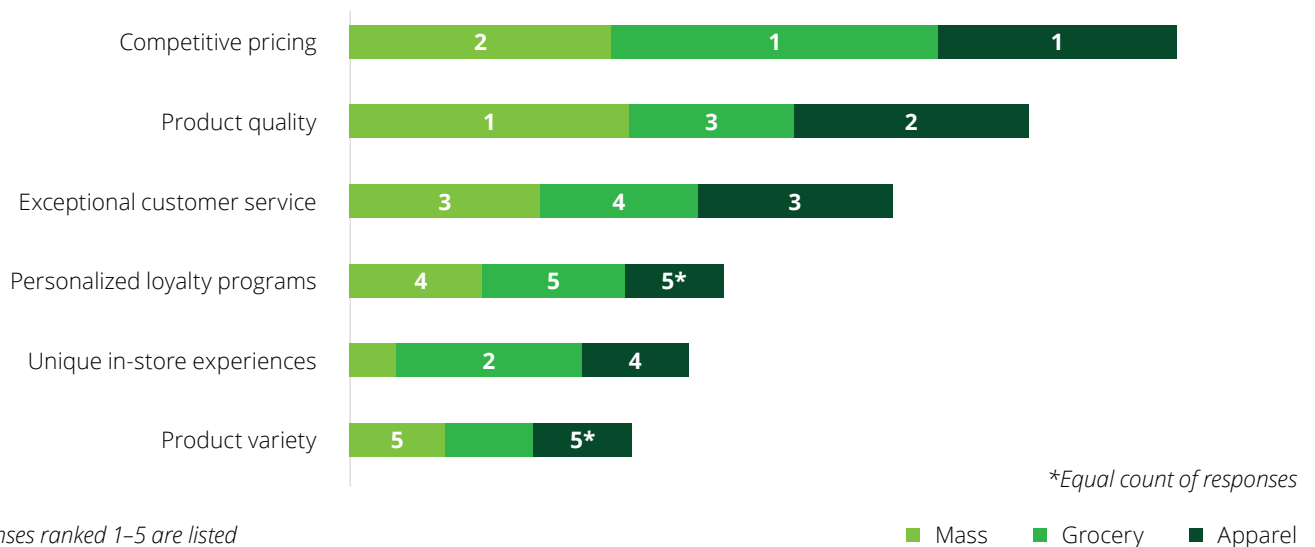
1C Competitive pricing remains a loyalty driver

KEY TAKEAWAY: Competitive pricing was consistently ranked as the No. 1 or No. 2 driver of consumer loyalty across subsectors, yet there is a disconnect between the stated importance and the actual prioritization of pricing initiatives, especially among Mass merchandising executives (figure 3). To win loyalty in today’s market, retailers should activate tailored pricing approaches and capabilities that deliver the best value proposition. Deloitte’s recent research on the value-seeking consumer reinforces this need, finding that price remains a top loyalty driver, but that perceptions of value now extend well beyond discounts to include quality, relevance, and experience. There is a wealth of consumer and competitive data as well as predictive and AI capabilities that can be leveraged to deliver this quickly.

ADDITIONAL OBSERVATIONS: Achieving the right balance between competitive pricing and a compelling value proposition has always been essential for retailers across sectors. Successful pricing strategies must align with each segment’s consumer expectations, market dynamics, and the retailer’s unique positioning. This requires proactive attention to evolving consumer perceptions and regulation—both of which can constrain the effectiveness of dynamic pricing strategies. Retailers should be agile in continuously assessing consumer response to ensure pricing actions support long-term loyalty and profitable growth.

SUBSECTOR NUANCES: Interestingly, while Mass merchandising executives recognize the importance of competitive pricing, they differed from peers in other sectors who ranked pricing-related initiatives as a top priority. We believe this is a miss; even with an Everyday low pricing strategy, Mass has a significant opportunity with their broad category base to create pricing-value differentiation that drives loyalty, baskets, and profit. In Apparel, where executives rank competitive pricing as a top loyalty driver, Deloitte’s research shows value-seeking consumers plan to cut discretionary spending, particularly on clothing, by nearly half, making price-to-value effectiveness even more critical in Apparel.

Figure 3
Ranking of consumer loyalty drivers (Executives’ responses)



Only responses ranked 1–5 are listed

1D New KPIs needed to measure consumer-centricity

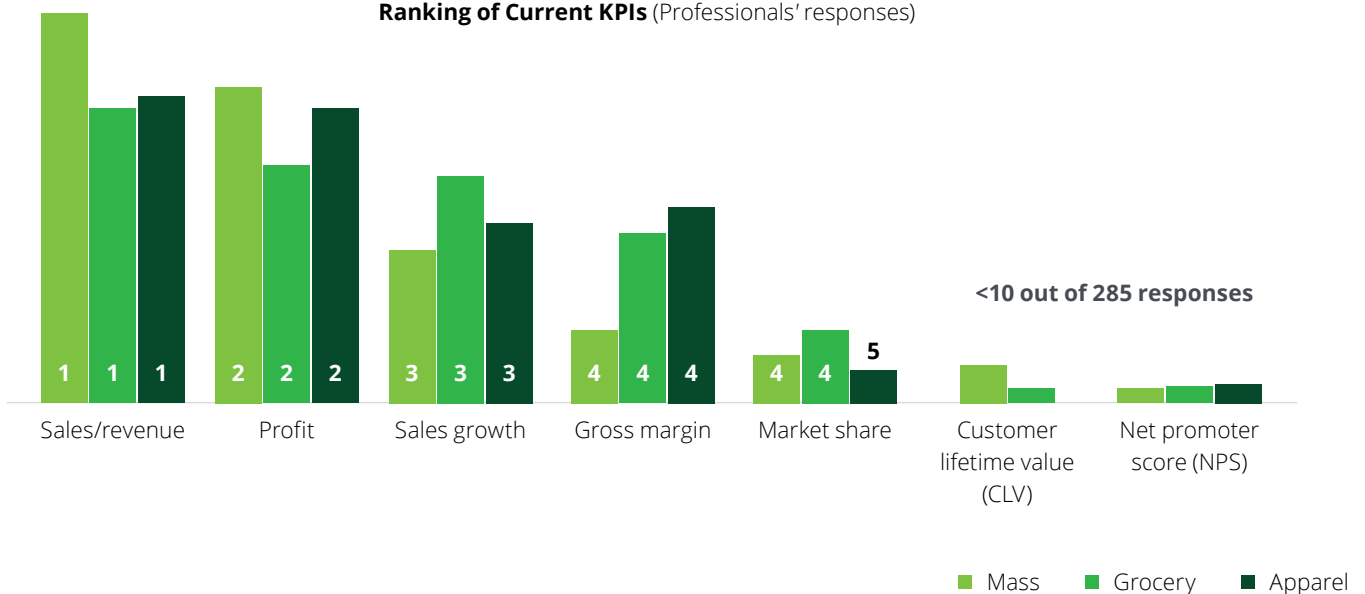
KEY TAKEAWAY: While merchandising teams claim to prioritize consumer-centricity, most are still measured by traditional financial metrics (figure 4). This misalignment limits accountability to customer outcomes and slows the shift needed to serve consumer needs and be “consumer-backed” rather than product focused. To build effective, consumer-focused organizations, retailers broadly—and merchandising teams in particular—need to introduce meaningful customer KPIs, such as CLV and NPS, to measure and drive consumer-centric outcomes.

ADDITIONAL OBSERVATIONS: Moving beyond conventional financial metrics is imperative for driving true consumer-centricity. Adopting KPIs like consumer conversion, share of wallet, visit frequency, lifetime value, assortment relevance, basket size, and cross-category growth by consumer provides a measurable view of shopper behavior. These metrics directly link micro-category consumer segmentation to both demand- and category-level assortment strategies. However, measurement alone is insufficient; organizations need to incentivize teams to act on this data by using insights to fuel growth, differentiation, and category/assortment distortion, especially at the micro-consumer level, in response to predicted and actual consumer demand.

SUBSECTOR NUANCES: None of the subsectors surveyed are prioritizing consumer-centric metrics to measure success, which we see as a miss. Grocery retailers can harness frequent shopper data to track perception and loyalty. Mass merchandisers benefit from cross-functional accountability to coordinate consumer insights across diverse categories. Apparel retailers gain value by leveraging granular consumer feedback from returns, reviews, and fit satisfaction data, making metrics such as return rates and fit scores especially critical in shaping product and assortment decisions. This is an area of opportunity across subsectors and should be a simple enabler of consumer-centric discussions in merchandising.

Figure 4

Ranking of Current KPIs (Professionals’ responses)



Six Forces Shaping the Future of the Consumer Industry

Spotlight on the Unprecedented Consumer

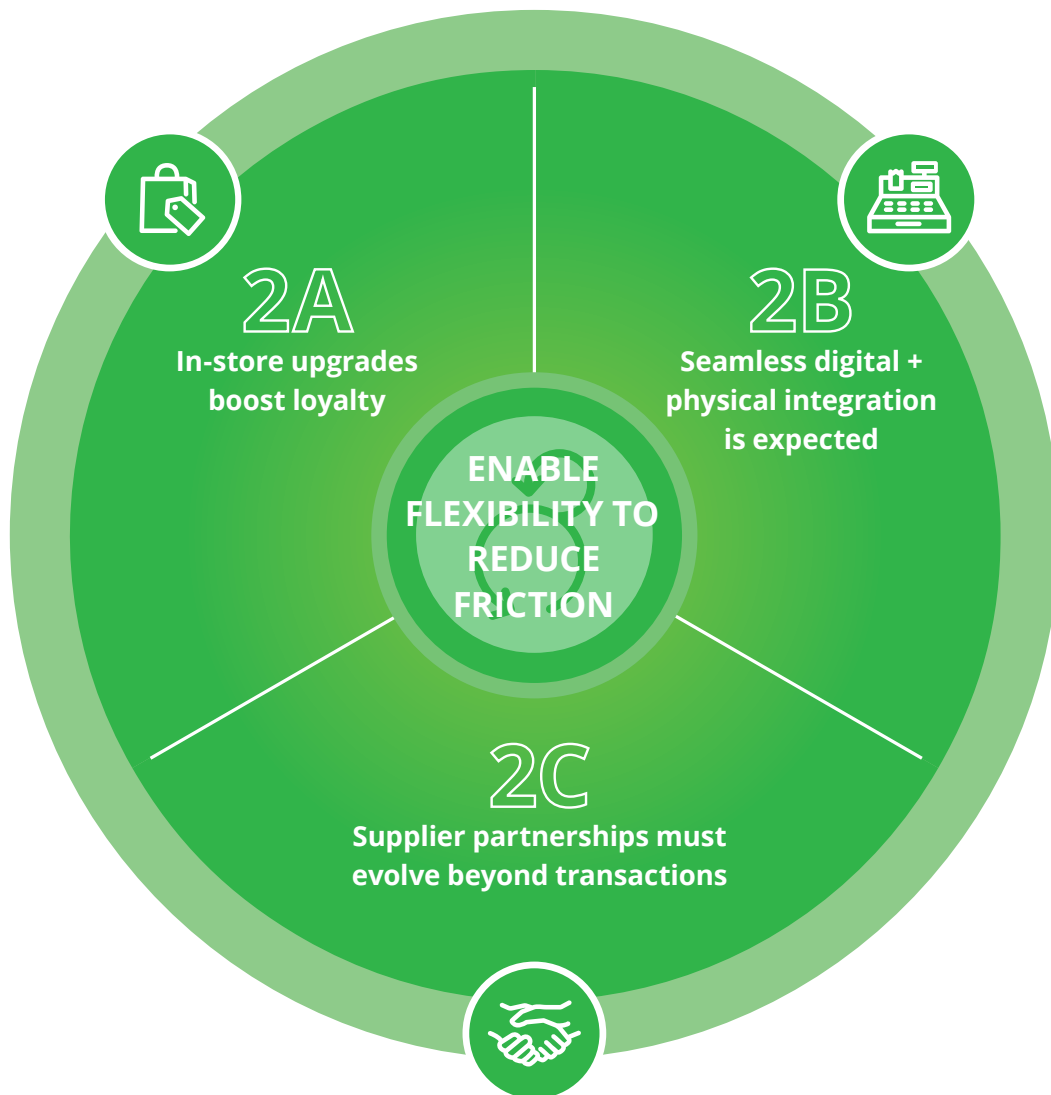
The Unprecedented Consumer highlights how evolving expectations are driving retailers to adopt GenAI-assisted shopping and advanced technologies. Today’s diverse, digitally connected consumers demand personalized, seamless experiences and relevant offerings. To succeed, retailers must embed the consumer at the heart of merchandising, using deep insights to shape assortments, inform product development, and create interactions that truly resonate in a crowded marketplace.

