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AI ROI and valuation in the retail and consumer products industry

Why markets are paying ahead of the P&L, and what leaders should do about it

The AI valuation puzzle

Artificial intelligence (AI) in the retail and consumer products (RCP) industry is now a standing item in the boardroom. Leading brands are training tens of thousands of employees on AI; embedding AI agents in contact centers, logistics, merchandising, and finance; and announcing partnerships across the technology landscape. Yet for all the transformative promise, the P&L story is not yet taking shape. The reality is that, while there are small wins and bright spots, the impact is muted in the noise of broader enterprise financials.

However, the story on Wall Street is moving at a different pace as markets reward those making bold AI-related moves. Over the past 24 months, share prices have consistently reacted to AI announcements across marketing, customer experience, supply chain, and employee enablement. Marketing-related AI announcements in particular stand out, with 30-day price appreciation of roughly 4%.[1] Structural signals are even larger as companies that visibly and consistently communicate AI ambition have seen EV/EBITDA multiples rise by 11% to 16%, while quieter peers (those who have not made public mentions about AI) have endured valuation contractions of 25% to 31%.[2]

The divergence between financial realization and market response reflects a broader dynamic in capital markets. Investors are not valuing AI as a discrete technology expense. They are valuing it as an option on future operating leverage, revenue acceleration, and competitive durability. In effect, markets are embedding forward-looking assumptions about AI-driven cash flows into current enterprise value, even when those assumptions have not yet been validated in reported earnings.

This disconnect is the central puzzle of AI investment in RCP companies. Companies that tell a credible AI story are being rewarded by capital markets before the full financial benefits appear in the income statement. To understand how to respond, leaders should unpack the mechanisms at work to understand where progress is substantive. For chief executives, chief financial officers, and boards, this is essential to shaping AI investments and communication strategies that create near-term valuation upside and potentially deliver durable financial outperformance over time.

Where AI value is (and is not) showing up today

Among RCP companies, AI maturity should be understood as a spectrum. Differences in AI outcomes are driven less by technology choice and more by how companies invest, scale, and integrate AI into the business. In practice, most companies fall into one of three categories of this spectrum:

Aspirers invest in AI, but activity is concentrated in pilots and proofs of concept. Use cases are typically vendor-led, scoped to individual teams, and evaluated independently. AI exists alongside the operating model rather than inside it. As a result, benefits are small, difficult to measure, and rarely visible in consolidated financials.

Emerging Players demonstrate that AI can deliver results in specific functions and seem to be scaling those use cases now. Investment levels are higher and more consistent. Data platforms and tools are increasingly shared across teams. However, integration across functions remains limited, and gains tend to remain localized. Enterprise-level P&L impact is present but not meaningful.

Leaders invest in AI as an operating capability rather than a set of tools. AI is embedded into priority workflows, supported by changes to decision rights, incentives, and execution models. These companies are beginning to see revenue uplift, faster cost realization, and clearer operating leverage. Capital markets treat their AI investments as credible drivers of future cash flows.

According to Deloitte research, the gap between localized operational gains and consolidated financial reporting is a primary reason why AI ROI appears muted internally even as market expectations rise externally. The majority of AI benefits today sit below reporting thresholds or are absorbed by reinvestment, growth, and inflationary pressures, delaying visible margin expansion.

This spectrum of real-world ROI runs from targeted automation and cycle time reduction to emerging AI-driven revenue and working capital gains, and on to more speculative new business models that still lack validation at scale.

