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EuroCommerce
Retail & Wholesale

Rewiring retail in Europe:
The AI imperative

Contents

Foreword

Artificial intelligence (AI) is no longer a future trend in retail. The technology is already reshaping the entire retail value chain, from making it easier for consumers to discover and buy products to improving how retailers make decisions and speeding up how goods move from warehouses to homes.

This is happening amid intensifying global competition in AI. The technology has reached an inflection point where its commercial value is becoming clearer, attracting trillions of dollars in capital from both incumbents and new entrants. Add in geopolitical implications and the result is a market developing winner-take-most dynamics: For many, positions no longer feel secure, investment horizons are compressed, and the rate of capability improvements continues to accelerate.

AI is developing across three main areas:

— *Analytical AI* remains the foundation, delivering measurable value in areas such as demand forecasting, pricing optimization, and customer segmentation. For consumers, this means better product availability, more relevant offers, and fewer out-of-stock frustrations.

— *Generative AI* is boosting productivity and changing how retailers interact with customers, especially in marketing and content creation—leading to more personalized, engaging, and timely communication.

— *Agentic AI* is emerging as the next step, where systems can act more independently to handle decisions and tasks on their own. This is extending to "agentic commerce," where AI tools help B2C and B2B customers discover, compare, and even purchase products on their behalf, making shopping faster and more seamless.

Yet tangible results from the scaled application of AI remain uneven, despite strong conviction and rising investment. Many retailers are still struggling to adopt AI at scale to deliver measurable financial impact, highlighting a growing gap between ambition and execution. As the pace of innovation accelerates, the window between experimentation and obsolescence is rapidly narrowing.

This creates a dual challenge for leaders: balancing investment in modernization while continuing to strengthen the human experience. Success will depend not on isolated use cases but on the ability to scale AI across the enterprise and embed it into core workflows.

This report gathers relevant and actionable perspectives on the impact of AI in the retail sector. We have combined EuroCommerce's policy and sector knowledge with McKinsey's global expertise and analytical rigor, enriched by a survey of 36 retail executives and an analysis of market data and retailers' strategic investments in Europe. In addition, we conducted in-depth interviews with five executives across retail subsectors and more than 20 domain experts to gather real-life lessons from senior leaders. All research on which this report is based was conducted in early 2026.

AI is here. We trust this report sheds light on the technology's impact on retailers and their customers, highlights collaboration across the value chain, and provides a practical perspective on how European retailers can navigate AI and capture its full potential.

Christel Delberghe
Director general
EuroCommerce

Franck Laizet
Global colead of food, drug, and mass retail

Authors

Christel Delberghe

Christel is director general of EuroCommerce, the European organization that represents five million retailers and wholesalers.

Vera Jotanovic

Vera is EuroCommerce's chief economist and leads research on the role of retail and wholesale in the European economy.

Ilya Bruggeman

Ilya is EuroCommerce's director of Digital, Single Market, and Consumer Policy.

Franck Laizet

Franck is a senior partner at McKinsey coleading the global Retail Practice (food, drug, and mass retail).

Holger Harreis

Holger is a senior partner in McKinsey's Germany Consumer Practice and a lead editor of the report.

Carlos Sánchez Altable

Carlos is a partner in McKinsey's Spain Consumer Practice and a lead editor of the report.

Hai-Ly Nguyen

Hai-Ly is an associate partner in McKinsey's UK Consumer Practice and a lead editor of the report.

Key takeaways

1 Adopting AI is essential.

Retailers are past the "Why AI?" phase. It's now a question of adopting and scaling the technology quickly enough to avoid significant disruption and potential irrelevance.

2 Agentic commerce could be the biggest structural shift since online commerce.

While full autonomous purchasing remains limited and uncertain, 61 percent of European consumers are already using AI for product discovery and evaluation.

3 A €240 billion to €320 billion prize is on the table for European retail.

End-to-end AI transformation could add four to ten percentage points to the total operating profit of European retailers through revenue growth, margin gains, and productivity improvements. AI could also improve the experience of customers and employees, making it one of the largest sectorwide opportunities in decades.

4 The biggest gains come from commercial domains, yet they remain underfunded.

The highest-value AI use cases are contract negotiation, pricing, promotions, and assortment optimization, especially in softline retail (product categories comprising "soft" materials such as clothing, shoes, and beauty). Yet only 15 percent of retailers concentrate their investment in these areas.

5 Retailers should anticipate sustained AI investment.

Combined capital expenditures (such as investments in technology infrastructure and systems) and operating expenses (such as talent and maintenance) typically range from about 1.5 percent to 5.0 percent of revenue, depending on company size, starting maturity, and ambition.

Key takeaways

6 **Most companies aren't cracking ROI—yet.**

Despite heavy investment, eight out of ten executives said it is too early to determine AI's EBITDA impact, exposing a major gap between ambition and execution.

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7 **Winning retailers anchor AI in a clear, business-led value map and end-to-end organization rewiring.**

Scaling AI enterprise-wide requires leaders to have a clear view of their own value map and to focus investment on high-impact domains while redesigning workflows, capabilities, and governance.

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8 **Scaling AI—not experimenting—is the real challenge.**

Organizations seeing the greatest impact aren't those with the most pilots but those focused on a few big value bets in specific domains who approach AI as an organizational transformation.

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9 **The biggest barriers are organizational, not technical.**

The main reasons AI fails to scale are weak change management, legacy workflows, and lack of skilled employees—not algorithms.

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10 **The workforce will be fundamentally reshaped.**

Up to 75 percent of retail roles may change as a result of AI,[1] with humans shifting toward oversight and orchestration of AI systems rather than execution.

[1] *People & Organization Blog*, "Rethink management and talent for agentic AI," blog entry by Sandra Durth, Bryan Hancock, Dana Maor, and Sophie Underwood, McKinsey, November 3, 2025.

CHAPTER 1

The value map

Finding the value in the complex landscape of retail

KEY TAKEAWAYS

At scale, end-to-end AI transformation could unlock about €240 billion to €320 billion in economic value across Europe's retail sector in the next five years.

Softline retailers (sellers of consumable products made of "soft" materials such as clothing, shoes, and beauty) are likely to see the largest upside given more generous EBITDA margins, assortment complexity, less predictable demand, and consumers' needs for greater personalization. Commercial merchandising is likely to have the largest impact through the optimization of pricing, promotions, and assortment.

While there are quantified financial impacts from revenue growth, margin improvement, and productivity gains, retailers crafting the "AI value map" for their organization should consider the technology's critical impact on nonfinancial areas such as the customer and employee experience, capacity building, and supply chain collaboration.

Retail sits at the intersection of high decision density, structurally thin margins, and labor-intensive operations, making it uniquely positioned to capture value from AI. Across the value chain, the technology is already reshaping how decisions are made, initially through analytical use cases and increasingly through more advanced, autonomous, agentic applications. While many retailers have begun deploying AI in isolated instances, its full value potential emerges only when these capabilities are scaled end to end across the enterprise.

The macrodomains of AI impact

AI's impact in retail can be understood across six macrodomains (Exhibit 1). Within each, the technology already has multiple proven use cases corresponding to critical decisions and workflows.

Exhibit 1

There are many proven AI use cases across the retail value chain.

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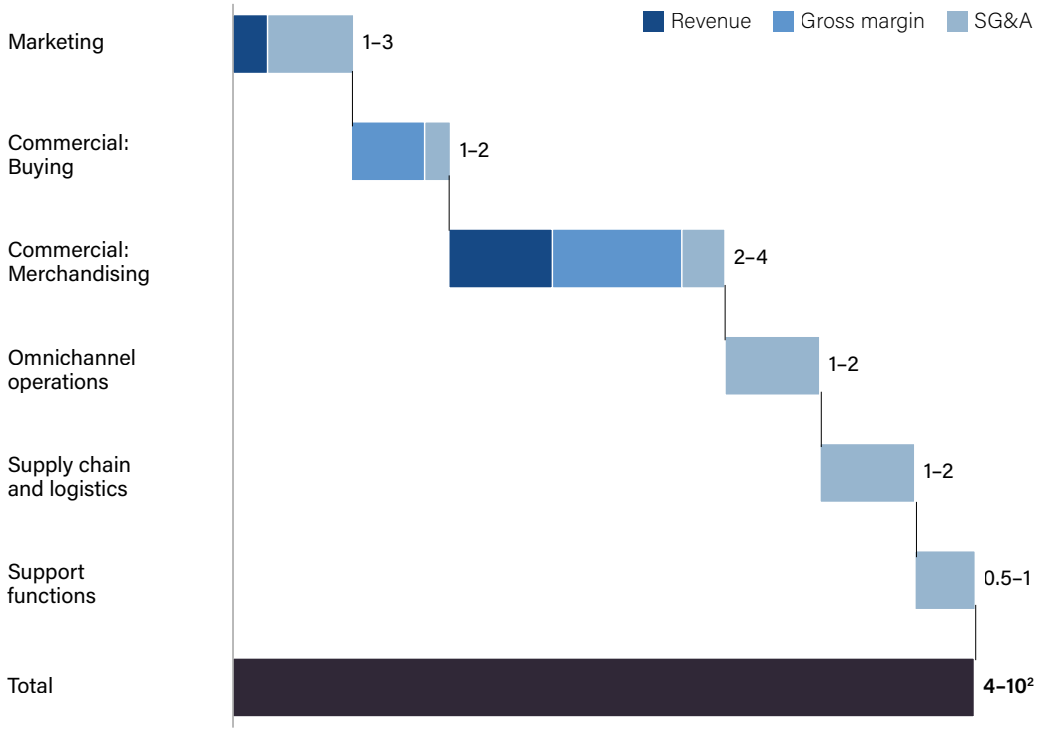
Our research shows end-to-end AI transformation can deliver an overall improvement in EBITDA of 4 to 10 percent, driven by a combination of revenue growth, margin improvement, and productivity gains (Exhibit 2). On the revenue side, commercial and marketing levers, such as pricing, promotions, and personalization, act as primary value drivers, directly fueling top-line growth. In addition, AI may positively affect working capital as a result of supply chain and logistics improvements.

AI adoption and scaling has the greatest impact on the commercial macrodomain, spanning buying (a 1 to 2 percent improvement in EBITDA) and merchandising (2 to 4 percent). For example, Zara's in-house AI platform identifies emerging trends three to four weeks faster than traditional methods, optimizes assortment to better match local demand, and enables more precise allocation and replenishment, driving higher availability, full-price sell-through, and ultimately sales.[1] McKinsey's Merchant AI Accelerator has seen improvements of 2 to 3 percent in gross margin and 2 to 5 percent in revenue from equipping merchants with the skills, technology, processes, data, and operating model needed to make better, faster decisions.[2] This can include daily insight generation and action prescriptions, vendor funding optimization with real-time shopper data, and AI-generated strategies and simulations on supplier performance to support negotiation and sourcing.

Exhibit 2

Reimagining retail could be worth 4 to 10 percent EBITDA improvement.

Sources of value in retail,[1] by domain EBITDA improvement, percentage points



[1]Weighted average EBITDA improvement, taking into account three retail subsegments. AI impact was analyzed across 2,000 retail companies. Weighted average based on total European market size (€4.3 trillion) and the prospective market share of each subsegment (grocery: €2.2 trillion; softline: €1.3 trillion; hardline: €0.8 trillion).
[2]A 70% achievement factor is applied to the combined domain impacts to account for overlap between initiatives, cross-domain dependencies, and execution realities, ensuring the total value estimate remains realistic and achievable.