Theme 2: Enable flexibility to reduce friction

WHAT WE HEARD: Merchandising teams are prioritizing capabilities that enhance the shopping experience, reduce friction, and strengthen customer loyalty through convenience, connection, and choice.

WHY IT MATTERS: Agile business models enable retailers to quickly respond to shifting consumer trends and stay ahead of the competition. By prioritizing capabilities that create flexibility for consumers, retailers can accelerate value creation and achieve measurable results.

WHERE RETAILERS ARE MISSING OUT: Retailers are treating supplier relationships as transactional and are not investing in them strategically. To stay resilient and competitive amid market volatility and pricing pressures, retailers should prioritize building strong, collaborative partnerships with suppliers.



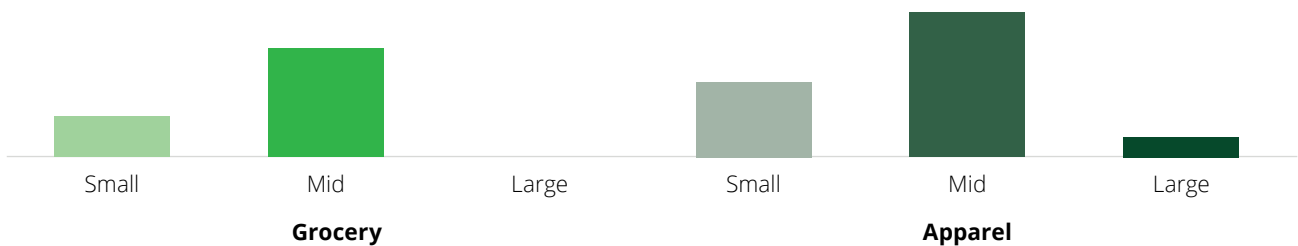
2A In-store upgrades boost loyalty

KEY TAKEAWAY: Unique in-store experiences and upgrades are consistently ranked as a critical lever for boosting customer loyalty across retailers (figure 3); however, priorities vary substantially across and within sectors, specifically Grocery and Apparel (figure 5). Retailers who prioritize in-store engagement often establish deeper customer relationships and loyalty in a competitive marketplace.

ADDITIONAL OBSERVATIONS: Maximizing the impact of in-store upgrades on customer loyalty requires a strategic and insight-driven approach. Executives should focus on assessing which in-store upgrades will deliver the greatest value for their specific store formats and customer base. By pinpointing the upgrades that best align with shoppers' preferences and expectations, retailers can design targeted experiences that foster long-term loyalty and encourage repeat visits.

SUBSECTOR NUANCES: Approaches for using in-store upgrades to boost loyalty differ significantly by retail subsector and size. For Grocery, merchandising executives ranked unique in-store experiences as the No. 2 driver of loyalty (figure 3). Specifically, smaller and midsize retailers show the most interest in in-store upgrades and found value in fostering community engagement and curated assortments. In Apparel, smaller and midsize retailers saw hands-on product interaction and immersive try-on experiences as key to building trust and encouraging return visits. Conversely, mass merchandising executives leaned into augmented reality/virtual reality (AR/VR) technologies to create innovative, immersive environments. These technologies are likely to add more value internally (e.g., optimizing store layouts) through speed and ease of testing and may result in incremental conversion (but this may be less apparent).

Figure 5
Enhanced in-store experience priority by size (Executives' responses)



2B Seamless digital + physical integration is expected

KEY TAKEAWAY: Merchandising executives continue to view omnichannel integration and inventory visibility as core strategic priorities, ranking optimized supply chain and inventory visibility among the top two strategic initiatives (figure 2). As consumers increasingly expect easy shopping, pickup, and returns experiences, merchandising teams are under pressure to deliver seamless omnichannel capabilities and ensure available inventory is visible and accurate.

ADDITIONAL OBSERVATIONS: Merchandising executives are prioritizing seamless integration of digital and physical shopping, focusing on enhanced inventory management and digital tools for better visibility and coordination. While retailers have advanced in integrating digital and physical shopping, many need to accelerate inventory management and visibility efforts to keep pace with rapidly evolving consumer expectations. Success in this environment depends on offering precise, real-time inventory visibility and creating frictionless omnichannel journeys, ensuring customers enjoy consistent and connected shopping experiences wherever and however they choose to engage.

SUBSECTOR NUANCES: Across all retail sectors, delivering a seamless omnichannel experience remains a common challenge as shoppers' expectations evolve. Grocery shoppers want the convenience of online ordering along with the speed and trust of in-store shopping. Yet, many grocers still struggle to coordinate inventory, pricing, and fulfillment across both digital and physical shelves. Mass merchandising teams face similar challenges. Fragmented systems, siloed teams, and outdated skill sets lead to inconsistent customer experiences and missed sales opportunities. In Apparel, being omnichannel is a baseline expectation. Still, many Apparel merchandising teams are struggling to fully operate in an omni way, developing integrated yet channel-appropriate strategies, plans, and visibility into inventory levels both by channel and in total. While some are transitioning or have transitioned to "pooled" inventory in theory, this has created murkiness in having the right inventory and clear ownership.

2C

Supplier partnerships must evolve beyond transactions

KEY TAKEAWAY: Merchandising executives indicated they recognized the importance of strong supplier relationships (figure 6), yet enhanced supplier collaboration did not rank highly as a strategic initiative (figure 7). Furthermore, negotiation and supplier relationship management was not cited as a key future workforce skill. Without stronger supplier ties, organizations risk missing out on savings and reliability, while becoming more vulnerable to disruptions.

ADDITIONAL OBSERVATIONS: Building strong, long-term partnerships with suppliers is essential for navigating today’s volatile global trade environment. Stronger supplier relationships can result in higher vendor investments and create cost benefits, which is a key theme across strategic initiatives. To maximize these benefits, retailers should actively shift their approach by elevating suppliers from transactional vendors to strategic partners. This collaborative approach can both strengthen competitive positioning and safeguard retailers against emerging risks.

SUBSECTOR NUANCES: While effective supplier relationships are essential across all sectors, the nature and impact of these relationships vary widely from one sector to another. In Grocery, maintaining supply continuity and high in-stock rates hinges on partnering with a diverse supplier base (including consumer packaged goods [CPG] companies, dairy and meat producers, and private-label manufacturers). Mass merchandising teams rely heavily on national CPG brands and private-label suppliers, but often lack robust data-sharing capabilities and the strategic alignment needed to anticipate trends. Apparel merchandising teams, meanwhile, tend to focus on negotiation and relationship management with sourcing teams, yet rarely extend these efforts to joint problem-solving or co-creation.

Figure 6
Ranking of future merchandising trends (Executives’ responses)

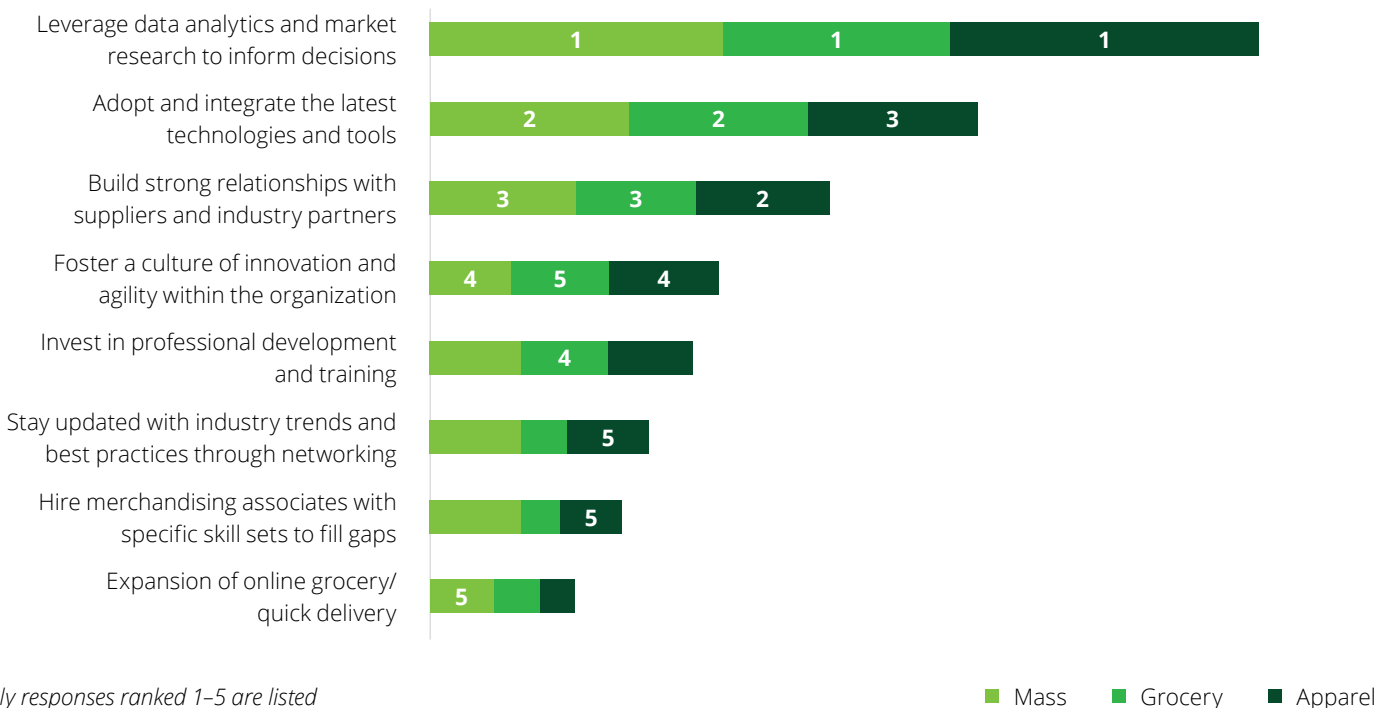
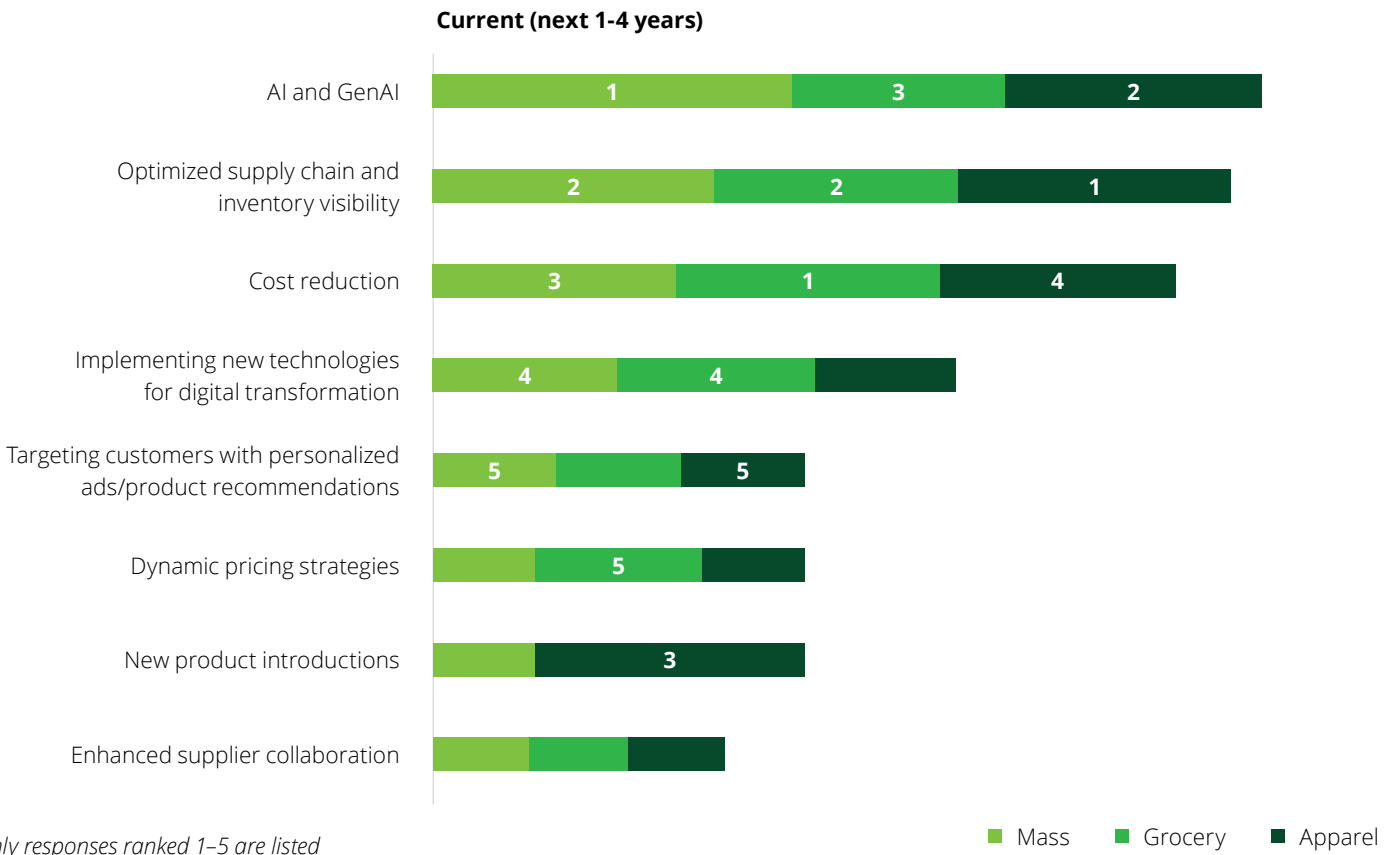