AI investment profiles in the retail and consumer products industry

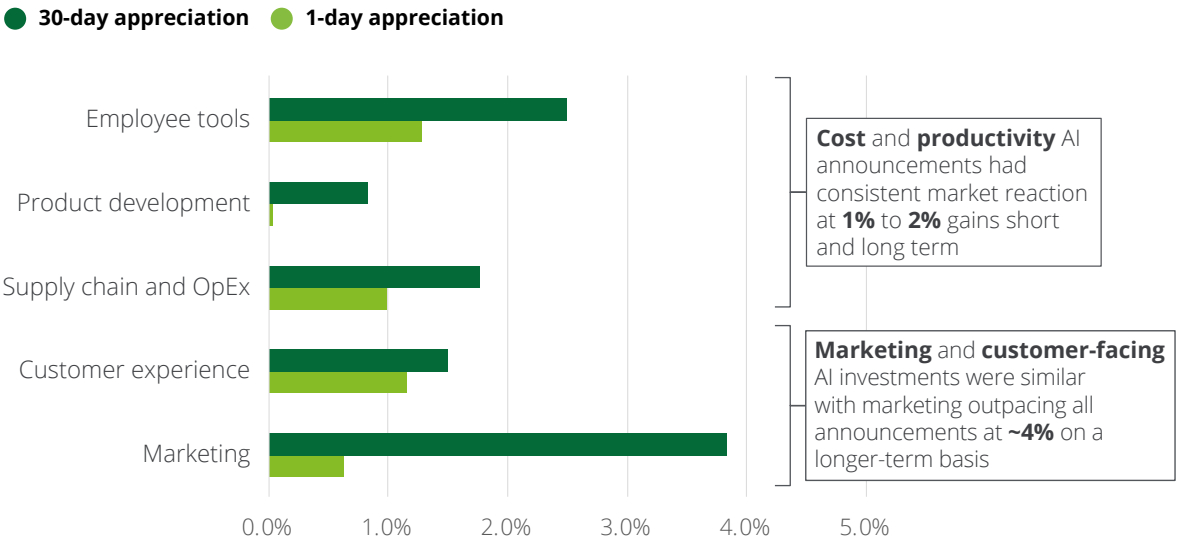
Dimension	Aspirers	Emerging Players	Leaders
Investment posture	Pilot-driven	Programmatic	Operating capability
Maturity state	Planning and experimentation	Functional scale	Embedded enterprise capability
AI spend per $1B revenue (Deloitte analysis)	~$5M	~$10M–$15M	~$40M–$50M+
Primary use of funds	Proofs of concept, vendor pilots	Multifuction pilots, shared platforms	End-to-end workflow redesign
Deployment scope	Single teams	Multiple functions	Deep functional penetration
Cross-functional integration	None	Limited	Selective and intentional
Agentic AI usage	Co-pilots and task automation	Early agents within functions	Agents coordinating workflows
Operating model impact	No material change	Partial, uneven	Structural
P&L impact	Not visible at enterprise level	Localized gains	Revenue lift and faster margin realization
Representative example	Global manufacturer	Multinational home improvement retailer	Multinational retail corporation

How and why the market already prices AI

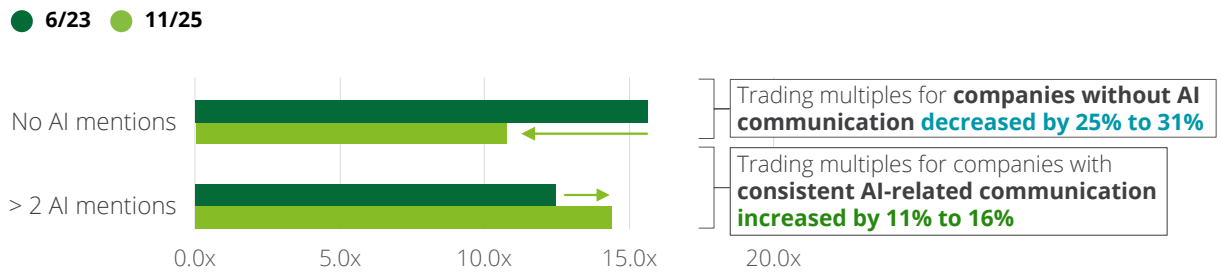
Capital markets are monitoring these investments and while they are accounting for the realization of ROI (or in many cases, the lack thereof), they are also accounting for the signal of AI ambition. Our data research shows this playing out with two measurable effects:

1. **AI announcements move share prices.** Across a sample of ~100 consumer and manufacturing companies from 2023 to 2025, one-day gains after AI announcements generally cluster around 1% to 2%[3] Over 30 days, marketing-focused announcements show the strongest appreciation, with longer-term gains around 4% with other categories somewhat lower.[4]
2. **AI announcements help support valuation multiples.** Companies that mentioned AI frequently in public communications saw EV/EBITDA multiples rise roughly 11% to 16% between mid-2023 and late 2025.[5] Peers with no AI communication saw multiples compress by roughly 25% to 31% over the same period.[6]

Company market premiums post-AI announcement



AI communications correlated with increase in EBITDA multiples



Source: Deloitte analysis of Capital IQ and company news announcements. Sample of publicly traded consumer and manufacturing companies between 2023 and 2025, accessed in 2025.
Note: Correlation is not causation. This is not investment advice.

It is important to note that these effects are correlational rather than strictly causal. Companies that communicate AI ambition tend to be larger, more digitally mature, and already viewed as category leaders. As a result, market reactions to AI announcements often reflect a reinforcement of existing quality and growth expectations rather than a clean, isolated response to technology investment alone.

Three undercurrents explain this response:

1. **Markets are highly responsive to AI news.** Whether the announcement focuses on marketing, customer experience, or operational efficiency, investors reward companies that appear to be making intelligent AI moves even before the impact shows up in the income statement.
2. **There is a clear premium for companies that make AI a central, repeated theme in investor communication.** Frequent mention of AI is interpreted as a signal of future readiness and strategic intent.
3. **Investors are building forward-looking models of cash flows and organizational leverage.** They are assuming that AI will expand margins through automation, accelerate revenue through personalization and new offerings, and decouple scale from fixed cost and headcount growth.

In valuation terms, this behavior reflects an increase in implied growth rates and terminal profitability assumptions rather than near-term earnings upgrades. The market is effectively pulling forward value that it expects to be realized over a multi-year execution horizon.

The message to boards and the C-suite is that a visible and credible AI strategy attracts a valuation premium today and that a weak or absent AI narrative is a liability that is already being reflected in share prices and multiples. However, the expectation is that these AI-related investments should ultimately lead to P&L accretion; companies can see a near-term valuation premium by announcing investments in AI, but should see those investments through to retain that premium.

Absent execution, this premium is likely to decay. History suggests that narrative-driven multiple expansion without follow-through is temporary and can reverse sharply when earnings fail to converge with expectations.

The practical taxonomy of AI ROI in the RCP industry

To move from anecdote to value creation, leaders need a practical taxonomy of AI ROI. In RCP industry, AI is driving returns across five fronts, each with distinct timing, confidence, and paths to scale.

1. **Revenue and conversion lift** is where market rewards are most amplified. Personalization engines, improved pricing, AI-driven marketing, and clienteling can each deliver an upside.

2. **Cost takeout and productivity** is direct and measurable. Transactional processes in finance, HR, operations, and support see clear reductions in manual effort and cost. Ranging from smaller-investment back-office automation of accounts payable to much larger, capital-intensive investments in warehouse robotics, companies can drive rapid, double-digit savings in SG&A or cost of goods sold when scaled.

3. **Cycle time and throughput gains** can arise from faster planning, allocation, and fulfillment. Improved pick rates in distribution centers and faster delivery speeds expand capacity, enhance service, and strengthen competitive defensibility.

4. **Working capital and cash conversion** benefits come from improved inventory decisions. AI-based forecasting and inventory management reduce forecast error and overstock, free up cash, and compress markdowns.