Another domain seeing impact on both the top and bottom lines is marketing, although its overall EBITDA impact remains constrained by the slightly smaller contribution of marketing spend compared with other sectors such as consumer packaged goods and banking. Still, the deployment of gen AI copilots within marketing teams in retail is unlocking significant productivity gains by streamlining campaign planning, automating content generation, and enabling more precise targeting, driving reductions in agency spend of about 15 percent while improving conversion by up to 40 percent, according to McKinsey analysis. Zalando has taken personalization to the next level, for example, by combining real-time behavioral data, advanced recommendation models (including graph-based systems), and gen AI assistants to tailor everything from homepage ranking and outfit curation to size recommendations. This has driven about 20 percent of recent revenue growth and reduced return rates by up to 7 percent.[3] In parallel, the company is leveraging gen AI to transform content production, cutting image creation timelines from six to eight weeks to just three to four days; by the fourth quarter of 2024, about 70 percent of Zalando's editorial content was AI-generated.[4]

On the cost side, AI is unlocking substantial efficiency gains, with operational improvements across omnichannel operations, supply chain, and support functions reducing labor intensity and materially improving asset productivity. Increasingly, these gains are being driven not only by digital AI models but also by physical AI—robotics, computer vision, and autonomous systems embedded across warehouses and stores translating intelligence into real-world execution at scale. Zalando's ZEOS Fulfilment solution reduces costs by about 25 percent compared with drop-shipping (a decentralized model in which retailers bypass holding inventory by transferring orders directly to suppliers for fulfillment) by optimizing stock placement, order routing, and warehouse operations across its network. It also achieves 75 percent satisfaction among marketplace merchants through faster delivery, lower operational complexity, and more efficient returns handling.[5] As retailers move toward more automated, high-frequency fulfillment models, particularly in e-commerce and replenishment, such physical AI capabilities will become critical to sustaining both cost efficiency and service levels.

AI's impact by subsectors

The magnitude and source of AI-driven value varies significantly across retail subsectors, reflecting underlying economics as AI amplifies rather than reshapes the fundamental profit engines of each model. Exhibit 3 highlights how value pools differ across domains and retail subsectors.

In grocery, where margins are structurally low, McKinsey analysis indicates that AI-driven EBITDA improvement for European retailers is typically in the range of four to six percentage points (translating to a total increase of €90 billion to €130 billion), with most of the value coming from frequent, incremental improvements in areas such as supply chain efficiency, waste reduction, and more-targeted promotions. In contrast, softline retailers (sellers of consumable products made of "soft" materials such as clothing, shoes, and beauty) can achieve EBITDA improvement of about eight to ten percentage points (€100 billion to €130 billion), driven by greater pricing attractiveness and better matching of assortment with constantly changing consumer preferences. Hardline retailers (sellers of nonapparel, durable goods such as electronics and appliances) typically fall between these two extremes, with a more balanced mix of commercial and operational value levers resulting in an expected EBITDA improvement of six to eight percentage points (€50 billion to €60 billion).

Overall, this level of impact translates into an increase in economic value of €240 billion to €320 billion for Europe's retail sector. A subset of AI leaders is on track to capture this level of impact. What differentiates them is not the breadth of use cases deployed, but their ability to scale and embed use cases across the enterprise. Achieving this requires a step change transformation of operating models, data foundations, and ways of working, making it one of the most complex—yet most consequential—challenges of AI adoption.

Capturing the EBITDA uplift requires committed capital and rigorous measurement of technology ROI. Depending on technology maturity, organizations should anticipate capital-expenditure and operating-expenditure investments ranging from 1 to 2 percent of revenue on AI and underlying technology, in addition to current capital expenditures and operating expenditures totaling 1.5 to

Exhibit 3

AI will create the most value within marketing and commercial domains, especially in softline retail.

AI value by domain and by subsector,[1] percentage points (p.p.)

	Grocery	Softline[2]	Hardline[3]
Marketing	0.5–1	2–3	1–2
Commercial: Buying	0.5–1	1–2	0.5–1
Commercial: Merchandising	2–3	4–5	2–3
Omnichannel operations	1–2	1–2	2–3
Supply chain	0.5–1	1–2	1–2
Support functions	0.5–1	1–2	0.5–1
Total impact on EBITDA	**4–6**	**8–10**	**6–8**

AI value, p.p.
3+ *High*
2–3
1–2
0–1 *Low*

Note: Top European retailers' profit-and-loss line items were averaged for baseline, and impact was then calculated as p.p. EBITDA improvement per AI value creation of best-in-class retailers' domains.
[1]Impact includes revenue growth, margin improvement, and SG&A optimization; domains; Based on the sum of each domain impact multiplied by a factor of 70% because there will still be inefficiencies within the processes.
[2]Softline retail consists of consumable, nondurable retailers such as, and not limited to, fashion, beauty and personal care, and pet care.
[3]Hardline retail consists of durable, technical-goods retailers such as, and not limited to, consumer electronics, hardware and DIY, home, and sporting goods (equipment).

3.0 percent of revenue on legacy technology and digital transformation. These ranges differ by subsector: Based on McKinsey analysis, grocery has a range of 0.5 to 1.0 percent of revenue, while softline is at 1.5 to 2.0 percent due to both a higher willingness to invest and the lower ROI of investments resulting from the greater underlying complexity of the subindustry's value chain.

The retail AI value map

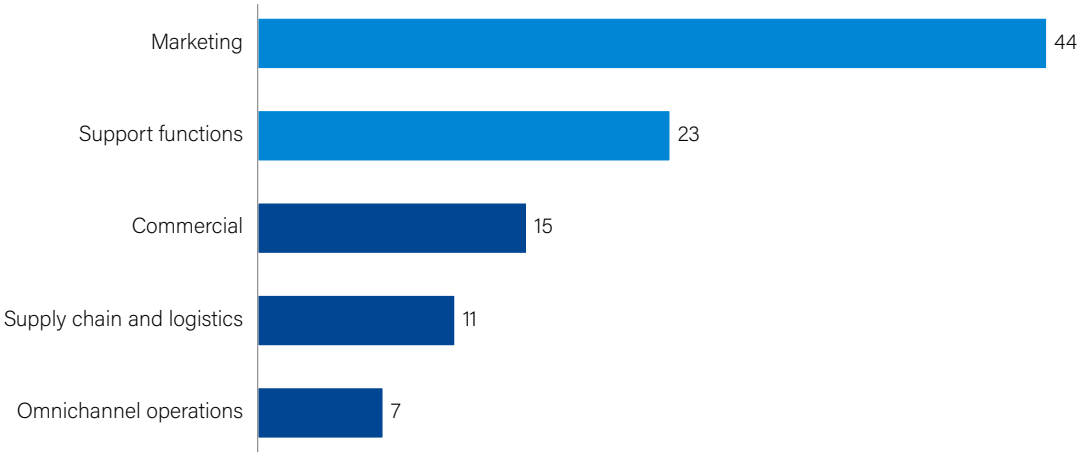
AI is not a uniform lever. Its impact is highly dependent on context, shaped by the economic and operational characteristics of each business, with value rarely driven by isolated use cases but by how effectively retailers scale it across domains to capture compounding gains. Our survey found just 15 percent of AI investment among Europe's retailers is in the commercial domain, despite it representing the largest opportunity, while a disproportionate share flows to marketing and support functions, suggesting a degree of risk aversion (Exhibit 4).[6]

The implication is clear: A large part of AI's impact on productivity will likely be reinvested into price, and failing to capture potential value will affect retailers' competitiveness in the long term. Retailers need to design a unique AI value map for their business at a domain level and drive their investment focus accordingly. This map should take into account not only the financial value at stake but also how AI may affect the customer experience (through hyper-relevant, real-time engagement), employee experience (through decision-making augmented by AI and the automation of manual, low-value tasks), and sustainability (through reduced waste and optimized logistics).

Exhibit 4

A disproportionate share of current AI investment flows into marketing and support functions.

Where are you concentrating AI investment?, % of respondents (n = 36)



Source: Rewiring Retail Survey, Mar 2026

CHAPTER 2

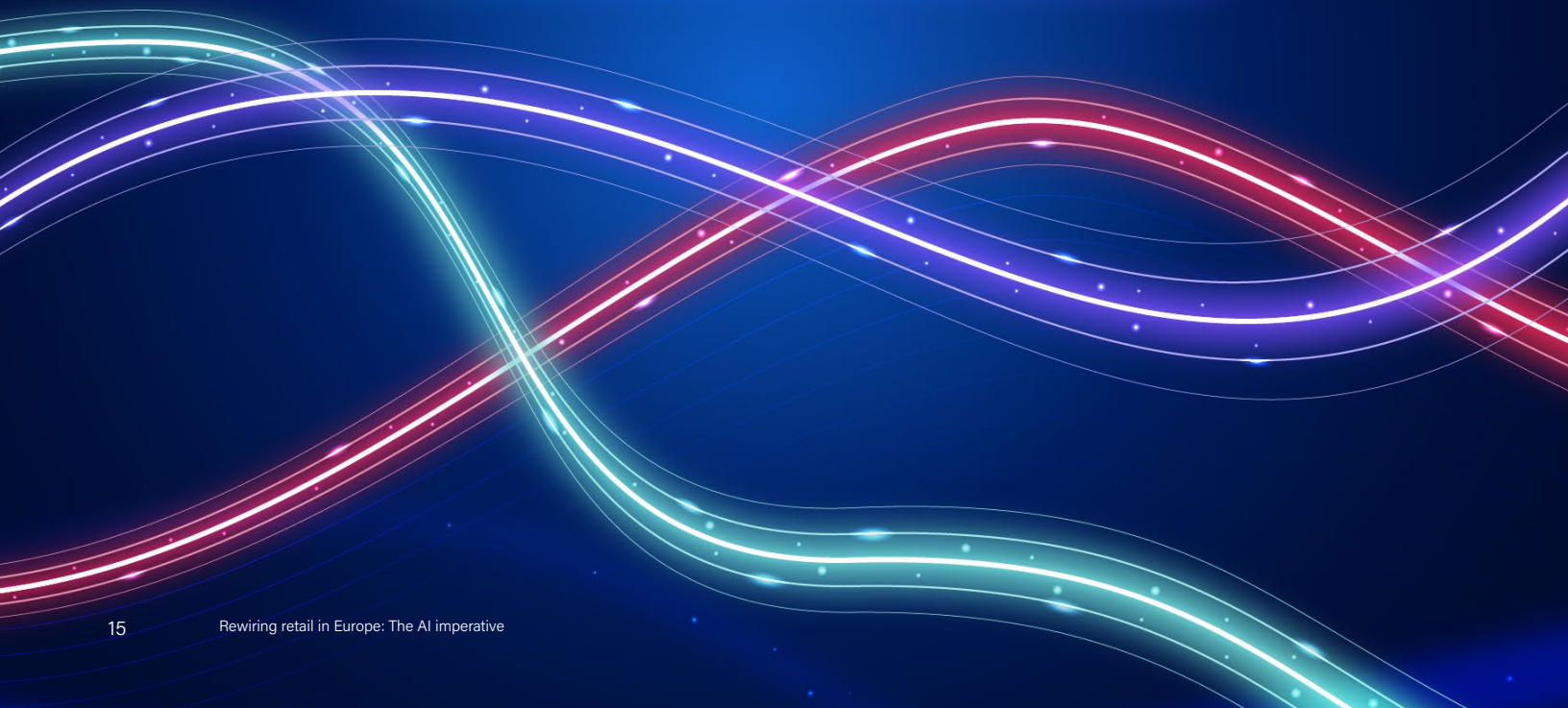
Rewired

Critical enablers to unlock value

KEY TAKEAWAYS

A successful AI transformation in retail often depends on foundational excellence across six core capabilities: a business-led AI road map, workforce, technology, data, workflow, and responsible scaling.

These capabilities must be built and scaled in tandem, not sequentially, to unlock sustained commercial and operational impact. Weakness in any one area acts as a constraint on overall commercial and operational performance.



Six core capabilities for retailers

While most retailers are investing in AI, few organizations are ready to translate that investment into measurable impact. Nearly nine in ten companies report adopting AI, yet just as many report no meaningful impact on the bottom line, a disconnect that reflects what many executives describe as the "AI paradox."[7] At its core, this gap stems from fragmented deployment models, where isolated use cases fail to scale into enterprise-wide capabilities. Structural barriers, particularly fragmented data, legacy systems, and capability gaps, continue to inhibit impact at scale.

This gap is reflected in maturity data. While 40 percent of organizations report having a developing AI strategy, fewer than 30 percent have reached established or embedded levels, and more than 80 percent remain in the emerging or developing stages of AI literacy and adoption. The bottom line: Most organizations remain far from scaling AI effectively (Exhibit 5).[8]

Exhibit 5

Most retailers are still in the developing phase for AI strategy, with very few reaching established or embedded levels of enterprise-wide adoption.