Figure 7
Ranking of current strategic initiatives (Executives' responses)



Six Forces Shaping the Future of the Consumer Industry

Spotlight on Industry Upheaval

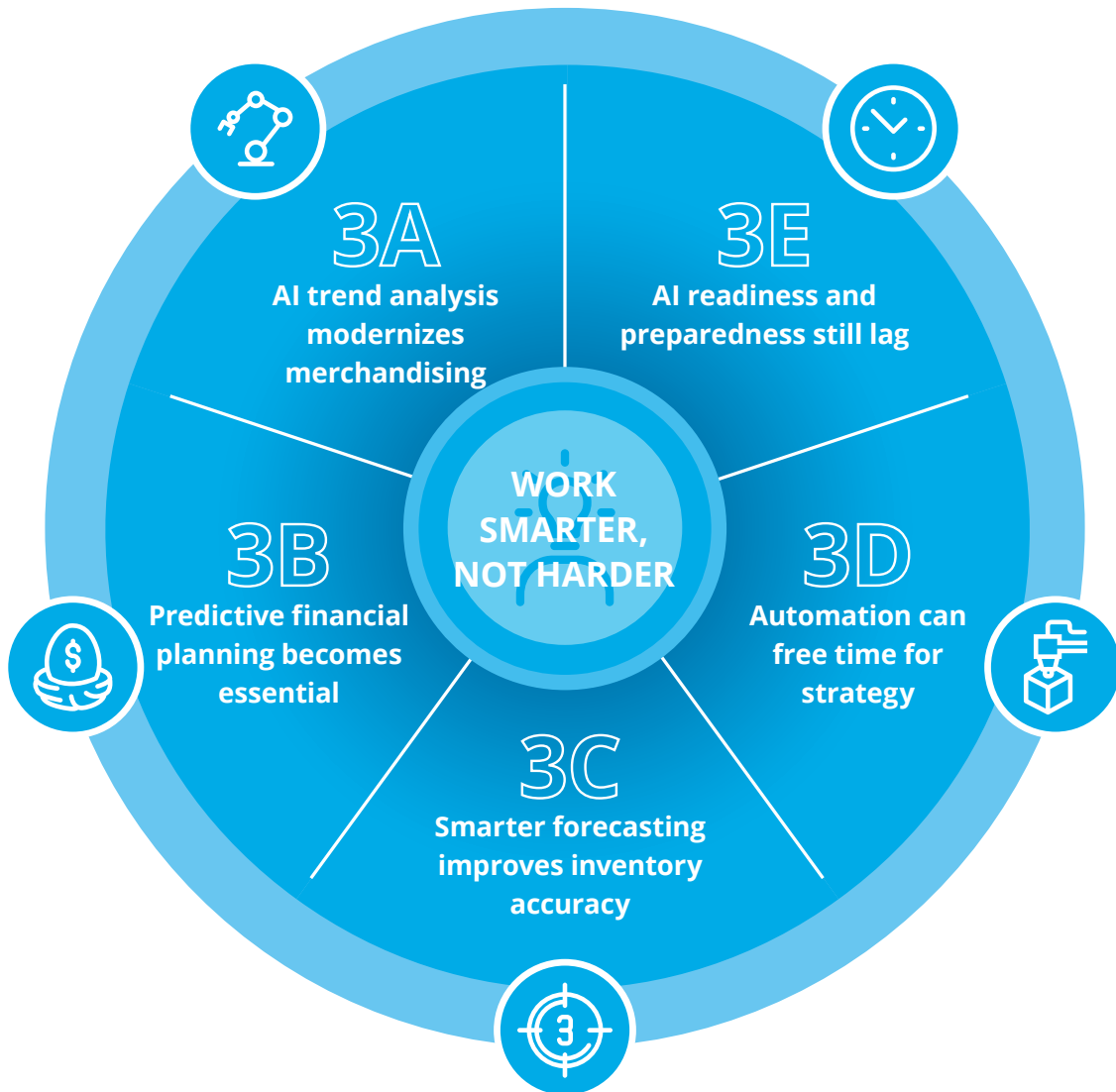
Radical Industry Upheaval highlights how globalization and technology are transforming the consumer industry, pushing retailers to adopt agile business models and integrate digital and physical experiences. By investing in AR/VR innovations, upgrading stores, and improving inventory management, retailers can meet evolving consumer expectations, navigate market complexities, and seize new growth opportunities.

Theme 3: Work smarter, not harder

WHAT WE HEARD: Merchandising teams are prioritizing advanced technologies like AI to stay ahead of future demands and automate the highly manual parts of their roles.

WHY IT MATTERS: By embracing advanced tools and data-driven decision-making, retailers are better equipped to meet consumer expectations and operate efficiently, even amid evolving planning complexities and industry disruptions. Embracing AI not only enhances decision-making, but it can also automate the awful, leaving merchants with the time they need to focus on the consumer and the best category and product choices.

WHERE RETAILERS ARE MISSING OUT: Retailers are still not aggressive enough at eliminating the non-value-add work that consumes merchants' time. As a result, many retailers are relying on broad, mass strategies simply because that is what they have time to do. Most are not using AI and advanced analytics to micro-merchandise. By harnessing local data to tailor assortments, pricing, and promotions to specific consumers, retailers can boost relevance, better meet local needs, and drive spend.



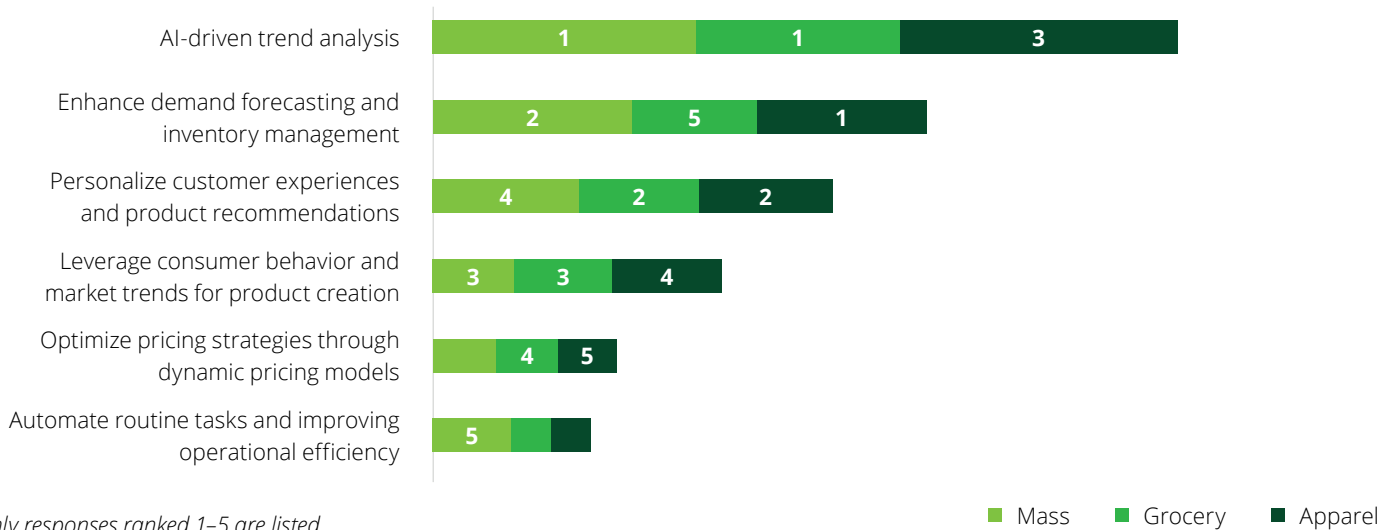
3A AI trend analysis modernizes merchandising

KEY TAKEAWAY: AI-driven trend analysis has emerged as a leading use case to modernize merchandising practices that have long been manual and fragmented (figure 8). Executives are signaling a decisive shift toward data-driven decision-making, recognizing AI's ability to move teams from reactive to proactive. By deploying agentic AI capabilities, retailers can identify emerging trends faster, generate actionable insights, and align assortments with real-time consumer demand. This marks a fundamental transformation in how trend detection and merchandising decisions are made, bringing precision and agility to a historically intuition-led function.

ADDITIONAL OBSERVATIONS: To capture the full value of AI trend analysis, organizations must ensure insights are both trusted and timely to inform merchandising decisions like assortment and pricing. Many still face gaps between data integration, insight generation, and execution. Closing these gaps requires strong data foundations and seamless integration between merchandising, planning, and supply chain functions. AI's strength lies in its ability to continuously surface demand shifts and translate them into action, enabling retailers to anticipate rather than react. However, success depends on pairing this insight with short go-to-market cycles, enabling the retailer to capture the trend while it is hot in the market.

SUBSECTOR NUANCES: In Apparel, interest in AI for trend detection is high (figure 8), yet hesitation remains around applying it to product creation and assortment optimization. This reflects the complexity of Apparel decisions, persistent data quality challenges, and bias against change. In Mass and Grocery, where assortments are more commoditized, there is a belief that AI can enable more dynamic and responsive assortments that track granular consumer needs, and make sure that any assortment variation is highly targeted to the consumer.

Figure 8
Ranking of AI roles in the future of merch (Executives' responses)



3B Predictive financial planning becomes essential

KEY TAKEAWAY: Merchandising executives see machine learning and predictive modeling as essential to transforming merchandise financial planning (MFP) into a more automated and insights-driven capability (figure 1). Traditional manual approaches can no longer keep pace with market volatility and shifting demand. Predictive, AI-enabled MFP, which can be done at a very low grain, empowers retailers to anticipate demand, optimize inventory, and align financial goals with real-time consumer behavior. Doing so makes planning faster, smarter, more strategic, and more localized.

ADDITIONAL OBSERVATIONS: Modernizing MFP requires more than automation; it requires rethinking how financial planning data is collected, structured, and acted upon. Effective models must integrate data across merchandising, supply chain, and finance to provide a single, trusted view of both predicted and actual performance. Retailers must invest in platforms that unify data and leverage advanced analytics for accurate forecasting and scenario planning. Reliable, high-quality data is the foundation, but success also depends on user adoption and training to ensure teams can interpret and apply predictive insights effectively. By embedding intelligence into planning workflows, retailers can move from reactive adjustments to proactive, profit-oriented decision-making that supports both agility and accountability.

SUBSECTOR NUANCES: Predictive financial planning is becoming a defining capability for organizations seeking resilience and precision in an increasingly unpredictable retail landscape. In Grocery, automation is critical to managing perishability, promotions, and slim margins, yet leaders do not prioritize adoption of new technologies and AI-driven solutions compared to other sectors (figure 2). For Mass merchants, predictive models help balance inventory and shelf space across diverse categories, improving both availability and efficiency. In Apparel, MFP automation enhances in-season agility, establishes more accurate financial guardrails, and minimizes excess inventory amid fast-changing trends.