5. **Enterprise productivity and operating leverage** is the most transformative and the slowest to manifest. When AI becomes a universal coworker for coding, analysis, and knowledge retrieval, organizations can deliver more output without commensurate headcount growth. One leading consumer company reports 200% ROI on Generative AI (GenAI) training investments and has tied AI directly to multibillion-dollar cost targets, while another is using GenAI code assistant tools that both save it resourcing and allow it to more rapidly prototype and scale innovations, providing a virtuous cycle beyond just straight efficiency.

This taxonomy provides a roadmap for deployment and expectations. Near-term ROI categories help fund the journey, while longer-term categories become a foundation for strategic advantage.

Front	Example KPIs	Evidence	Timing
Revenue and conversion lift	• Uplift in digital conversion from personalization and improved recommendations • Revenue lift channels using dynamic pricing or targeted offers	Medium, growing quickly, strongest in digital marketing and e-commerce but unevenly measured	Medium term, typically 12–24 months as models learn and commercial teams adapt
Cost takeout and productivity	• Reduction in targeted operating costs • Percentage of AP invoices auto processed	High in focused functions, proven across multiple case studies	Near term, typically 6 to 18 months
Cycle time and throughput gains	• Improvement in pick rate and picking hours in DCs • Reduction in order completion or case handling time	Medium to high, strong evidence in logistics and service, still patchy across end-to-end chains	Short to medium term, roughly 6–24 months depending on integration depth
Working capital and cash conversion	• Reduction in forecast error and overstock • Reduction in inventory carrying costs	Medium, good functional proof points, less often tied cleanly to reported cash metrics	Medium term, roughly 18–36 months to show up in inventory turns and cash conversion
Enterprise productivity and operating leverage	• Uplift in knowledge worker throughput in early pilots • Sales per employee projected growth where AI is integrated into core workflows	Low to medium, many pilots and directional studies but limited consolidated P&L proof so far	Longer term, typically 24 months and beyond as tools scale and operating models adapt

Why realized ROI still lags ambition

Given the compelling economics, it is not surprising that many boards are frustrated by the lack of visible enterprise-level P&L impact. Through our experience, we find that the barriers to near-term return are primarily structural.

Many promising pilots often do not make it out of pilot stage. They don't scale because of fragmented data, inconsistent processes, immature pilot discipline (e.g., governance, measurement tracking, business case), and insufficient follow-through funding. Legacy architecture slows efforts to orchestrate data and to create reusable models.

Inside the business, merchants, planners, and frontline teams may not trust AI outputs or may not have incentives aligned to adopt them. Without changes to decision rights and ways of working, the projected benefits are never fully realized.

Measurement is another constraint, as few companies have a comprehensive AI KPI stack that credibly links operational signals to financial outcomes such as revenue, margin, and cash.

Finally, there is a timing issue. AI investments appear immediately as operating expense or capital expenditure. Savings and revenue gains often take several quarters or even years to materialize. Narrative and spend are visible long before margin and EBITDA uplift is measurable. This timing mismatch creates discomfort for finance leaders. Near-term margins absorb AI costs, while valuation already reflects future benefits. Managing this gap relies on both disciplined execution and deliberate communication.

The economic reward and path forward

For companies that break through these barriers, the economic rewards are both transformative and cumulative. Based on external benchmarks and sector case studies, scaled AI adoption can potentially deliver for RCP players:

- Revenue growth 5% to 10% higher than non-AI enabled peers
- Margin expansion of several hundred basis points
- Reductions in operating costs of 5% to 10%
- Double-digit improvements in working-capital efficiency

These outcomes represent top-quartile performance rather than median expectations. Many companies may realize partial benefits, and some may fail to translate AI investment into sustained financial advantage due to execution gaps, data limitations, or organizational resistance.

Taken together though, these effects can support an EBITDA profile that is potentially 30% to 50% higher than traditional peers, and capital markets are already beginning to price this spread into enterprise value.

A simplified valuation bridge illustrates this effect. For a representative RCP company, a 100–200 basis point increase in long-term revenue growth, combined with 200–400 basis points of sustainable margin expansion and stable reinvestment rates, can justify a 10% to 20% increase in enterprise value, even without changes to near-term earnings.