AI strategy and adoption across phases

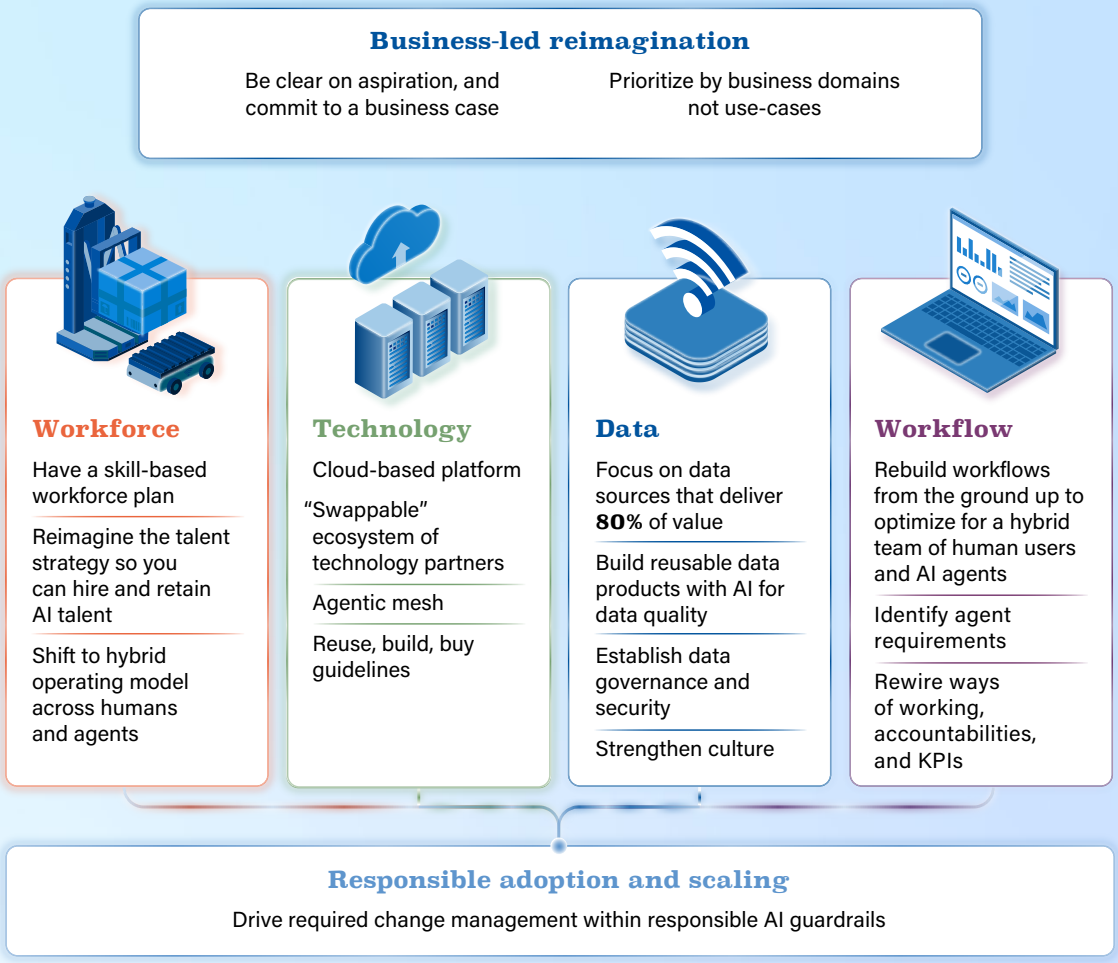
	To what extent does your organization have a clearly defined AI strategy?		How would you rate your organization's overall AI literacy and adoption?	
Phase	Share of respondents,[1] %	Description	Share of respondents,[1] %	Description
Minimal	14	Activities are ad hoc and uncoordinated	12	Few employees have received AI training or understand how to use AI tools in their roles
Emerging	17	We have early discussions or drafts but no clear direction yet	29	Some employees are experimenting with AI tools, but usage is limited to early adopters
Developing	40	Strategy exists for parts of the business but is not yet enterprise-wide	53	Structured AI training programs exist, and some teams use AI regularly, but adoption remains uneven across functions
Established	17	Clear AI strategy defined, with target value areas identified and owned	3	Most functions use AI in day-to-day work; employees are generally confident using AI-enabled tools
Embedded	11	Enterprise-wide AI strategy with quantified value targets, road map, and execution plan in place	3	AI fluency is part of the organization's DNA; employees proactively leverage AI, and continuous learning is built into workflows

[1]N = 36.
Source: Rewiring Retail Survey, Mar 2026

Transformational success is not driven by isolated use cases or superior algorithms but by disciplined execution against six core capabilities: strategy, data, technology, talent, workflow, and governance (Exhibit 6). Retailers must reach a minimum threshold across all to unlock value. A modern retail technology stack cannot compensate for poor data, and even the most advanced AI models will fail when not embedded into day-to-day workflows and actively adopted by buyers, planners, and store managers.

Exhibit 6

Six enterprise capabilities are critical for successful AI transformations.



Business-led reimagination

At the center of a successful AI strategy is a business-led road map focused on deep transformation within specific business domains rather than pursuing a fragmented portfolio of isolated use cases. Leading retailers sequence value creation, focusing on one domain at a time to drive change before scaling further. For example, Inditex invested early in digitalizing its merchandising backbone (RFID, real-time inventory, and integrated systems) and then layered AI on top to enhance demand sensing, allocation, and replenishment decisions.[9] However, many organizations continue to pursue scale through volume rather than focus. Our survey found that while more than a quarter of executives prioritize more than 50 use cases for implementation, fewer than 15 percent have been scaled, a signal of fragmentation that dilutes effort and slows value realization.[10]

Workforce, technology, data, and workflow

Delivering against a business-led road map requires integrated capability-building across talent, data, and technology—executed through agile, cross-functional teams. These teams combine data scientists with deep retail expertise (such as pricing and assortment), engineers capable of working with granular SKU-level and transaction data, and business leaders who can translate customer and operational insights into scalable, value-accretive use cases. Leading retailers are already deploying these capabilities at scale. For example, Ocado deploys AI-enabled teams and digital twins to simulate thousands of scenarios, testing the equivalent of 270 years of warehouse operations in 12 months.[11] At the same time, it orchestrates fleets of robots in real time that communicate with each other about ten times per second. This enables rapid experimentation, continuous optimization, and lower-cost operations at scale.

Despite progress, the primary barriers to scaling AI remain organizational rather than technical. Our survey found that 24 percent of executives cite change capacity (training, communication, and process redesign) as the single largest constraint (Exhibit 7), while only 41 percent of respondents believe they have the right talent in place to deliver and scale AI.[12]

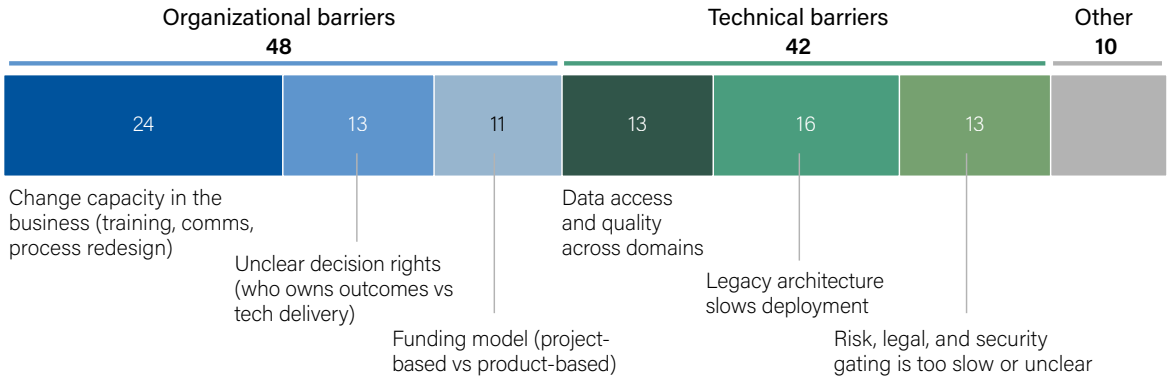
A modern, modular technology stack enables the rapid development, testing, and deployment of AI solutions with minimal reliance on legacy systems. It should be complemented by accessible data foundations built on integrated product, customer, and supply chain data, which enable reuse across use cases and ensure scalability in production. However, these enablers alone are insufficient to realize AI's potential.

Retailers that succeed embed AI directly into frontline workflows, equipping buyers, planners, and store teams with tools that enhance real-time decision-making. Critically, this is reinforced through workforce reskilling and structured change management, performance tracking systems, and governance mechanisms, ensuring solutions are adopted, scaled, and aligned to business outcomes. For example, multiagent AI architectures on Amazon Bedrock enable supply chains to respond to disruptions in minutes instead of hours, coordinating specialized agents in real time. In a hypothetical case, the system managed a disruption affecting 47 shipments within a 72-hour window, preserving $28,000 in revenue while reducing costs by $4,300.[13]

Exhibit 7

The primary barriers to scaling AI remain organizational rather than technical.

What is the biggest constraint preventing scale?, % of respondents (n = 38)



Responsible adoption and scaling

Recent McKinsey analysis of 20 companies rewiring their organizations with AI found an average EBITDA increase of 20 percent and a threefold return for every euro or dollar invested.[14] Yet as AI becomes embedded in real-time and autonomous decision-making, governance is emerging as a critical enabler of scale. Yet maturity remains limited: Only about 30 percent of organizations report advanced capabilities in AI governance, risk, and control, while a further third are still at an early stage or lack formal frameworks altogether.[15] This gap creates both risk and opportunity, as retailers embedding governance (for example, through explainability, auditability, and antibias monitoring) directly into AI systems can meet regulatory requirements while building trust and competitive advantage. Leading players are already acting. For example, REWE treats AI governance as a core pillar of its transformation, managing security, legal compliance, and worker alignment centrally while embedding human-in-the-loop controls for sensitive use cases.

Ultimately, capturing value from AI requires focused, end-to-end transformation, not fragmented experimentation. Leading retailers prioritize high-impact domains and scale solutions tied to clear profit-and-loss outcomes where even targeted use cases, such as AI-powered customer service, can deliver meaningful returns. Those building strength across capabilities while managing their interdependencies are best positioned to translate AI into sustained bottom-line impact.