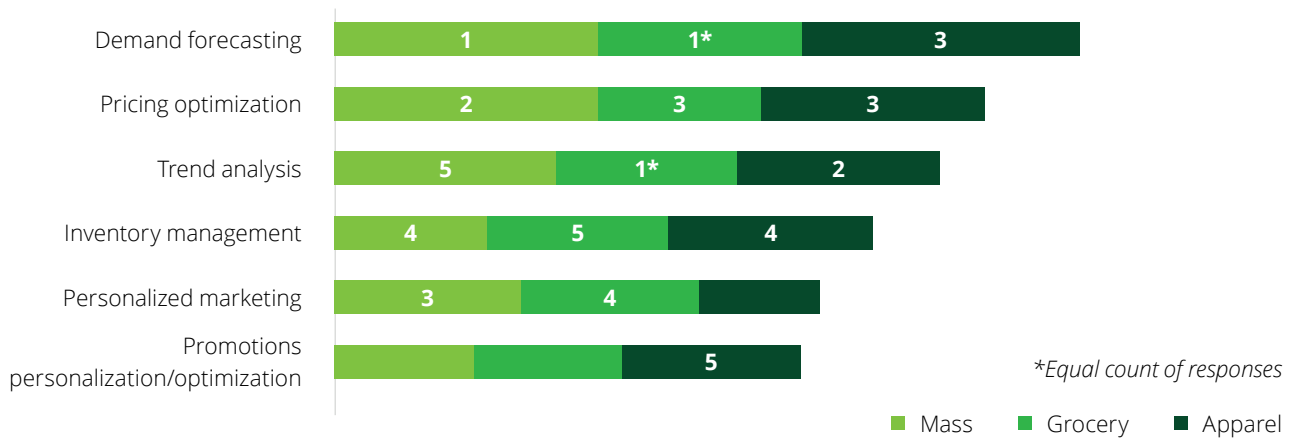
3C Smarter forecasting improves inventory accuracy

KEY TAKEAWAY: Survey results indicate that merchandising teams are looking to leverage AI to streamline demand forecasting and inventory management (figure 9)—enabling faster, more accurate responses to changing behaviors and trends that manual methods struggle to address. AI-driven forecasting increases accuracy and timeliness in inventory decisions, minimizing stock risks and improving product availability. As volatility and complexity increase, AI forecasting will become essential to ensuring the right products are in the right place, at the right time, and in the right quantities.

ADDITIONAL OBSERVATIONS: AI-driven demand and inventory forecasting allow merchandising teams to move beyond static, backward-looking models toward dynamic, data-informed, and predictive decision-making. By automating data analysis and continuous learning from multiple inputs, AI enables more precise forecasting and alignment between consumer demand and supply chain execution. To fully realize these benefits, retailers must strengthen data integration across systems, ensure model transparency, and embed AI tools directly into existing planning workflows. Leadership alignment will also be key, as organizations must prioritize forecasting automation as a strategic enabler of agility, profitability, and consumer responsiveness. Success ultimately depends on the ability to execute against the forecast, so flexibility and agility in the supply chain are critical enablers.

SUBSECTOR NUANCES: In Grocery, survey results revealed a disconnect: Merchandising executives ranked forecasting fifth among AI use cases, while merchandising professionals ranked it first (figure 8). This suggests that executives may underestimate the operational challenges and manual effort involved in day-to-day forecasting. Closing this perception gap will be essential for securing the commitment and investment needed to support these capabilities. Conversely, in Mass and Apparel, forecasting was a top priority for both merchants and executives (figure 9). In Mass, AI forecasting is critical for managing thousands of stock keeping units across diverse categories and maintaining optimal stock levels at scale. In Apparel, where short selling seasons and rapid trend cycles dominate, automated forecasting is essential for optimizing initial buys, enabling in-season agility, and minimizing excess inventory and markdowns. Despite these benefits, AI forecasting remains a major capability gap for many.

Figure 9
Ranking of AI Roles in the Future of Merch (Professionals' responses)



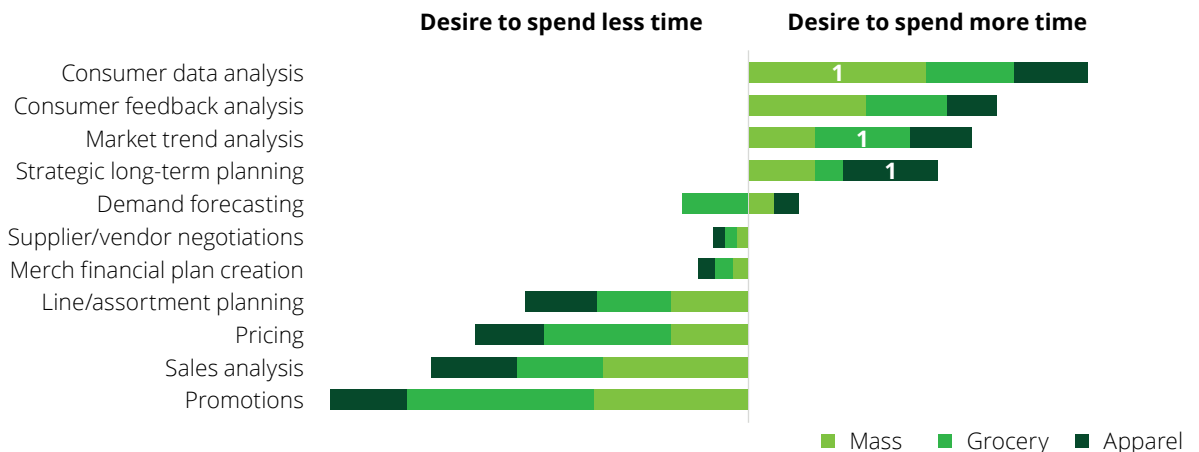
3D Automation can free time for strategy

KEY TAKEAWAY: Merchandising professionals reported spending significant time on tasks that could be automated, such as sales analysis, pricing, and promotions (figure 10). Yet executives rank automation and AI-driven operational improvements relatively low as strategic priorities (figure 2). This disconnect underscores the need for leaders to gain greater visibility into how teams spend their time and to actively champion technology solutions that reduce manual work. By freeing capacity through automation, merchandising organizations can redirect focus toward higher-value, strategic activities that drive growth and innovation.

ADDITIONAL OBSERVATIONS: Merchandising professionals report being forced into a reactive mode, limiting their ability to focus on long-term, strategic priorities. Greater automation offers a path forward, allowing teams to redirect time and energy toward the capabilities and initiatives required to keep pace with evolving consumer expectations. Key areas identified for renewed focus include enhancing market trend analysis, deepening consumer data and feedback analysis, and strengthening strategic planning. By championing the adoption of automation tools and proactively freeing up time for teams to focus on the most critical priorities, merchandising executives can empower their workforce to invest in higher-value activities oriented to business improvement and capability building for future success.

SUBSECTOR NUANCES: Automation represents a strategic lever that addresses critical needs across sectors. In Grocery, merchandising teams must respond rapidly to regional and health-driven trends, making automation critical for managing fast-moving assortments and dynamic supply chains. Mass merchants can leverage automation to synthesize consumer insights and optimize broad assortments more efficiently. In Apparel, where longer planning cycles dominate, automation can enable more forward-looking analysis and better alignment between planning, production, and consumer demand.

Figure 10
Time willing to spend vs. Time spent (Professionals' responses)



3E AI readiness and preparedness still lag

KEY TAKEAWAY: Although interest in AI is high, most merchandising teams report only moderate readiness to adopt new tools. Executives largely rate their AI preparedness as “somewhat prepared,” while AI professionals report higher confidence in their ability to implement and use AI solutions (figure 11). Preparedness reflects how well organizations are structured to deploy AI, while readiness captures how willing and able professionals feel to adopt it in their daily work. The divide highlights an emerging gap between ambition and execution; organizations recognize AI’s potential, but are still developing the capabilities, infrastructure, and skill sets needed to embed it effectively.

ADDITIONAL OBSERVATIONS: To advance AI adoption, merchandising leaders must address both technical and cultural barriers. Legacy systems, fragmented data, and limited integration across functions continue to slow progress, while resistance to change and gaps in digital fluency hinder transformation at the organizational level. Closing these gaps requires coordinated investment in data infrastructure, targeted upskilling, and strong change management to build trust in AI-driven insights. Success will depend on pairing technological readiness with cultural readiness, ensuring teams not only have the right tools, but also the confidence, training, and support to use them effectively in decision-making. Strong “change” strategies are also critical, as many fear AI will replace their jobs.

SUBSECTOR NUANCES: Survey results show that Mass merchants lead in preparedness, reflecting more mature organizational structures and skill sets, with both executives and professionals actively piloting or scaling AI solutions. Grocery and Apparel lag behind—particularly Apparel, where an intuition-driven culture and creative decision-making may be limiting the pace of AI adoption. Interestingly, merchandising professionals across all sectors report higher AI readiness than executives, suggesting that frontline teams may be more open to experimentation and quicker to adapt to emerging tools. Bridging this readiness gap between leadership and practitioners will be essential for building AI-enabled merchandising organizations that can scale innovation effectively.

Figure 11

AI Readiness (Professionals’ responses)

Level of readiness	Mass	Grocery	Apparel
Very ready	39%	41%	23%
Ready	37%	33%	28%
Somewhat ready	13%	21%	39%
Not ready	8%	3%	10%
I’m not sure	2%	2%	0%

AI Preparedness (Executives’ responses)

Level of readiness	Mass	Grocery	Apparel
Very well prepared	8%	4%	2%
Well prepared	27%	15%	10%
Moderately prepared	30%	52%	34%
Somewhat prepared	26%	19%	40%
Not prepared	9%	11%	14%



Six Forces Shaping the Future of the Consumer Industry

SPOTLIGHT ON EXPONENTIAL xTECH

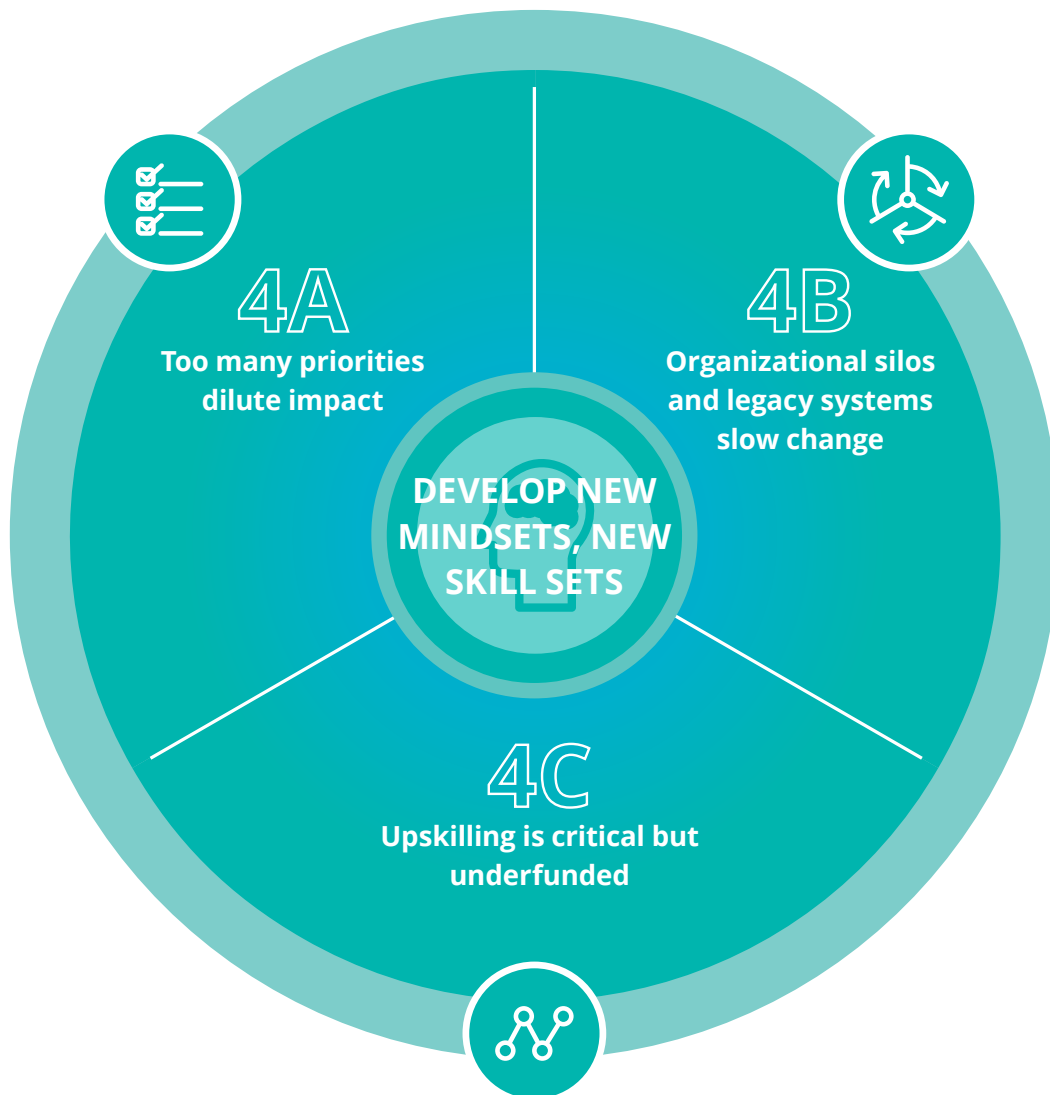
As digital capabilities advance, merchandising teams are prioritizing AI to meet consumer demands and streamline operations, driven by rapid growth in computational power and data analytics. Yet, hesitation to fully integrate AI into core functions like product creation underscores the challenge of modernizing traditional practices. By harnessing AI-driven insights for predictive planning and demand forecasting, retailers can navigate market complexities with greater agility and precision. As agentic AI capabilities mature, merchandising teams can further accelerate transformation by deploying autonomous agents that not only analyze data, but also execute routine decisions, freeing talent to focus on strategic innovation and consumer engagement. This shift enhances operational efficiency and positions retailers to capitalize on emerging consumer trends, driving sustainable growth in a rapidly evolving landscape.