Boards should use these benchmarks to calibrate investment intensity. A very practical lens is dollars invested per $1 billion of revenue:

- "Foundational" tier averages $5 million, emphasizing pilots and foundational capability
- "Advanced" tier pushes to $20 million to $30 million with visible P&L lift across multiple functions
- "Leading" tier, seen in digital leadership, is investing $50 million or more, funding proprietary development, deep integration, and a runway to structural margin advantage

According to Deloitte research, most companies sit between foundational and advanced. Only a small group can credibly claim leading status.

Within each tier, portfolio design matters. Data platforms, model development, change management, and targeted deployment require focus. A simple allocation model keeps the program grounded in today's realities while keeping an eye on tomorrow's disruptions:

- 70% to quick and demonstrated ROI use cases
- 20% to ambitious growth
- 10% to moonshot innovation

Tier	Spend/$1B rev	Focus areas	Example outcome metrics
Leading *AI-forward*	$50M+ (~5%)	Transformative; AI embedded end-to-end, proprietary models and agents, internal "AI factory" capability	+30%–50% higher EBITDA vs. peers over time with visible valuation premium and AI narrative
Advanced *Programmatic*	$20M–$30M (2%–3%)	Programmatic; shared AI/data platform, multiple scaled use cases across marketing, supply chain, stores, and G&A	+2–3 pts EBITDA margin lift from revenue uplift and a strong self-funding AI portfolio
Foundational *Baseline*	$5M (0.5%)	Foundational; pilots, core data and platform build, a few high-ROI automations in finance/ops	+0.5–1 pt EBITDA margin in targeted areas with clear proof points but limited enterprise-wide impact

The winning sequence: Top line first, leverage second

According to Deloitte analysis of market reactions and company case studies, revenue-oriented AI seems to be the primary catalyst for outsized ROI and valuation uplift, while internal, efficiency-driven AI delivers important but more modest rewards. Markets are rewarding marketing and customer-facing AI announcements with higher valuation premiums, and ROI on these top-line AI investments projects greater upside over time. That said, some cost-out AI investments can be lower cost and can generate value that can be used to fund top-line AI investments.

Short-term market reactions appear the most pronounced for customer-facing AI that signals growth potential. Long-term valuation support, however, depends on the translation of those signals into sustained cash flow improvements.

Operationally, personalization, recommendation, dynamic pricing, and clienteling use cases can lift conversion by 10% to 30% and increase revenue in a given channel by several percentage points. Cost-oriented use cases such as AP automation or warehouse robotics can reduce specific cost pools by 20% to 40% but have a natural ceiling once processes are optimized.

For RCP companies, the recommendation is to prioritize AI that powers marketing, assortment, pricing, and customer journey transformation. These will drive revenue and justify further investment in efficiency plays across supply chain, store operations, and the back office. Over time, as AI is embedded in end-to-end workflows, enterprise-wide productivity gains and sustainable operating leverage should emerge.