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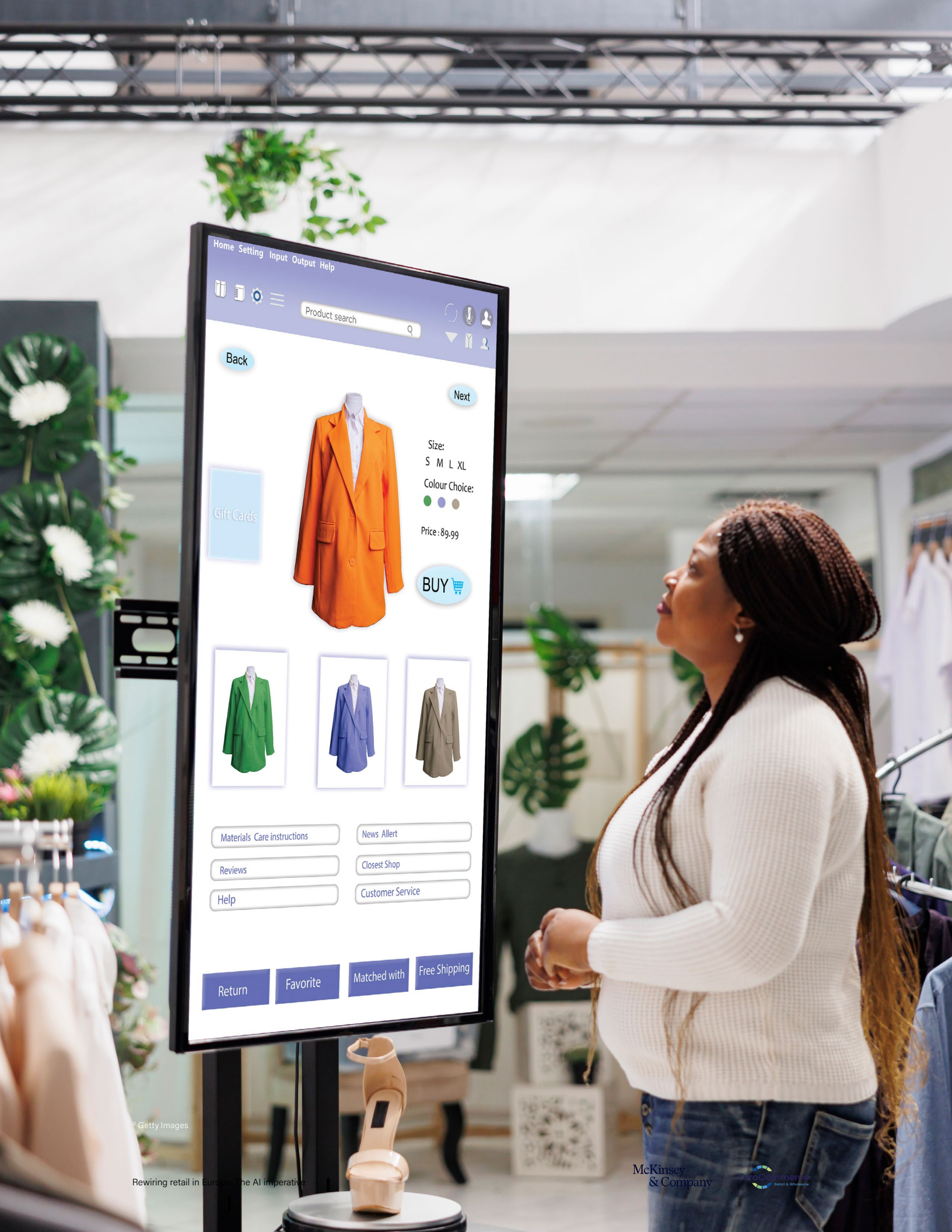


CHAPTER 3

The future of retail enterprise

From digital to agentic

KEY TAKEAWAYS

Retailers need to redesign workflows entirely to realize step-change improvements in speed, cost, and decision quality. Agentic organizations operate as flat, outcome-driven networks, where small, multidisciplinary teams own those end-to-end workflows.

Many retail roles will undergo a structural shift beyond mere task automation. Reskilling must evolve from incremental training to continuous capability-building, combining AI fluency with critical thinking, collaboration, and judgment.

Retail is entering a new organizational era, moving beyond digital transformation toward AI-native, "agentic" organizations. As decision-making increasingly moves from static workflows to dynamic, AI-orchestrated systems, traditional hierarchies give way to more-fluid, networked structures, with profound implications for roles, capabilities, and how work gets done.

Operating models: From hierarchies to agentic networks

Traditional retail organizations are structured around functions—from merchandising to marketing and supply chain—with most manual processes designed around human capacity, often resulting in heavy coordination and slow decision-making. In contrast, agentic organizations deploy AI agents as active participants, operating in a model comprising flat, outcome-driven networks where small, multidisciplinary teams own end-to-end workflows (Exhibit 8).

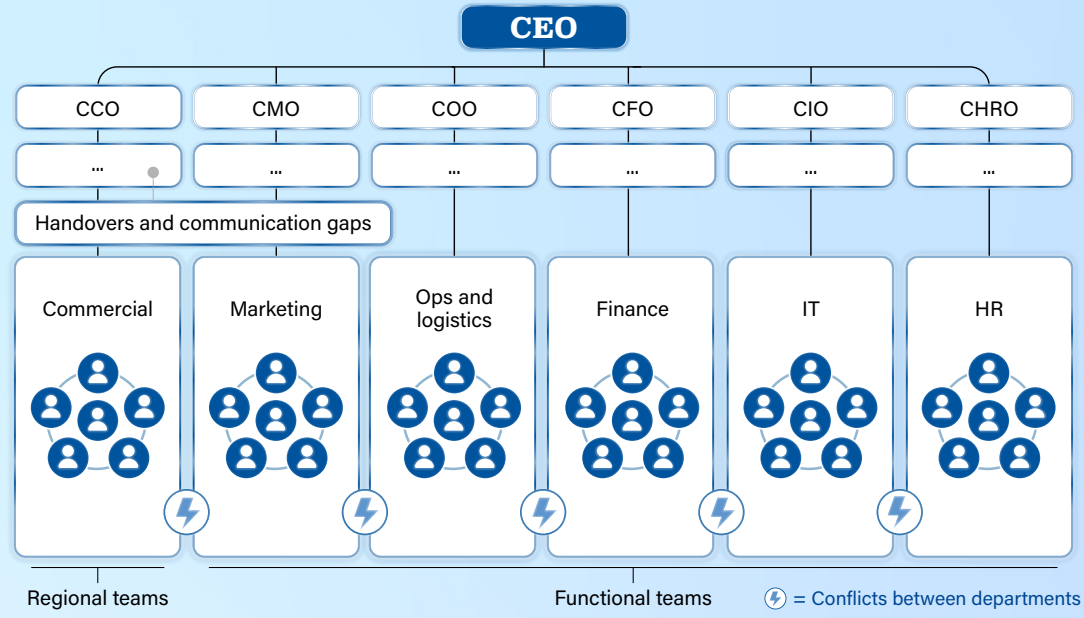
These agentic teams combine humans and AI agents to deliver specific business outcomes. Rather than relying on step-by-step handoffs, decision-making happens in real time, with AI handling execution and humans focusing on oversight. It's a shift that has the potential to unlock efficiency gains of about 35 percent across role levels—and up to 50 percent in advanced transformations—as a result of the automation of routine decisions and reduced coordination overhead.[16]

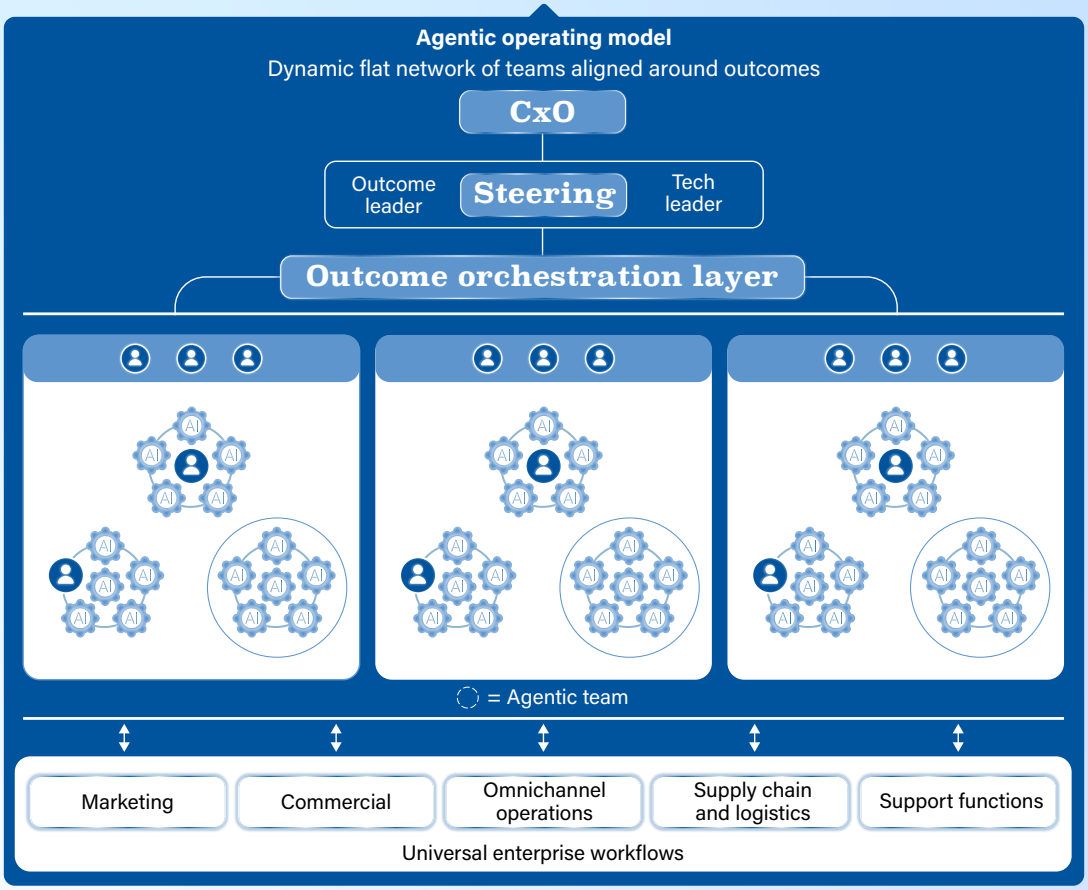
Fragmented use cases improve individual productivity but rarely create enterprise value. Rather than layering AI onto existing processes, leading retailers redesign workflows end to end, unlocking step-change improvements in speed, cost, and decision quality, with more than half of leaders expecting exponential productivity gains.

Exhibit 8

Traditional siloed models will be replaced by flat networks of outcome-focused teams that oversee agentic workflows.

Traditional operating model, siloed, spread across organization





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Jobs: A structural shift, not just automation

AI is not just automating tasks but also reshaping roles. While AI can support employees and improve productivity, up to 75 percent of retail positions are likely to be redefined, requiring new blends of technical, cognitive, and interpersonal skills.[17] Additionally, new roles will emerge, such as trust and safety leads and AI product owners.

Three new role archetypes are emerging:

— AI orchestrators managing agents and workflows

— deep specialists handling judgment and exceptions

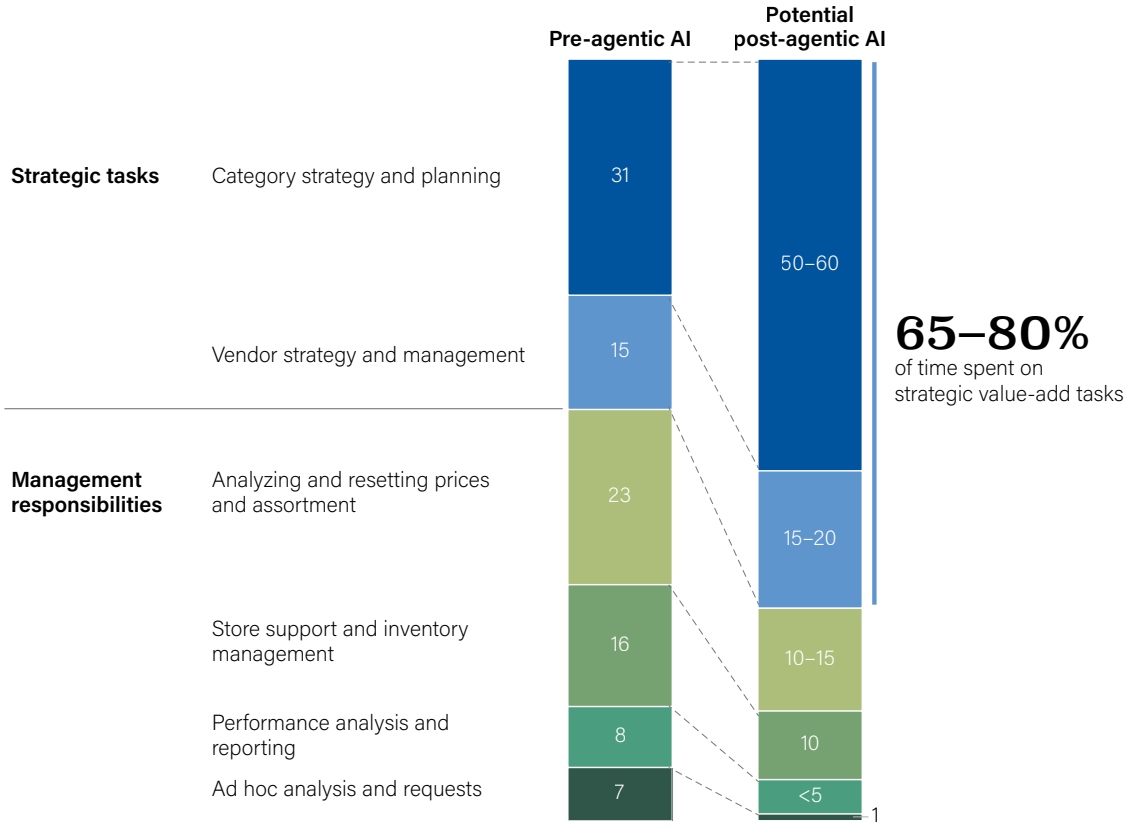
— AI-augmented frontline workers focusing on customers

This transformation is already visible. In merchandising, AI can automate data consolidation, forecasting, and promotional planning to unlock capacity gains of about 40 percent.[18] This is achieved through merchants shifting toward higher-value activities such as strategy, demand sensing, product discovery, and optimized supplier negotiation while developing new skills in interpreting AI outputs and managing exceptions (Exhibit 9).