Theme 4: Develop new mindsets, new skill sets

WHAT WE HEARD: Survey results indicate that organizational complexities and misaligned priorities are preventing merchandising teams from reaching their full potential.

WHY IT MATTERS: With the right alignment, skill sets, and change-ready mindsets, retailers can create efficient and collaborative organizations with the consumer at the center.

WHERE RETAILERS ARE MISSING OUT: While many retailers emphasize agile ways of working, few have truly embedded them within their organizations in a way that drives meaningful change. Cross-functional sprint teams and rapid test-and-learn cycles, for example, help teams build new skill sets in collaboration, adaptability, and data-driven problem solving. By institutionalizing agility, retailers can break down silos, accelerate decision-making, and adapt more quickly to shifting consumer trends and technology advancements, positioning themselves for sustained competitive advantage.



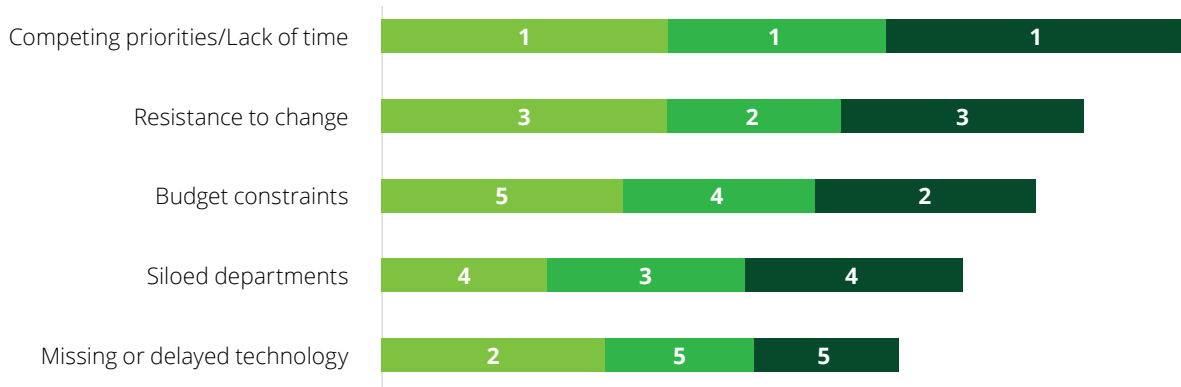
4A Too many priorities dilute impact

KEY TAKEAWAY: Survey results indicate that merchandising executives and professionals are stretched too thin across too many priorities. Budget constraints and resistance to change also emerged as top barriers to advancing strategic initiatives (figure 12), signs of resource limitations and organizational fatigue. With a plethora of new ideas and innovations competing for attention, merchandising teams are struggling to focus on the initiatives that matter most. Without sharper prioritization and stronger alignment, leaders risk diluting their impact and falling short of achieving meaningful, differentiated growth.

ADDITIONAL OBSERVATIONS: Merchandising organizations must focus on ensuring resources, teams, and leadership priorities are directed toward the few initiatives that deliver the greatest value. Competing agendas, overlapping responsibilities, and constant context-shifting are eroding efficiency and slowing transformation. To create meaningful impact, leaders must be specific and intentional about which strategic initiatives to pursue, particularly when it comes to AI. Rather than chasing every new tool or trend, organizations should identify where AI can automate the awful and enhance performance, invest deeply in those areas, and build capabilities that align with their business model and maturity. This focus on purposeful adoption enables sustainable change and measurable outcomes. Equally important is building organizational stamina: investing in change management, communication, and workforce engagement to sustain focus and energy around the most critical transformation goals.

SUBSECTOR NUANCES: The challenge of competing priorities cuts across all sectors but manifests differently. Grocery executives collectively selected 20 of 21 possible strategic initiatives in the survey, underscoring widespread overextension. In Apparel, competing priorities and budget constraints were tied as top barriers, reflecting tension between investing in new capabilities and managing daily business demands. In Mass, similar barriers surfaced, along with a disconnect between strategy and daily operations. For example, professionals spend significant time on pricing, yet only 5% of executives view dynamic pricing as a strategic initiative. These misalignments illustrate how much fragmented focus and inconsistent prioritization exists—which can limit progress, even in organizations committed to transformation.

Figure 12
Ranking of barriers to adopting strategic initiatives (Executives' responses)



Only responses ranked 1-5 are listed

■ Mass ■ Grocery ■ Apparel

4B Organizational silos and legacy systems slow change

KEY TAKEAWAY: Survey results revealed that organizational, structural, and operational challenges are limiting merchandising teams' ability to respond quickly to emerging trends. Legacy systems, siloed structures, and resistance to change are persistent barriers to adopting strategic initiatives and new technologies across retail sectors (figure 12). To remain competitive, merchandising organizations must break down traditional silos, modernize systems, and foster stronger cross-functional collaboration to accelerate decision-making and innovation.

ADDITIONAL OBSERVATIONS: Without directly addressing organizational barriers, merchandising teams will struggle to scale innovation and risk falling behind more agile competitors. Outdated systems restrict access to real-time data, while disconnected teams create inefficiencies and slow execution. To overcome these challenges, leaders should focus on integrating and modernizing technology platforms while redesigning operating models around collaboration and shared accountability. Success depends on rethinking long-standing norms to encourage openness to change, cross-functional coordination, and data-driven decision-making.

SUBSECTOR NUANCES: Mass merchandising executives ranked missing or delayed technology solutions as a top roadblock (figure 12), emphasizing the urgency of digital modernization in a sector burdened by legacy systems. Grocery executives pointed to entrenched silos and traditional roles that once drove efficiency but now inhibit collaboration and innovation. In Apparel, executives cited strong resistance to change, reflecting a deep-rooted reliance on creative intuition over data-driven practices. Addressing these challenges head-on will be essential to building the agility and responsiveness needed for future-ready merchandising organizations.

4C Upskilling is critical but underfunded

KEY TAKEAWAY: As new technologies automate routine tasks, merchandising professionals' roles and required skill sets are rapidly evolving. Survey results revealed that while most merchandising executives acknowledge noticeable skills gaps across their teams, few indicated plans to invest significantly in workforce development (figure 2). Similarly, a majority of executives across sectors rated their workforce as only "moderately prepared" for the future, even as professionals identified critical gaps in consumer-centric decision-making, forecasting, and data analysis (figure 13, 14). This disconnect between awareness and action poses a growing risk: Without dedicated investment in people, organizations will struggle to realize the full value of automation, analytics, and AI.

ADDITIONAL OBSERVATIONS: As technology transforms merchandising work, leaders must match digital investment with equal focus on people investment. Retailers must move beyond acknowledging the skills gap to actively addressing it, by prioritizing structured upskilling, hands-on training, and continuous learning as strategic imperatives, not afterthoughts. Investing in human capability is essential to maximizing the return on technology investments, improving decision-making quality, and enabling teams to operate with greater agility and confidence. The organizations that pair technological innovation with sustained talent development will be the ones best positioned to lead through disruption and define the future of merchandising.

SUBSECTOR NUANCES: Skill gaps and perceptions of readiness are strikingly consistent across retail sectors. Mass and Grocery executives reported similar levels of workforce preparedness and shared concerns about analytical and data-driven capabilities. These gaps align with the evolving responsibilities of merchandising teams as advanced technology tools and deeper consumer insights become integral to daily workflows. In Apparel, findings were comparable but indicated the lowest overall workforce readiness (figure 13), reflecting the sector's ongoing reliance on intuition over data and slower adoption of new tools.

Figure 13
Perceived workforce readiness for the future (Executives' responses)

Level of Readiness	Mass	Grocery	Apparel
Very well prepared (Equipped with all necessary future skills)	7%	7%	3%
Well prepared (Most necessary skills present, minor gaps)	26%	23%	22%
Moderately prepared (Basic skills present, further development required)	45%	48%	46%
Somewhat prepared (Few skills present, many gaps remain)	18%	15%	28%
Not prepared (Significant skills gap)	4%	8%	1%



Six Forces Shaping the Future of the Consumer Industry

Spotlight on Our Society Rewired

As society evolves, merchandising teams must adapt their mindsets and skill sets to reflect shifting values. Employees now expect employers to align with their sense of purpose, prioritizing transparency, sustainability, and community impact. Embracing agile, cross-functional ways of working enables retailers to meet these expectations, from both consumers and employees, while investing in workforce development ensures continued relevance in a purpose-driven marketplace.

Initiatives that were lower priority

Merchandising teams are navigating a rapidly evolving landscape, shaped by shifting consumer expectations, technological advancements, and operational pressures. Although several trends have attracted attention, not all have emerged as immediate priorities. The following sections outline key themes that should have been top of mind, but ultimately did not surface as primary focus areas.



Sustainability gains traction, but slowly

Future of Consumer Force: Extreme Climate Change

Sustainability was identified as a moderate priority for executives in the near term, with expectations for gradual momentum over the next five to 10 years. While other initiatives may take precedence, opportunities for progress may arise sooner. As AI and automation become more widespread, sustainability benefits, such as reduced waste and lower emissions, could emerge organically as a result of broader technology and AI adoption.



Private label and collaborations take a back seat

Future of Consumer Force(s): The Changing Consumer; Radical Industry Upheaval

Despite current trends in private label, exclusives, and collaborations, these did not surface as priorities in any sector. This suggests a current emphasis on strengthening core assortments and capabilities over pursuing new or complex partnerships. It may also suggest that merchants are comfortable or do not manage performance with current private-label offerings.



Localization not yet a priority—but should be

Future of Consumer Force: The Changing Consumer

Localization did not emerge as a priority in recent executive survey responses. For retailers focused on consumer centricity, localization is an absolute need. This is potentially because of the challenges in doing this at scale; AI should help here. Localization may become a more significant consideration over time to address differentiated consumer preferences and needs. Localization is also an excellent use case for consumer data and predictive analytics.



Freshness and local sourcing underplayed

Future of Consumer Force: The Changing Consumer

Although freshness, quality, and local sourcing were anticipated to be top priorities for Grocery and Mass, they did not receive significant attention. These themes may be embedded within broader efforts to maintain product standards, upgrade supply chain capabilities, and improve supplier relationships. These elements are key purchase decision drivers for many consumers and so should be a greater priority for executives and practitioners.



Cutting-edge trends get limited attention

Future of Consumer Force: Exponential xTech

Merchandising executives expressed limited interest in emerging trends such as personalized or made-to-order products, resale, circular fashion, and digital products. Although these topics generate industry buzz, they likely represent a small share of overall sales and often require significant investment or operational changes. As a result, executives may be prioritizing initiatives with more immediate impact on business performance.