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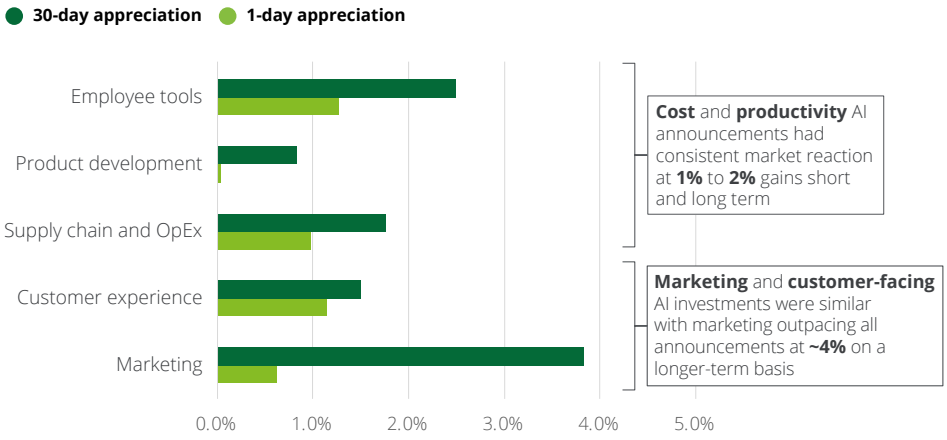
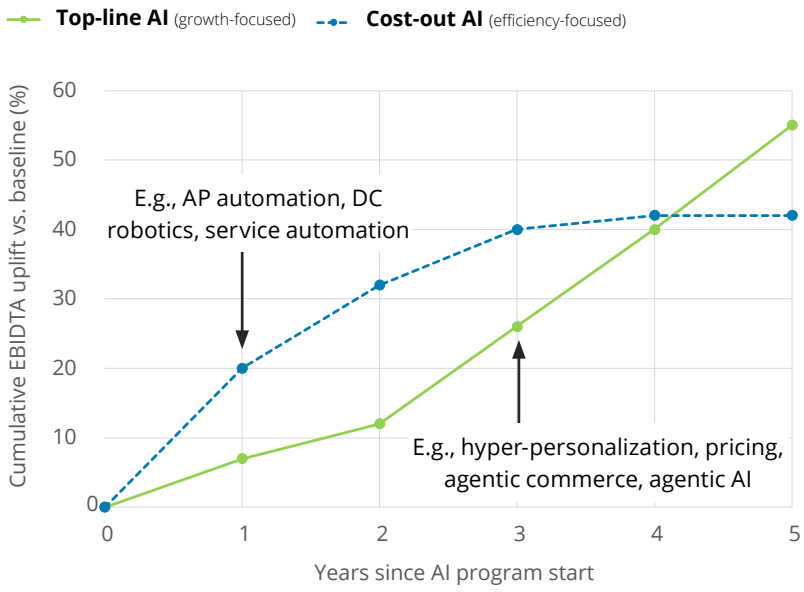


Top-line vs. cost-out AI ROI over time (illustrative purposes only)



CEO and board imperatives

In this AI era, leadership teams are being called to a higher standard. They should:

- Articulate in clear financial terms how AI will grow revenue, expand margins, and free up cash.
- Set an AI investment roadmap that specifies which value levers are being targeted, how spend is balanced between near-term wins and longer-term investments, what proof points can be delivered to investors, and when.
- Industrialize measurement, with standard KPIs that translate AI activity into shifts in gross margin, SG&A leverage, EBITDA, working capital, and total shareholder return.
- Clearly communicate internally and externally. This means data-rich updates on both successes and learnings, while avoiding generic statements about innovation.

RCP board and C-suite AI investment checklist to consider

1. What is our three-year AI investment strategy and value expectation by function?
2. Where are we using AI to expand revenue, not just take cost out?
3. Which AI proof points will we put in front of investors over the next four quarters?
4. How will we measure AI impact on revenue, margin, and cash by business line?
5. What data, talent, and governance gaps could prevent AI from showing up in the P&L?

Conclusion

AI is already reshaping competitive advantage in the retail and consumer products industry. Companies with visible, credible AI strategies are enjoying higher multiples and greater investor confidence. The next three to five years will determine whether those premiums were prescient or premature.

Leaders will likely be those that convert early valuation support into durable cash flow advantages. This requires aligning AI investment, execution, measurement, and communication around the financial outcomes that capital markets ultimately reward.

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Endnotes

1. Deloitte analysis of Capital IQ and company news announcements. Sample of publicly traded consumer and manufacturing companies between 2023 and 2025 companies, accessed in 2025.
2. Ibid.
3. Ibid.
4. Ibid.
5. Ibid. Note: Correlation is not causation. This is not investment advice.
6. Ibid.

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