Exhibit 9

Implementing agentic AI can dramatically shift the balance of time spent on strategic tasks that add value.

Shift in merchant time allocation: Pre- vs post-agentic AI, % of hours per day



Source: Rewiring Retail Survey, Mar 2026

Reskilling: The critical AI bottleneck

The primary barrier to implementing AI at scale is talent readiness. McKinsey research found that 86 percent of organizations are not prepared to adopt AI in day-to-day operations, leadership alignment remains limited, and only about half of required AI talent is available globally.[19]

That's why reskilling—in combination with efforts to ensure educational systems keep pace—must shift from incremental training to continuous capability-building, combining AI fluency with critical thinking and collaboration. For example, Ikea has trained 8,500 call center workers to become interior design advisers, while its AI virtual assistant handles 47 percent of customer queries.[20] At the same time, organizations must themselves redesign talent systems. Traditional "hire to retire" models are becoming obsolete as roles blur and humans increasingly orchestrate hybrid human–AI workflows. Leading organizations are beginning to measure performance not by activity but by value creation and effective agent orchestration.

The urgency seems clear. Within five years, two-thirds of required retail skills may change,[21] such as the following:

Marketer.

The increased use of AI in marketing may reduce the time spent on manual campaign execution and basic data analysis. As programmatic ad buying becomes fully automated and gen AI handles content creation at scale, the role could shift from execution to strategy, requiring marketing specialists to acquire new skills, notably related to generative engine optimization (GEO) to ensure brand visibility across AI platforms.

Merchandiser.

The productivity of merchandising teams could rise as AI automates data consolidation, forecasting, and promotional planning. Agentic merchandising may transform the role from manual data work across fragmented systems into thought leadership that sets strategic direction. Staff will likely have more time to focus on high-value tasks such as vendor negotiation and strategic assortment curation. Succeeding may require enhanced skills to interpret AI-driven recommendations for pricing and store-specific SKU selection.

Stock replenisher.

The nature of stock care and replenishment on the sales floor may transform as stores adopt AI-driven systems, computer vision for shelf monitoring, and predictive analytics. The role could shift from manual inventory checking to managing and reacting to AI-generated restocking alerts. Staff may need new technical skills to interact with these digital tools, understand predictive models, and ensure seamless omnichannel operations.

Warehouse manager.

As productivity improves through the deployment of automated order picking and intelligent sorting systems, the complexity of the warehouse environment may increase. The role of the warehouse manager could shift from directly managing human labor to orchestrating mixed fleets of human workers and autonomous robots. These leaders may need new technical capabilities to oversee these integrated systems.

HR specialist.

While AI and automation may significantly reduce administrative burdens in HR, the strategic importance of the role could grow. HR specialists will likely shift toward predictive labor planning, using AI to forecast workforce needs and identify skill gaps—subject to compliance with regional regulations and workers' information and consultation requirements—across the organization. To master this, HR employees may need strong analytical skills to leverage workforce data, alongside advanced interpersonal skills to coach leaders.

The bottom line

The shift to agentic organizations represents society's next major paradigm change, comparable to the industrial and digital revolutions. It is likely to redefine business models, operating models, and workforce structures simultaneously.

Retailers that succeed will not necessarily be those who adopt AI tools fastest but those who rewire around flows, not functions; redesign roles toward orchestration and judgment; and build continuous reskilling and AI-native talent systems. In the agentic era, competitive advantage will come from the ability to combine human judgment with AI execution at scale—transforming not just how retailers operate but also how they create value.

For retail executives, the mandate is no longer about tracking technology trends but structural execution. To win in this new era, leaders should consider anchoring their operating committees to some nonnegotiable imperatives:

— *Create and prioritize an AI value blueprint*, deploying capital to the specific merchandising, supply chain, and operational domains that guarantee near-term EBITDA uplift and margin defense.

— *Clarify your strategic position* on agentic commerce by engineering customer experience to be "agent ready," remaining an orchestrator of growth rather than a fulfillment engine.

— *Start rewiring the enterprise around AI-augmented flows* rather than optimizing siloed functions. That means redesigning roles, shifting human effort toward judgment, and building the bionic workforce (where people and AI work alongside each other) required to scale these technologies out of the pilot phase.

AI may not replace retail leaders. And the sector is still in the relatively early stages of deployment and scalability, which remains uneven across Europe. Yet the technology's potential to accelerate operational impact when combined with human expertise and judgment means that retail leaders who move quickly to rewire their enterprises around AI are likely to gain a competitive advantage.

Retailers that succeed will not necessarily be those who adopt AI tools fastest but those who rewire around flows, not functions; redesign roles toward orchestration and judgment; and build continuous reskilling and AI-native talent systems. In the agentic era, competitive advantage will come from the ability to combine human judgment with AI execution at scale.

CHAPTER 4

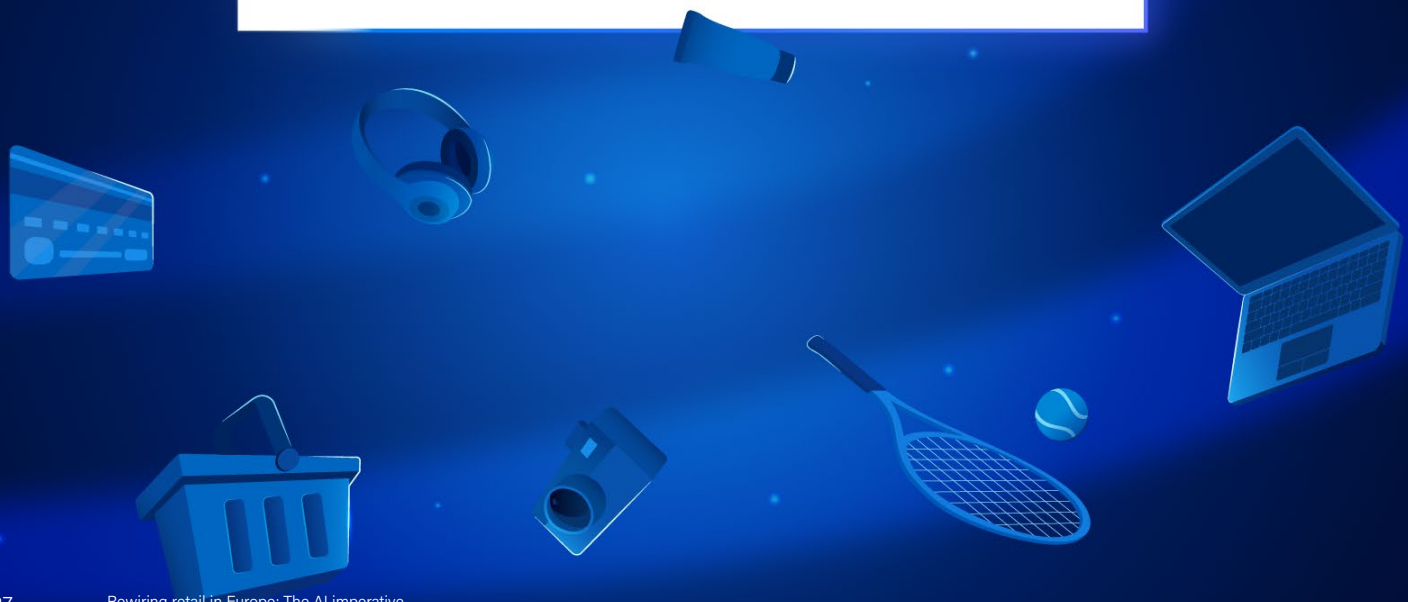
Agentic commerce

The next frontier of commerce transformation

KEY TAKEAWAYS

Agentic commerce is likely to evolve in three waves: the shift from SEO to GEO, AI-orchestrated commerce, and autonomous commerce, with disintermediation risks higher in commoditized categories than in others.

AI is already mainstream in the consumer decision journeys of European consumers. Retailers should prioritize GEO while experimenting with commerce-native AI assistants and establishing their position and readiness to engage in the autonomous scenario.



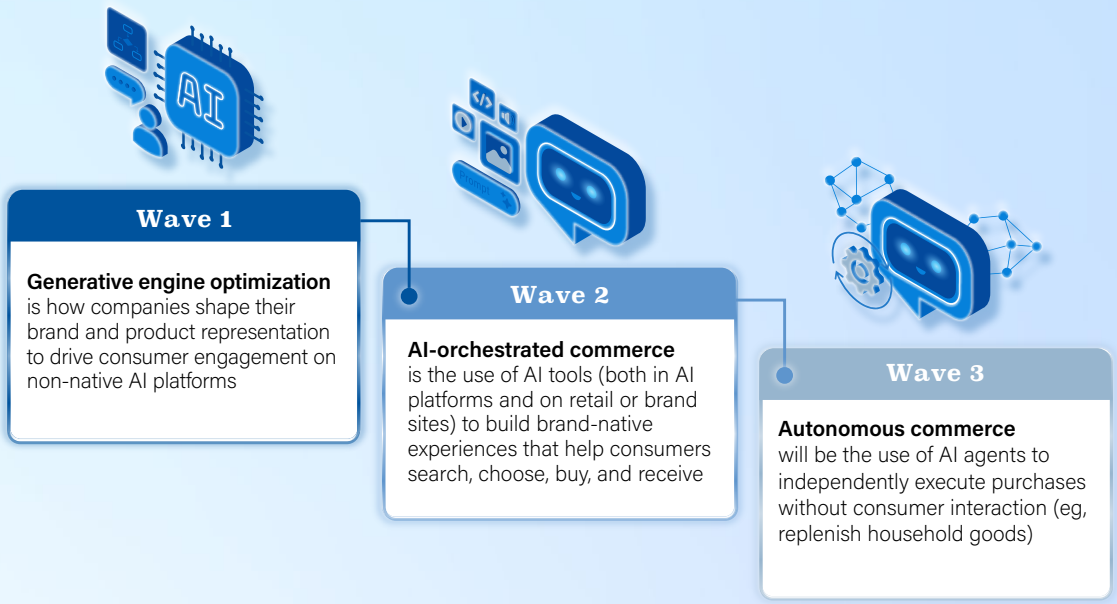
Agentic commerce

Agentic commerce—shopping influenced or powered by gen AI tools or AI agents acting on people's behalf—represents a seismic shift in terms of how demand is created and captured. It creates a world in which AI influences discovery, anticipates consumer needs, navigates shopping options, determines how deals are negotiated, and potentially even executes transactions. The stakes are considerable: McKinsey research estimates that agentic commerce could orchestrate $3 trillion to $5 trillion globally by 2030.[22]

This dynamic presents European retailers with diverging strategic scenarios. On the one hand, proactive retailers can become "orchestrators," building proprietary, AI-native ecosystems that deepen customer loyalty and capture high-margin advisory value. On the other hand, those who fail to make their environment "agent ready" risk losing direct customer relationships and visibility. By abandoning the direct customer interface to third-party AI platforms, they risk being downgraded to invisible fulfillment engines, competing primarily on price and logistics rather than brand equity and shopper experience.

Agentic commerce is likely to evolve in three waves, each requiring distinct strategic and technical capabilities (Exhibit 10). AI-mediated discovery and evaluation are scaling quickly, even as full autonomy remains limited.