Data and findings

Figure 1
Ranking of future merchandising trends (Executives' responses)

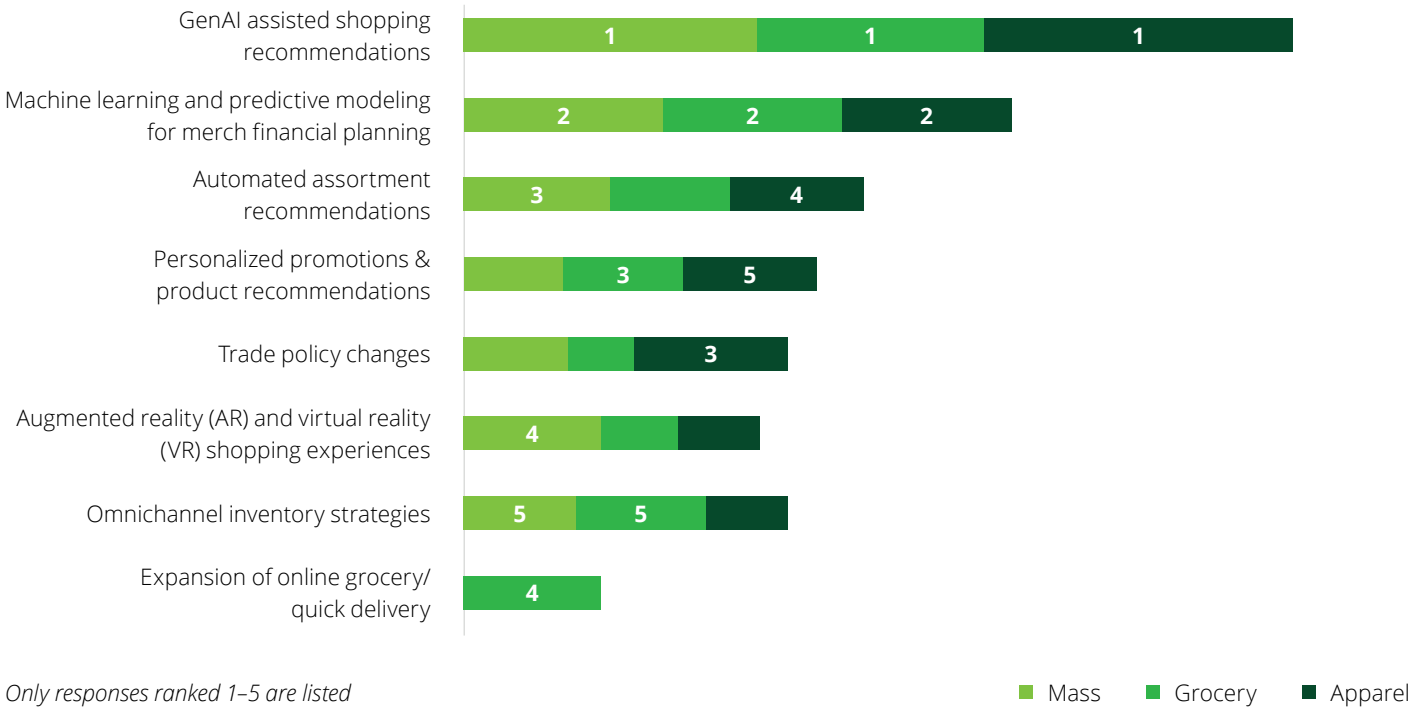


Figure 2
Ranking of strategic initiatives (Executives' responses)

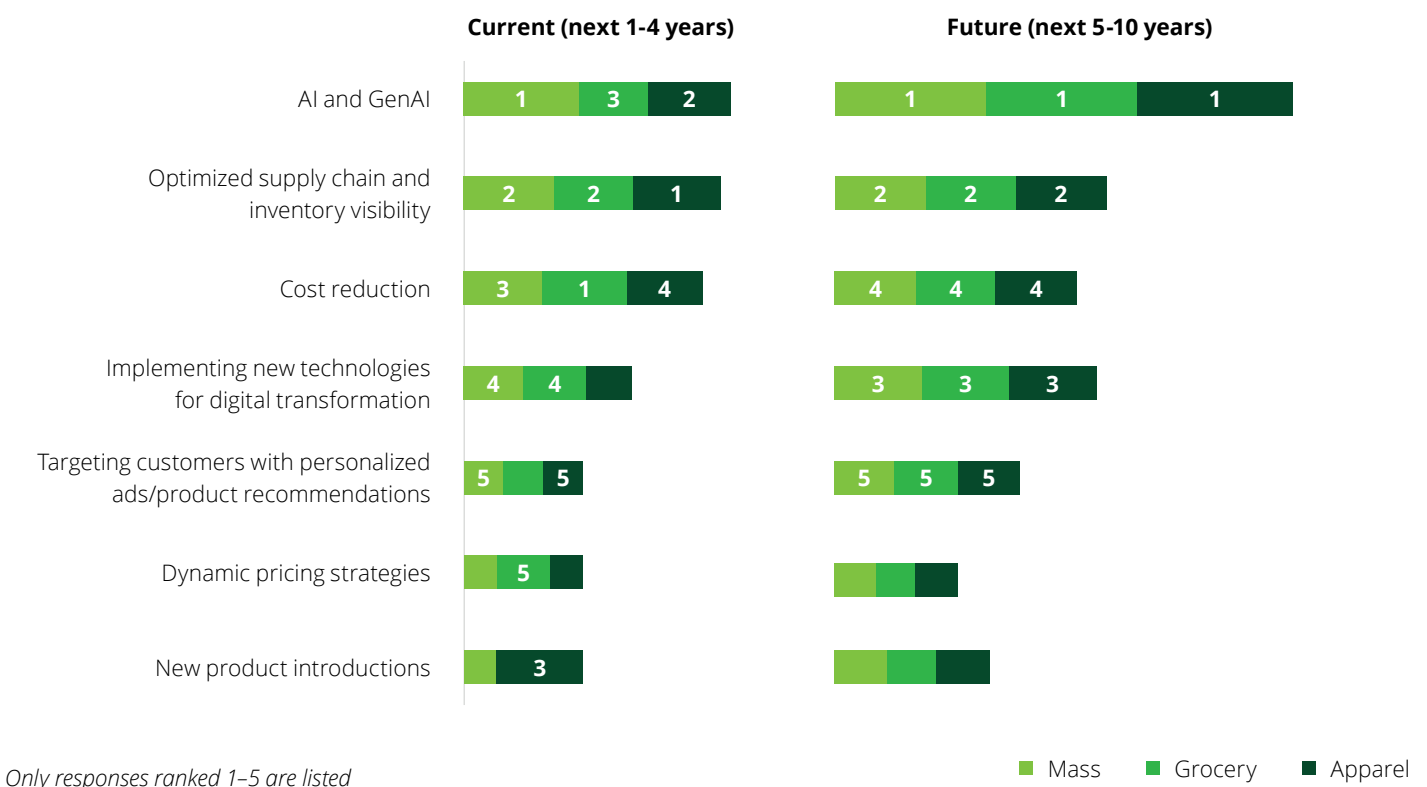


Figure 3
Ranking of consumer loyalty drivers (Executives' responses)

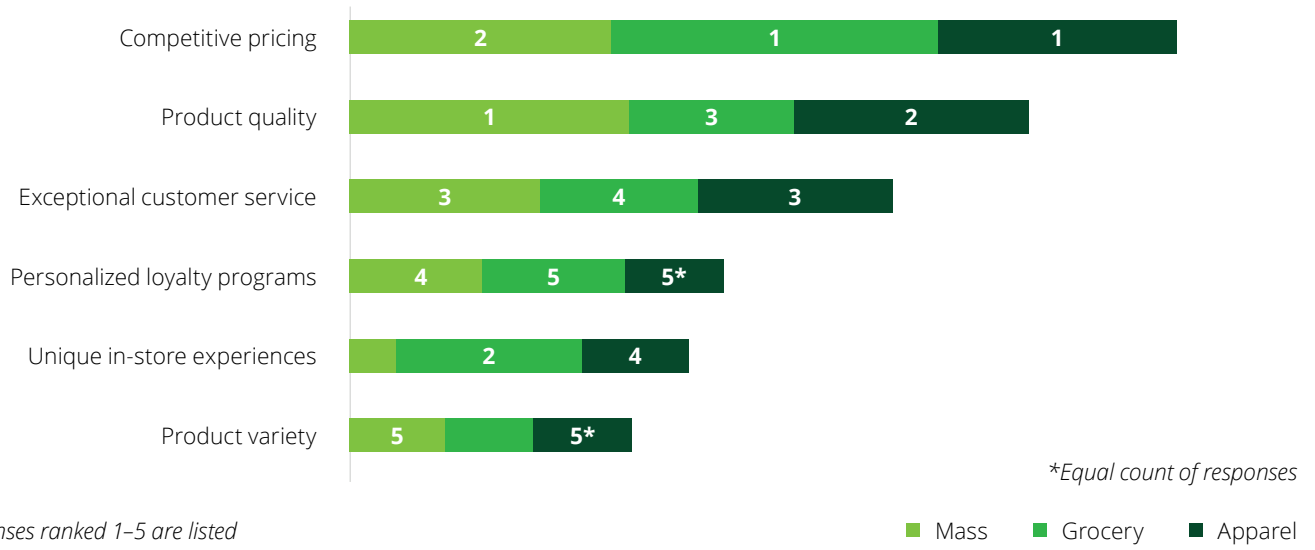


Figure 4
Ranking of current KPIs (Professionals' responses)

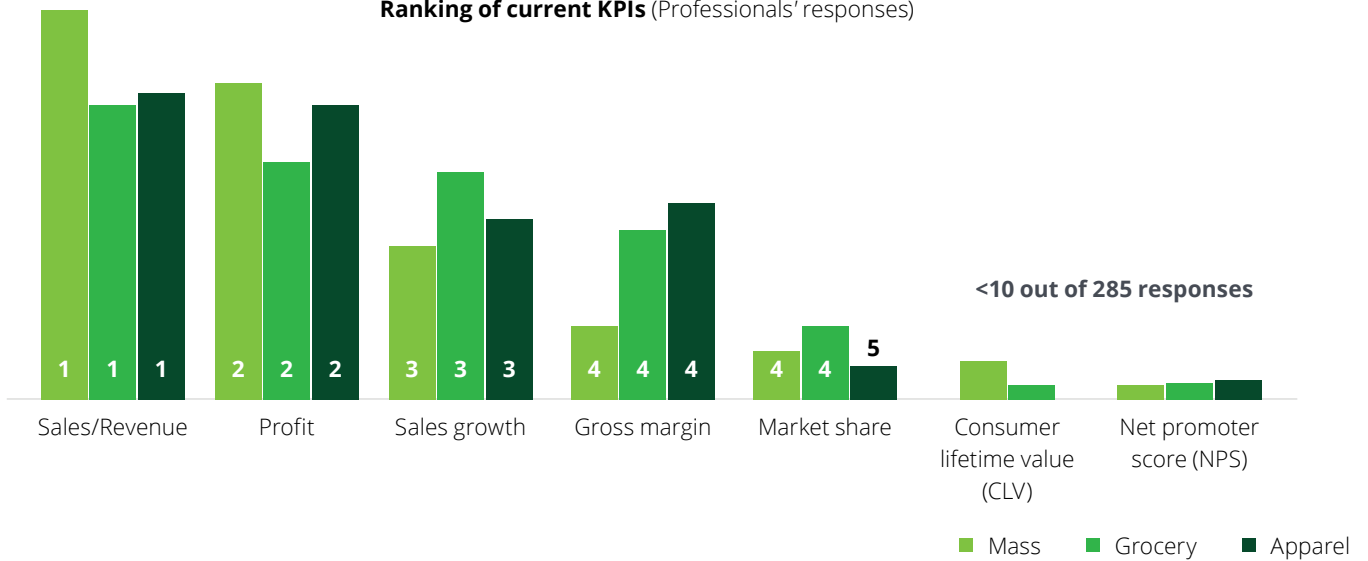


Figure 5
Enhanced in-store experience priority by size (Executives' responses)