Exhibit 10



Wave 1: Generative engine optimization

GEO is the foundational layer of agentic commerce and is already here. Around half of Europe's consumers are already using AI to learn about a product or category and comparing options.[23] While retailers should seek to retain direct customer relationships, they should treat GEO as a priority, auditing how their products appear in AI-generated answers and investing in structured data, rich product attributes, and authoritative content.

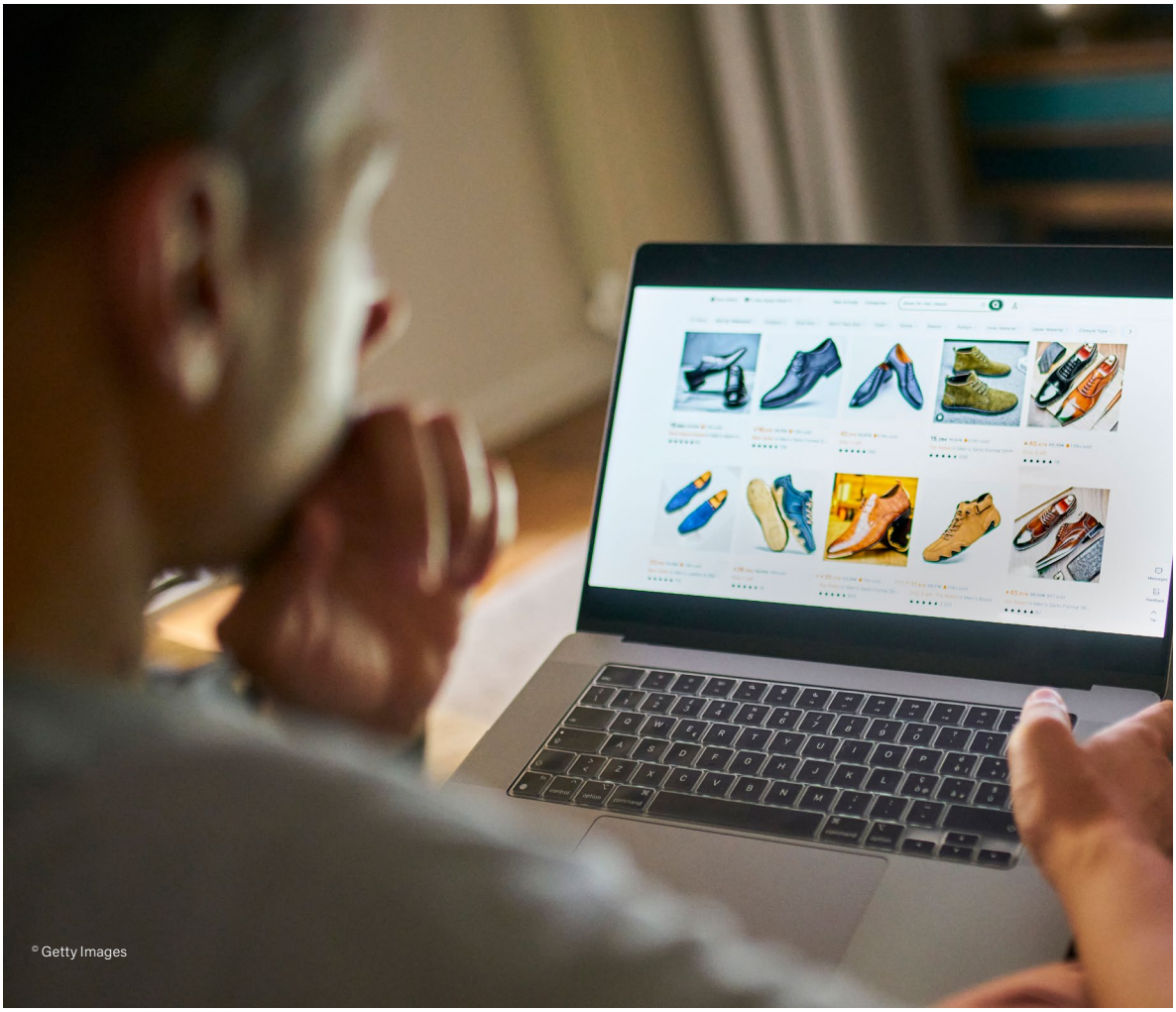
Comparable to SEO, GEO focuses on optimizing how products, content, and brand signals are interpreted and surfaced by AI models in conversational contexts. Retailers can advance their efforts to win in AI-powered search through four actions:

— *Conduct a robust GEO diagnostic.* Establish a clear baseline of current performance across leading AI search platforms, including visibility, share of voice, and sentiment. Benchmark against peers and traditional SEO—where even leaders may see a 20–50 percent gap—to identify priority opportunities.[24]

— *Reallocate and refine AI-led content strategy.* Expand beyond owned channels to include third-party and user-generated or community content that shapes large-language-model outputs.

— *Systematically optimize content for AI-native search.* Strengthen credibility, structure, and metadata across all content with rich product data, consistent taxonomy, verifiable claims, and scaled trust signals (such as reviews).

— *Build GEO as a core, cross-functional capability.* Define GEO-specific KPIs such as AI visibility and conversion influence, and implement enabling infrastructure (such as data, tooling, and governance) to support continuous optimization.



Wave 2: AI-orchestrated commerce

The second wave is rapidly unfolding. Orchestrated commerce is the use of AI tools (both in AI platforms and on retail or brand sites) to build brand-native experiences that help consumers search, choose, buy, and receive products. This moves beyond simple discovery and into the active shopping journey.

In Europe, the behavioral shift is already underway[25]: 84 percent of consumers now use AI in their daily lives, and 38 percent actively rely on it to research products and inform purchase decisions (Exhibit 11).[26] For example, John Lewis is investing in AI as part of its £800 million transformation program to push its product catalog onto AI platforms so customers can find John Lewis products while chatting with AI.[27] And Tesco's latest in-app gen AI–powered assistant is a growth initiative, initially tested by about 280,000 employees, that generates personalized meal plans and dynamically builds shopping baskets using customer data.[28]

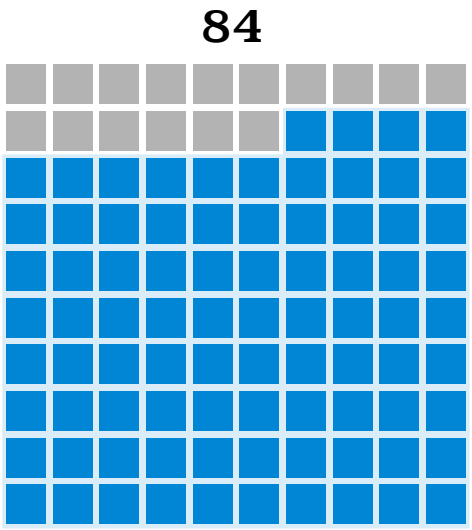
Yet the environment continues to change rapidly. AI is beginning to connect recommendations directly to embedded purchase options, suggesting that conversational commerce may scale before fully autonomous delegation does. About 15 percent of consumers have used AI tools on retailer sites, and 1 to 3 percent have made a purchase through AI platforms, according to McKinsey analysis.

The priority for retailers, on top of GEO, is to experiment with on-site AI tools to create a more intelligent and frictionless shopping experience. This means implementing conversational search, personalized recommendation engines, and AI-powered assistants to help customers find and configure products more easily.

Exhibit 11

AI is already mainstream in Europe's customer decision journey.

Share of Europeans who report using AI tools in their everyday lives, % of respondents



Source: "Europe's agentic commerce moment: Decision influence is here; execution is coming," McKinsey, Mar 2, 2026

Wave 3: Autonomous commerce

Autonomous commerce represents the most advanced horizon of agentic commerce, where AI agents are granted the authority to independently execute purchases on behalf of a consumer or business in a concierge-like capacity. While AI is at an early stage of deployment in Europe and remains subject to legal, ethical, and practical constraints, it holds the promise of this fundamental shift from a user-driven process to one of delegation—the user sets the preferences and the AI handles the rest. A classic example is an intelligent agent that monitors household inventory and automatically reorders groceries when they run low, without requiring user interaction.

While European retailers are rapidly adopting the first two waves of AI, the United States is setting the pace in the deployment of full-funnel agentic commerce execution. In the United States, major retailers such as Walmart and Etsy have launched dedicated applications within AI platforms, allowing AI agents to autonomously curate products and build shopping baskets on user's behalf before handing off the cart to retailer's own checkout.

For retailers, the rise of autonomous commerce fundamentally redefines the concept of a "customer." In this new era, the primary interactor with a retailer's digital storefront is likely to increasingly be a sophisticated AI agent, not a human (Exhibit 12). Success will no longer be measured by clicks and scrolls but by how efficiently an AI agent can analyze product catalogues, understand inventory availability, and execute purchases.

Navigating this new landscape requires retailers to familiarize themselves with the underlying technical architecture. There will be three core interaction models for agentic commerce: agent to site (A2S), where the agent navigates a traditional website; agent to agent (A2A), where a buyer's agent communicates directly with a seller's agent; and agent to broker agent (A2BA), where the agent interacts with an intermediary platform. For agents to transact autonomously, new infrastructure is required to securely handle authentication and authorization, enabling users to safely delegate payment authority with specific rules. For example, Shopify is now giving merchants the ability to plug their product catalogues directly into AI platforms to allow seamless discovery and checkout within the chat.[29]

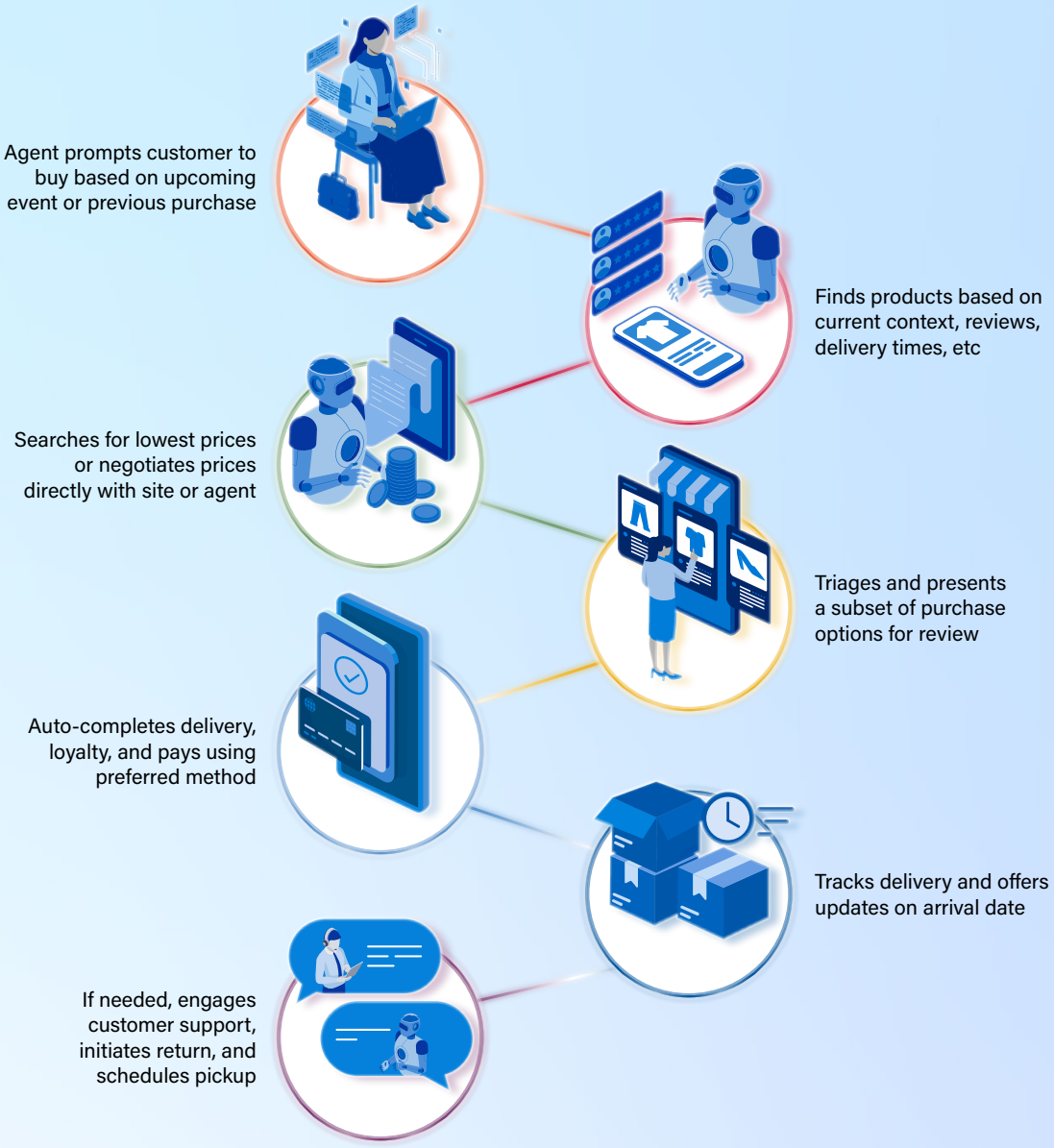
Retailers must begin future-proofing their technical infrastructure to become "agent ready." This means proactively building robust, well-documented APIs that allow AI agents to securely and seamlessly interact with core commerce platforms.

Autonomous commerce represents the most advanced horizon of agentic commerce, where AI agents are granted the authority to independently execute purchases on behalf of a consumer or business in a concierge-like capacity. While AI is at an early stage of deployment in Europe and remains subject to legal, ethical, and practical constraints, it holds the promise of this fundamental shift from a user-driven process to one of delegation—the user sets the preferences and the AI handles the rest.

Exhibit 12

Retailers must begin future-proofing their technical infrastructure to become agent-ready.

The autonomous commerce customer journey



What's next: Questions shaping how agentic commerce scales in Europe

The European data does not point to a single end state.[30] Instead, it surfaces a set of unresolved questions that will influence how quickly and how far consumers are willing to delegate decisions to AI systems as agentic commerce matures:

- *How does brand loyalty get expressed when decisions are mediated by agents?* While commodity goods and services are more at risk, brand loyalty is unlikely to disappear. However, it may be expressed differently, including by the activation of (retailer and consumer) brand-specific ambassador agents explaining differentiation, negotiating terms, and articulating brand intent within machine-mediated flows. The recent history of marketplace development observed similar threats of bypass, yet brands and traditional retailers largely retained strategic control over key aspects of the customer experience.
- *Where, when, and for which categories will consumers choose to delegate further?* Our data shows consumers are most comfortable with AI that assists decision-making while preserving final human control. This indicates clear conditions under which consumers are willing to delegate: reversibility (the ability to undo actions), accountability (clear responsibility when something goes wrong), and explicit consent (clear boundaries on what the agent is authorized to do). There are important distinctions between what AI systems are technically capable of, what consumers are currently willing to authorize, and what is legally feasible.
- *How will payments, identity, and authorization technology and processes evolve?* These are the key enabling rails that will determine who captures demand as delegation expands.

Regardless of the scenarios, there are important steps that retailers will have to take if they wish to remain relevant in the emerging agentic-commerce era:

- *Compete for AI visibility, not just consumer attention.* Winning requires machine-readable content—structured data, strong taxonomy, and credible third-party signals—to ensure inclusion in AI-driven journeys.
- *Shift from persuasion to explainability.* Retailers must clearly articulate evidence-backed "reasons why" in a structured way that AI can interpret, compare, and carry forward.
- *Plan for a web of agents, not a single interface.* Treat autonomy as a phased road map, starting with reversible, explicitly authorized actions and expanding only as trust, infrastructure, and consumer comfort mature. Proprietary agents are optional and only valuable where retailers offer differentiated guidance.
- *Identify agentic growth opportunities.* European retailers must evaluate how agentic commerce can be used to unlock net-new growth avenues, whether by capturing market share through highly personalized customer experiences powered by AI, reaching adjacent customer segments, or creating entirely new, high-margin revenue streams driven by algorithmic discovery.

Priorities for European retailers

AI is not merely another lever for optimization but is reshaping how demand is created, how decisions are made, and who captures value in the retail ecosystem. The imperative to act is immediate, as those that fail to do so may risk gradual disintermediation. Five priorities stand out:

1. *Anchor AI in a clear value map.* Define a business-specific AI value map based on your value chain, subsector profitability, and business model, concentrating investment on the highest-value domains driving measurable impact.

2. *Become "agent ready" and "agent native" with a step change in data foundations.* Transition to API-first, interoperable systems that allow AI agents to seamlessly access product, pricing, and inventory data, and begin designing experiences and capabilities specifically for machine-to-machine interactions. KYC (know your customer) will need to be expanded to KYA (know your agent) to avoid unintended consequences or even malicious use, and this transition to using AI agents may be more challenging for small and medium-size enterprises and smaller retailers or wholesalers, given the required investment and technical transformation.

3. *Rewire the operating model around AI.* Embed AI into frontline decision-making, and transition to cross-functional, outcome-driven teams organized around end-to-end workflows.

4. *Be intentional about AI investments.* Have a clear view of ROI, track returns, and be explicit on where to build (especially in software development and core workflows) versus partnering for speed.

5. *Prepare the workforce for an AI-native future.* Redesign roles, build the right skills, and adopt collaboration models that enable people to effectively orchestrate and work alongside AI agents.

Lessons from leaders: ASOS's Przemek Czarnecki

The British fashion retailer's chief technology officer discusses why agentic AI represents "a structural shift" in how consumers engage with brands.

ASOS, the British retailer behind multiple in-house brands and Topshop, has been one of the driving forces behind the fast-fashion revolution. In this conversation with McKinsey's Hai-Ly Nguyen and Holger Harreis, the company's chief technology officer Przemek Czarnecki discusses the impact of AI on ASOS's operations, which sell hundreds of partner brands and its own labels to consumers in more than 150 countries. The interview has been edited for clarity and length.

'The most significant challenge in scaling AI is not technological but organizational. The biggest mistake a company can make is investing in use cases that are not commercially meaningful.'

Q: How is AI reshaping ASOS's competitive advantage as a digital-first fashion retailer?

Przemek Czarnecki: AI is fundamentally reshaping our competitive advantage across three key dimensions. First, it allows us to understand customer intent at a much deeper level, moving beyond basic keywords to interpret even vague, conversational search queries. Second, it powers a new frontier of hyperpersonalization, where we can generate highly relevant content and recommendations tailored to the individual. Third, it drives significant productivity improvements, most evident in our customer care, where AI agents now handle 50 percent of inbound requests. Since the underlying technology is not proprietary, our true competitive advantage comes from the speed and quality of deployment—how effectively we integrate these tools to deliver a superior experience.

Q: Where are you seeing the biggest tangible impact from AI today?

Czarnecki: We approach our AI deployment through a phased road map designed to ensure a clear return on investment. We started first with software development—phase zero. Then, in phase one, we focused on our call center, tackling the ten most-repetitive customer inquiries and making our service operations extremely productive. Concurrently, in phase one, we democratized foundational AI by rolling out general Copilot tools to our entire workforce, achieving an exceptional 90 percent adoption rate.

Phase two is deploying targeted back-office agents across HR, legal, and finance to autonomously handle internal policies and IT help desks. Running slightly after but mostly in parallel is phase three, which applies agentic AI to the very core of our fashion business—buying, design, and merchandising—enabling rapid, machine-driven experimentation. Ultimately, our overarching vision is to build a "hybrid organization" where the corporate calendar is populated by both human employees and autonomous agents working seamlessly together to drive commercial value.

Q: What are the most critical enablers that make or break a successful AI transformation?

Czarnecki: Successful value creation from AI depends on several foundational enablers. The most critical is the quality and accessibility of data and content; without this, even the most advanced models will fail. Moreover, for AI agents to be truly impactful, they must be empowered to take action, which requires a robust and sufficient layer of APIs across business systems. Finally, success hinges on having the right talent and partners. This involves not

only cultivating internal skills but also making strategic choices about which providers and technology partners to work with, because the capabilities between them can differ significantly.

Q: What has been the hardest part of scaling AI across ASOS?

Czarnecki: The biggest mistake a company can make is investing in use cases that are not commercially meaningful. This leads to a fragmentation of investments into low-impact projects that, while technically successful, fail to deliver strong returns and never truly scale. The hardest part is therefore establishing a strong operating model and the strategic discipline to identify and prioritize only the highest-value use cases. This prevents the proliferation of "nice to have" agents and ensures development capacity is focused on initiatives that move the needle.

Q: How is AI changing the way your teams work and make decisions as well as the skill requirements of your workforce?

Czarnecki: The workforce transformation agenda at ASOS is structured around three capability pillars. The first is data fluency: equipping employees across functions with the ability to interrogate data and generate actionable insights—a skill set that, while widely assumed to be present, frequently requires deliberate reinforcement. The second is the democratization of agent creation, enabling employees to build their own low-code or no-code agents and self-serve automation without dependence on a centralized engineering resource. The third and most strategically differentiated is the cultivation of an internal AI strategist capability—individuals who can identify high-value agentic use cases, redesign processes around them, and ensure AI investments translate into measurable impact rather than technically sound but marginal initiatives. Without this function, organizations risk a proliferation of low-impact use cases that consume capacity without delivering material return.

Q: How do you see AI—particularly AI-driven discovery and shopping agents—reshaping online fashion retail, and how is ASOS preparing for that shift?

Czarnecki: The rise of agentic commerce represents a structural shift in how consumers will engage with retail, and ASOS's strategic response is anchored in a single, clear guiding principle: Agentic shoppers and human shoppers must be treated equally well.

Przemek Czarnecki is the chief technology officer of ASOS. **Holger Harreis** is a senior partner in McKinsey's Düsseldorf office, and **Hai-Ly Nguyen** is an associate partner in the London office.

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Lessons from leaders: IKEA's Parag Parekh

The Swedish home-furnishing giant's chief digital officer discusses the need to prioritize AI initiatives amid "the risk of doing everything but maybe nothing."

Swedish company IKEA fundamentally changed how the world's consumers buy furniture. Now, the company is implementing agentic AI to fundamentally change how consumers interact with it, moving from transactional to immersive relationships. In this conversation with McKinsey's Hai-Ly Nguyen and Holger Harreis, the chief digital officer at IKEA parent company Ingka Group, Parag Parekh, provides insight into the retailer's journey and why prioritizing AI initiatives "is as important as the ideas themselves." The interview has been edited for clarity and length.

'The success is not the build. The success is deployment and adoption.'

Q: How is AI reshaping IKEA's strategy and competitive advantage today?

Parag Parekh: We look at the impact of AI across three distinct buckets. The first is customer experience, where both generative AI and agentic commerce are fundamentally changing how our customers interact with us, shifting from transactional relationships toward immersive, solution-oriented ones. The second is supply chain and logistics, where we are deploying AI to take costs out while staying close to the customer experience amid broader forces of localization, regionalization, and sustainability. The third is back-office productivity, where the goal is to free up our coworkers from repetitive tasks so they can redirect their time toward being customer-facing.

Q: How are you prioritizing across AI use cases given the scale of the opportunity?

Parekh: We use a four-quadrant framework that maps initiatives across two axes: customer-focused versus co-worker-focused and growth-oriented versus cost-oriented. Use cases such as recommendation engines, pricing, and agentic commerce sit in the customer-growth quadrant, while supply chain and last-mile optimization sit in the cost-focused quadrant. We assess each initiative for its business and customer experience impact and deliberately stack-rank the portfolio from there. The discipline of prioritization is as important as the ideas themselves. The risk of doing everything but maybe nothing is very real at this stage, so we are very careful to concentrate and focus on the topics we want to go after rather than allowing AI initiatives to mushroom.

Q: Where are you seeing the biggest tangible ROI from AI today?

Parekh: The strongest returns are still coming from traditional AI use cases that have had several years to mature. The most concrete example is what we call goal-based order allocation: With more than 400 fulfillment and shipping points, we use AI with weightages to determine the optimal fulfillment route for each order, and that has meaningfully improved our cost ratio in shipping and logistics. Cross-sell and upsell personalization is another area of strong, compounding ROI, in which we use AI to serve customers relevant recommendations based on their context and shopping journey. On the generative AI side, customer service is emerging as a promising next frontier, particularly for multilingual, delanguaging capabilities and the automation of routine interactions, though we are not yet at a point of phenomenal scale there.