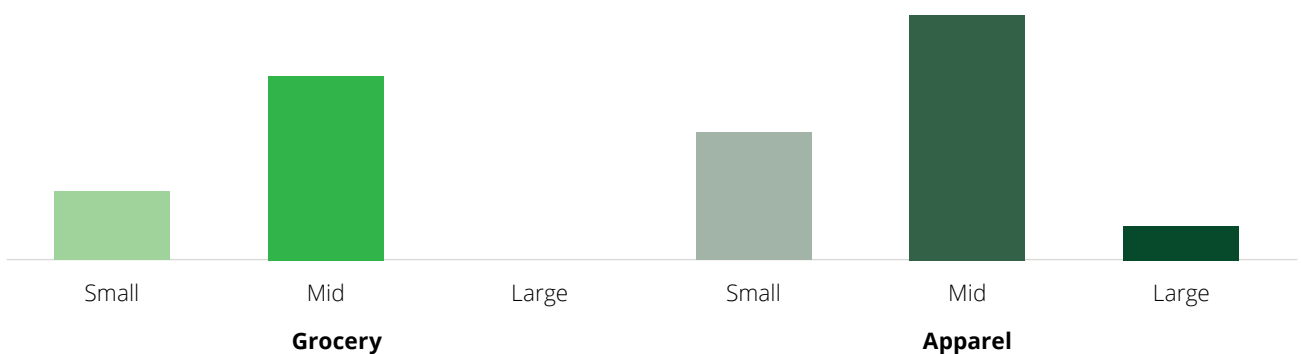


Figure 6
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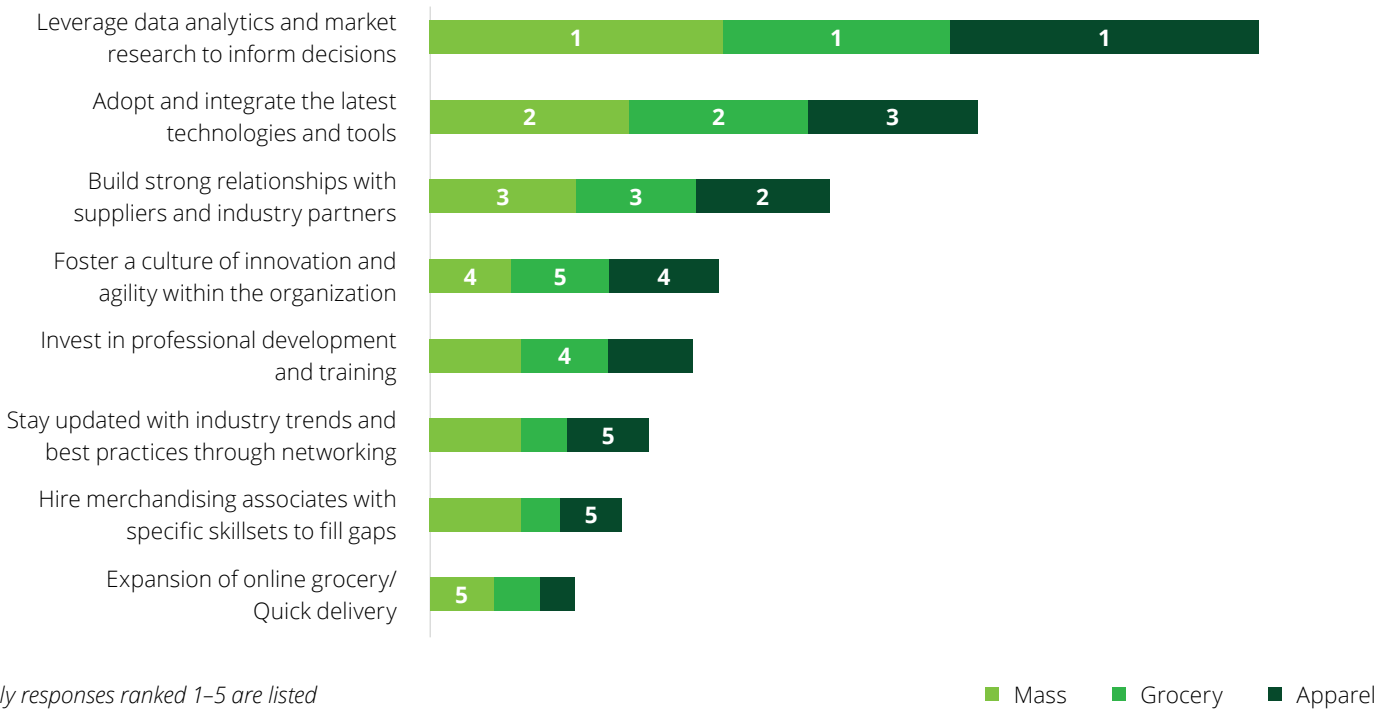


Figure 7
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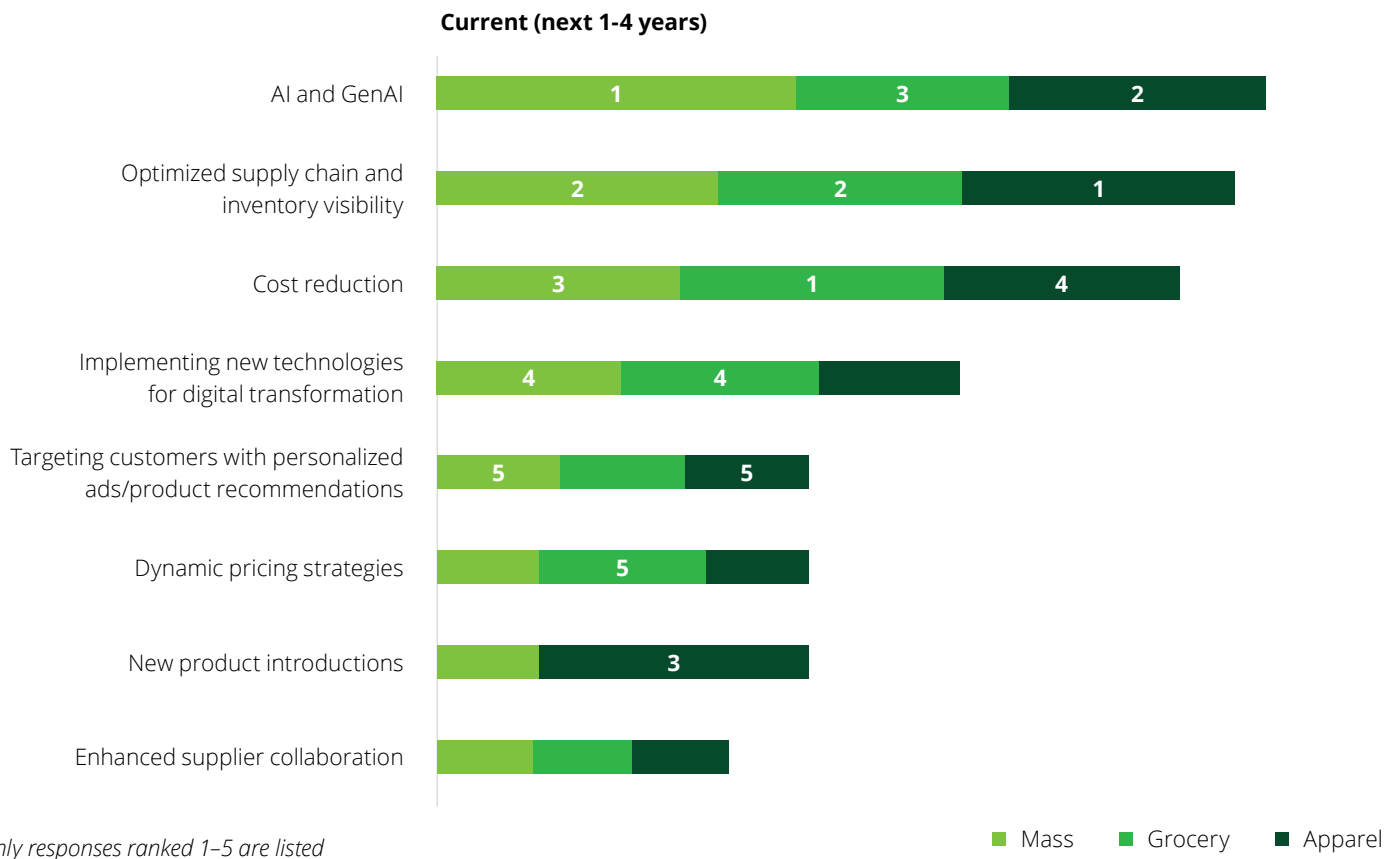


Figure 8
Ranking of AI roles in the future of merch (Executives' responses)

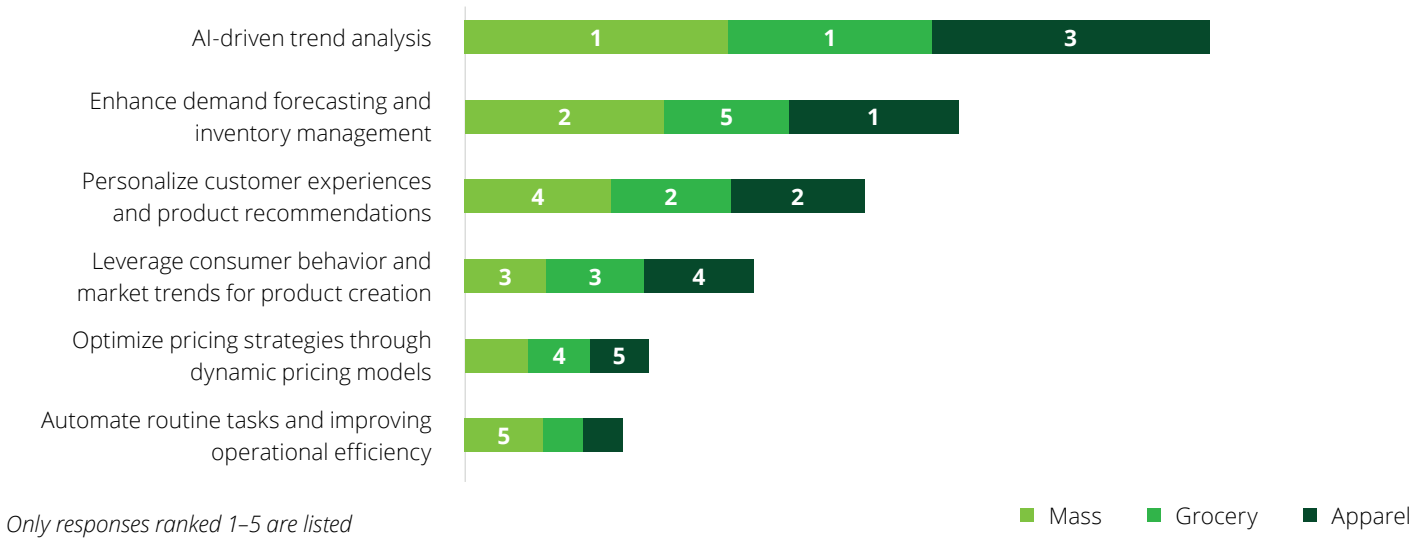


Figure 9
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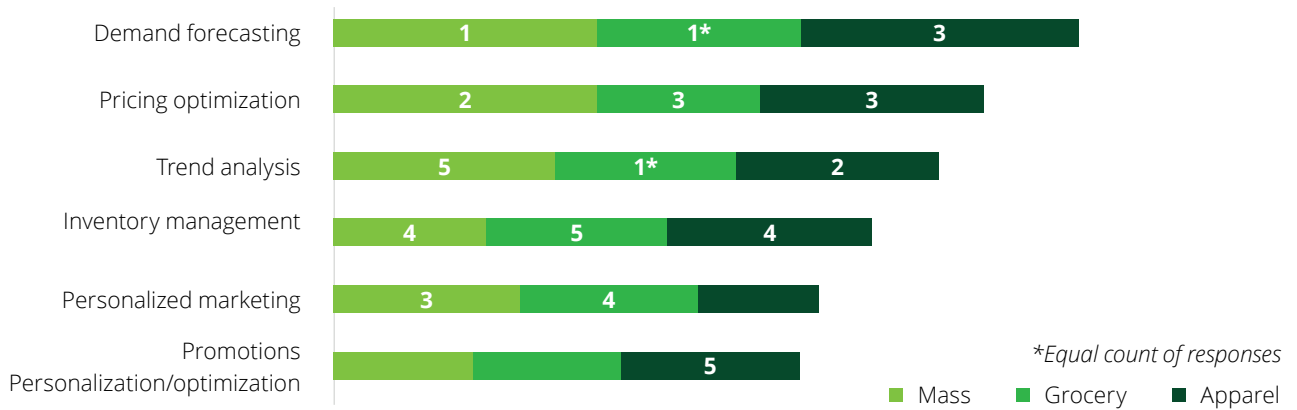


Figure 10
Time willing to spend vs. time spent (Professionals' responses)

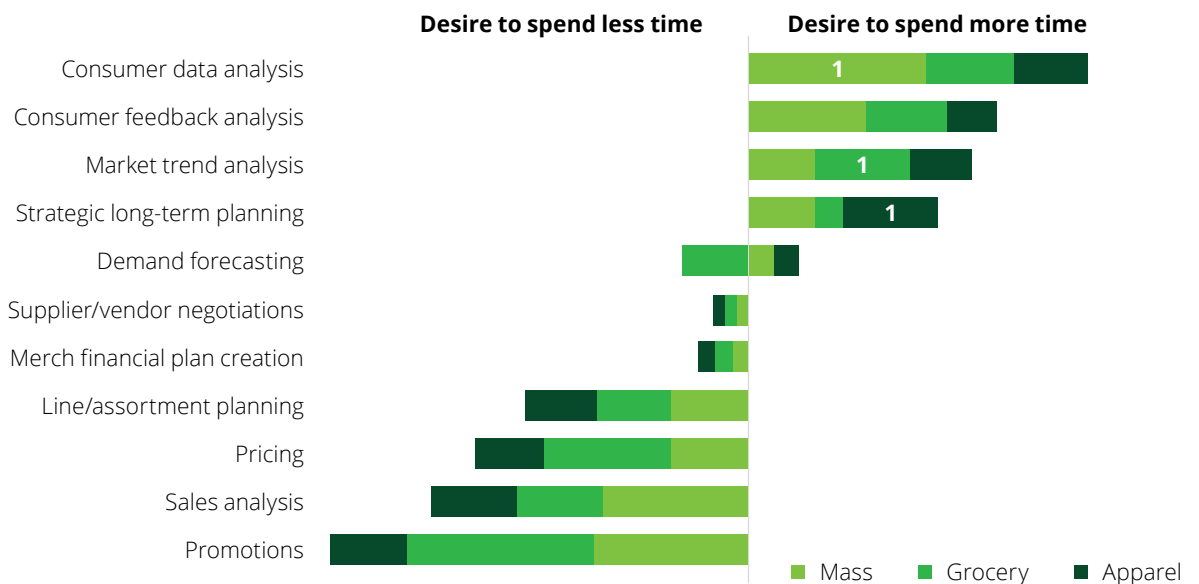


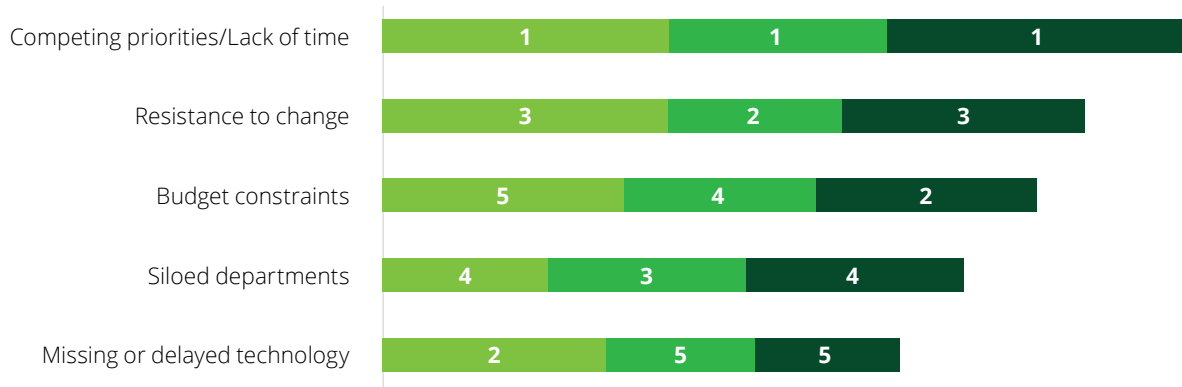
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AI preparedness (Executives' responses)

Level of readiness	Mass	Grocery	Apparel
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Figure 12
Ranking of barriers to adopting strategic initiatives (Executives' responses)



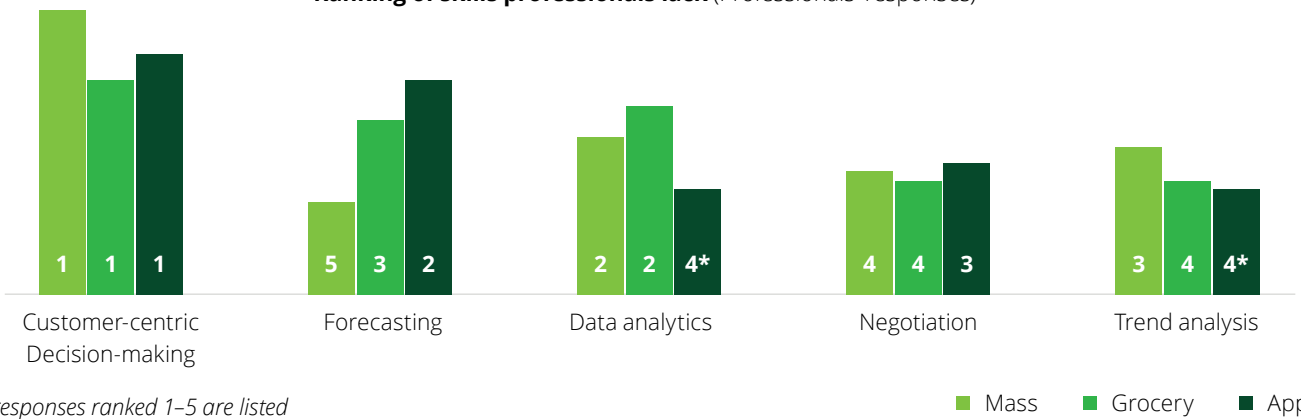
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Not prepared (Significant skills gap)	4%	8%	1%

Figure 14
Ranking of skills professionals lack (Professionals' responses)



Only responses ranked 1-5 are listed

Methodology

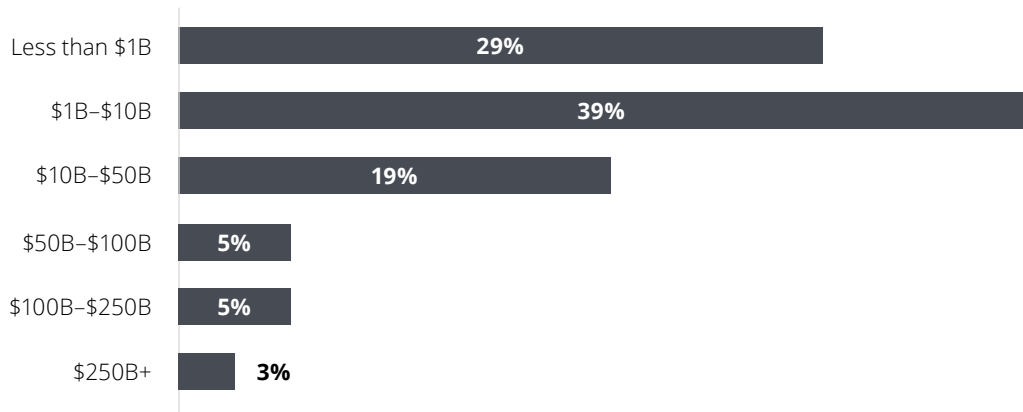
Survey methodology and scope

Overview of survey methods

Deloitte surveyed **570 industry merchandising executives and professionals** from a diverse array of organizations across the United States. The organizations spanned a variety of retail sectors including **Mass, Grocery, and Apparel**. Insights were sourced from respondents who work at organizations with annual sales ranging from **less than \$1 billion to more than \$250 billion**. A significant portion of respondents represent companies **within the \$10 billion to \$50 billion sales range** experiencing year-over-year growth under 15%.

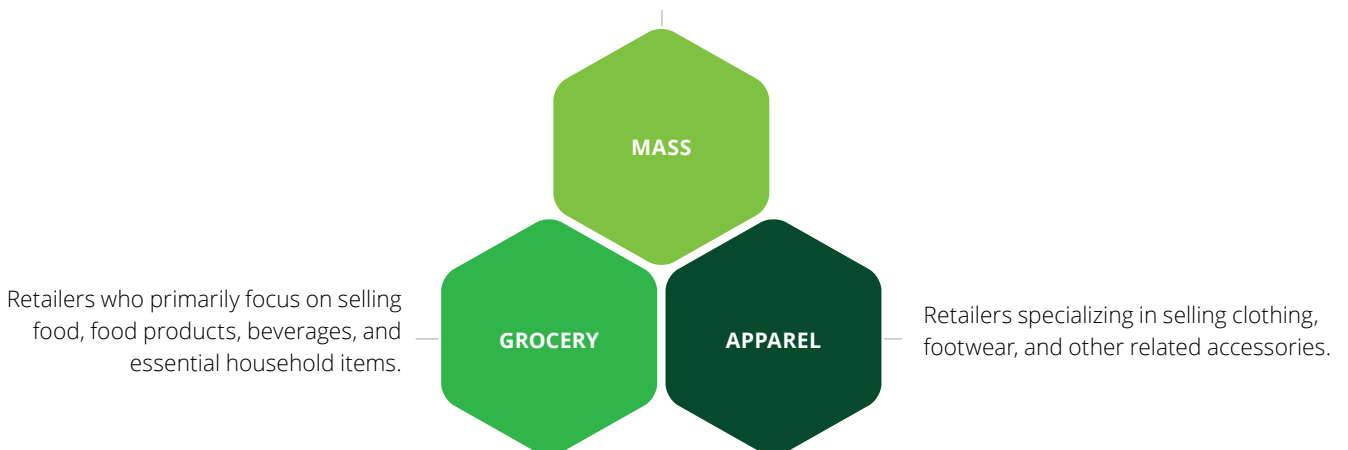
Figure 15
Distribution of responses by size and sector

The majority of respondents were from organizations with \$1B–\$10B in sales.



Retail sectors were equally represented among survey respondents.

Large retail chains offering a broad assortment of products spanning categories from grocery, home, and apparel, all under one roof.



Overview of our respondents

The survey included merchandising **executives** and **professional levels** within retail organizations.

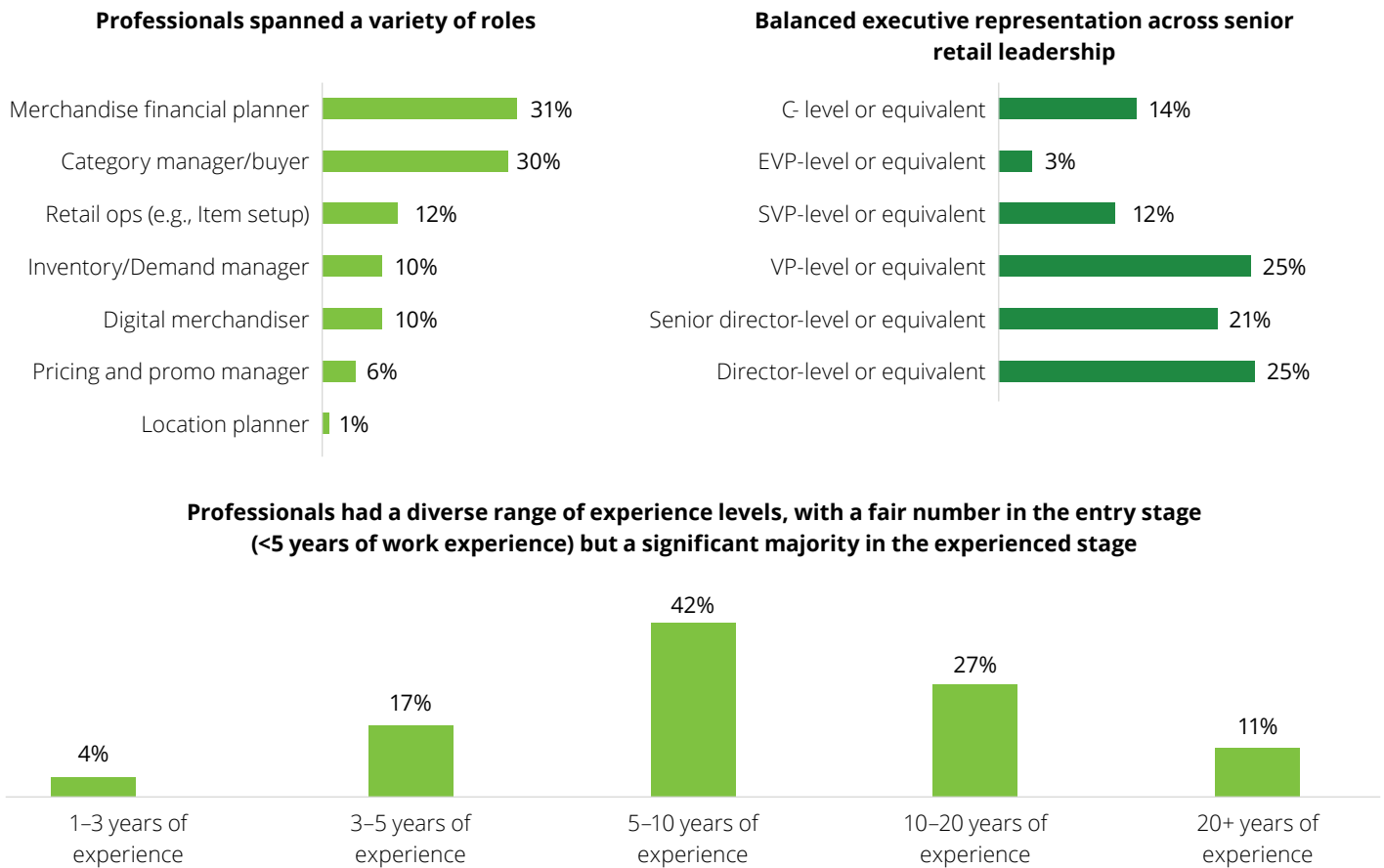
Executives included high-ranking personnel such as **vice presidents, senior directors, and directors** aligned to one of three key functional areas: merchandising/assortment, merchandising planning, and inventory management.

Professionals included many roles such as merchandise financial planner, category manager, assortment planner, digital merchandiser, and inventory managers with substantial industry experience ranging from **5 to 20+ years**.

The questionnaire included specific questions for each group to understand how industry professionals view the changing world of merchandising.

Figure 16

Role distribution among professionals and executives



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