Q: What does the future customer experience look like at IKEA, and how does AI enable it?

Parekh: What we are seeing is a fundamental shift in customer intent. Historically, a customer might come to our website knowing they want a sofa or a dining table. But increasingly, the intent is changing. Customers are saying, "Help me design my living room. Help me shape my life at home." And this is where AI combined with technologies

such as LiDAR[1] room scanning creates a completely different kind of interaction. We ask a few simple questions about style, color, and budget, and using the 3D scan of your room, we can generate four or five inspiring options to start from. You pick one, you refine it, you tell us what you do not like, and we iterate together. Suddenly, we have gone from a transaction-based relationship to helping solve a customer's problem. And this will go further still into voice-based and chat-based agentic formats. That is how fundamentally AI will change the customer experience in this industry for us.

Q: What has been the hardest part of scaling AI across a 160,000-person organization?

Parekh: With any technology, one of the biggest challenges is always managing the change. A capability is only as good as its deployment and adoption, and that is what we measure end to end for every digital product. Some people see AI as an opportunity, some as a threat. So our goal is to help our co-workers better understand AI and what it offers, providing them with the tools to better perform their roles. We have started senior-leadership-on-boarding workshops, so far completed AI literacy programs for 40,000 coworkers, and launched pilots in three countries where we work with store-level ambassadors to identify and showcase high-impact use cases.

Q: How is AI changing the skills and roles required across your workforce?

Parekh: I start with my own group digital organization as a leading indicator because this is where the change is most visible. The traditional software-development life cycle—from requirements through build, test, and deploy—is being compressed by AI into rapid prototyping and experimentation cycles. The role of what a product manager, experienced designer, or engineer looks like tomorrow is fundamentally changing as a result.

We are working through this under what we call Digital Next, asking what group digital should look like in 2028 and how we start preparing for that today. But the same imperative applies to every function. If you are in HR, finance, marketing, or sales, you need to ask: Which of my processes will AI fundamentally reset? What new opportunities will emerge that were previously too expensive or not possible? I do believe roles will evolve, and I believe they will evolve for good.

Q: How do you see the workforce impact of AI, and where is the opportunity versus the disruption?

Parekh: On the customer-facing side, AI is creating services that were previously impossible at the IKEA price point. Historically, helping a customer design a space took on average six hours of a coworker's time and cost the customer around €70 per session. Through automation, that time has been reduced from six hours to approximately 30 minutes per room per coworker. On the back-office side, cost pressures over recent years have already led us to optimize and reduce, and the quality of services from certain functions has dropped as a result. If I can drive productivity through AI, I can free up a coworker or leader to actually sit down with me on topics where they add meaningful value rather than being consumed by repetitive tasks. It can allow us to offer far more quality services. And it will be something to keep a very close eye on as it evolves.

Q: What is your verdict on agentic commerce, and how should IKEA respond?

Parekh: It starts with a longer-term shift that has been under way for 15 to 20 years. There were days when brands decided how they met customers, but customers have been deciding where they meet brands for some time now, and brands have had to choose whether to show up or not. What we are seeing from the past two to three years is that the share of search has shifted drastically from traditional toward agentic search, which tells us customers are embracing the agentic experience. For brands, showing up in those experiences is likely to become necessary. The unresolved question, which mirrors the historical tension between traditional search and brand-owned assets, is whether commerce ultimately gets captured on the agentic platform or redirected back to the brand. That is the play that will unfold over the next two to five years. I would probably be naive to say exactly where it is going, but I believe there is interest on both sides to continue collaborating rather than polarizing one way or the other.

Parag Parekh is the chief digital officer Ingka Group. **Holger Harreis** is a senior partner in McKinsey's Düsseldorf office, and **Hai-Ly Nguyen** is an associate partner in the London office.

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[1] LiDAR, or light detection and ranging, is a remote sensing technology that captures and creates 3D models of the real world.

Lessons from leaders: ADEO's Matthieu Grymonprez

The global home-improvement retailer's chief digital and information officer on unlocking the potential of AI—and keeping people's feet on the ground.

French company ADEO brings together an ecosystem of companies dedicated to home improvement. In this conversation with McKinsey, its chief digital and information officer, Matthieu Grymonprez, discusses AI's importance, adoption challenges, and how the technology is reshaping the company's strategy. The interview has been edited for clarity and length.

'AI will widen the gap between frontrunners and laggards, leaving companies that missed the first wave of digital transformation even further behind.'

Q: How is AI reshaping ADEO's strategy and competitive advantage?

Matthieu Grymonprez: AI has been reshaping our business in phases. "Classic AI" and machine learning have already delivered significant value in our core operations, optimizing supply chain forecasting, sourcing, and in-store productivity. Now, gen AI is unlocking new capabilities. It is transforming how we manage our product information at scale, for instance, by automatically generating product descriptions and analyzing documentation from thousands of sellers. This was critical in expanding our online assortment from 1.5 million to 7.0 million SKUs.

On the consumer side, we are using gen AI for visual inspiration. Our Shop the Look feature, which used to be a costly and slow process involving photoshoots, is now powered by AI that can generate inspirational room settings with our products in seconds. We are also finally cracking challenges like image recognition, so a customer can take a picture of a screw, and our app can identify it instantly.

Fundamentally, AI is an incredible enabler—but only if you have a solid digital foundation. AI will widen the gap between frontrunners and laggards, leaving companies that missed the first wave of digital transformation even further behind. The real challenge was building our product knowledge base and mastering our data model. If you have done that work, AI is a powerful layer that comes on top to boost everything.

Q: How do you track the adoption and value delivered by these AI initiatives?

Grymonprez: We have an "AI Radar," where any team can propose and test new ideas. With over 250 use cases now, we let this innovation happen organically to not block ideation. Once a use case proves its ROI, we centralize it, productionize it, and scale it across the group.

We also drive adoption by embedding AI directly into our digital products and core processes. This includes features like "next product to buy" recommendations and automatic pricing for our marketplace. At a foundational level, we have a global contract with Google, so every employee has access to Gemini, and we have an internal chatbot for our stores that provides access to company data. Our main challenge now is managing this wave of innovation—we need to create the right guardrails to ensure quality and strategic alignment without stifling creativity.

Q: What is your view on the rise of agentic commerce?

Grymonprez: Fully autonomous commerce feels like a threat, not a genuine opportunity for retailers. Fully agentified commerce will remove our ability to cross-sell or upsell, turning us into a simple delivery company in a price-driven red ocean. This model is much riskier for commoditized consumables, while for our category—home improvement—touch and feel are critical.

Q: What have been the key challenges in deploying AI at scale and what are the biggest risks?

Grymonprez: The biggest challenge is not the technology; it's the impact on our governance and people. AI automates decisions that were previously owned by our managers. For years, teams would debate which product to feature first on a webpage. Now, we let the machine decide based on performance. The same is happening with pricing and inventory. This takes the power of decision-making away from the very people whose job it was to make those calls.

While senior leaders are happy to see their objectives and key results improve, it creates a serious disruption in the ownership and governance of the company. We are moving toward a future where roles like UX [user experience], product, and business will combine into one. The reconfiguration of these roles and responsibilities is the most difficult thing to manage.

We believe we can address the risks to consumers by being trustful and by fixing problems as they arise, but the bigger challenge is internal. When an AI-driven pricing model goes wrong, who is accountable? The tool cannot be. We are in a phase of inflated expectations, and we will go through a period of disillusionment. My job is to keep everyone grounded and focused on creating real value, not just chasing the hype. There is so much hype, and people see AI as a magic tool that can solve problems that have existed for years.

Q: Looking ahead, what do you see as the big unknowns in the evolution of AI?

Grymonprez: I am focused on achieving consistency over time, especially as we move from experimenting with models to embedding them in long-term applications that require stability. There is also a fundamental question on the long-term economic viability: When will the immense investment currently pouring into AI truly pay back?

Matthieu Grymonprez is the chief digital and information officer of ADEO.

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Lessons from leaders: REWE's Christoph Eltze

The German retail and tourism group's chief digital and technology officer says AI is "the most fundamental change in the way we do business in 50 years."

German retail and tourism cooperative REWE operates thousands of supermarkets and consumer stores, as well as travel agencies, tour operators, and hotel brands across Europe. In this conversation with McKinsey, REWE's chief digital and technology officer, Christoph Eltze, discusses the need to act early on AI and why strengthening governance, skills, and leadership behavior is as important as managing customer-facing risks. The interview has been edited for clarity and length.

'Ultimately, winning with AI is above all a question of culture, teams, and ways of working. We have become a more data-driven company, and that cultural asset is something competitors cannot simply buy.'

Q: How is AI reshaping your company's strategy and competitive advantage today?

Christoph Eltze: First, it is important to clarify that when we say "AI," we are encompassing everything that we used to call "analytics." For simplicity, we treat all statistical methods as AI so the organization doesn't have to worry about the specific methodology. With that definition, AI has been reshaping our industry for many years, but the pace is accelerating with generative and agentic AI. To me, this is the most fundamental change in the way we do business in 50 years. The biggest reshaping event in my business career is AI, and this holds true for everyone working today. In terms of competitiveness, the answer is clear: If you are not a frontrunner, you will be a laggard, and then you will be gone. We have no other choice but to invest heavily.

Q: Where are you seeing the biggest tangible impact from AI so far?

Eltze: Historically, like most retailers, we first saw tangible impact from analytical AI—particularly in marketing personalization and in forecasting and replenishment, improving both our offers and our supply chain. Today, the value is split across two perspectives. On the customer-facing side, AI continues to improve services, one-to-one personalization, and availability. Here, analytical AI remains the backbone, increasingly complemented by generative AI in areas such as content and service interactions. On the internal side, the biggest impact today comes from process efficiency. This is where generative AI and increasingly AI agents help simplify, speed up, and automate everyday work and end-to-end processes. My belief is that, in the long run, the customer-side impact will be higher, especially as agentic AI matures, because this side ultimately drives new revenue and margin, not just efficiency. However, realizing efficiency gains is still a huge, unproven opportunity for most large companies, and it will be a major focus for the next 12 to 24 months.

Q: What has been the hardest part of scaling AI across your organization, and how have you addressed it?

Eltze: There isn't one single hurdle; the challenge is multidimensional. I see three core pillars we have to work on simultaneously. First is governance, which includes everything from security and compliance questions to clearly defined ownership and decision rights. These issues must be solved centrally. Second is technology selection. With the landscape moving so fast, we have to make a choice on a stable toolset to deploy across 380,000 people and then stick with it for a period to gain traction. The third and perhaps most complex challenge is the change management required to get hundreds of teams activated and motivated. Because this transformation is so fun-

damental, touching every process in every department, there is no central unit that can orchestrate it all. We have to empower each individual team—the marketing team here, the logistics team there, the store operations team in Hungary—to drive the change for themselves. Our role is to provide the tools and the framework, but the transformation must be decentralized.

Q: How is AI changing the skill requirements of your workforce, and how are you managing that transition?

Eltze: We are just at the beginning of this journey because large-scale reskilling is a direct consequence of realizing large-scale efficiency gains, which we have not yet fully achieved. So far, we have scaled up our central data science and AI teams to create a core group of experts who can navigate the organization through this change. Now, we are rolling out a broad communication and empowerment program. We recently put our top 200 senior leaders through mandatory, hands-on AI creativity workshops. The goal was not to turn them into technologists but to help them understand what is possible, where the limits are, and how AI affects decision-making, processes, and leadership in their areas. My role is to orchestrate the overall approach, define the framework, and connect change management with the right toolsets—but I cannot do the transformation for them. We are now actively bringing these elements together to create real traction within the business units and to prepare the organization for the next phase of scaling AI impact.

Q: How do you think about risks around AI—data privacy, bias, or governance—and maintaining customer trust?

Eltze: From a customer trust perspective, we are very conscious of the risks around AI and treat them as an ongoing leadership responsibility. Today, we deliberately limit customer-facing AI use cases to areas where the risk of eroding trust is manageable and well understood. For example, when we use gen AI for product descriptions or hotel reviews, we have clear safeguards in place to prevent major errors or misleading outputs. For critical information like allergens, we always consistently ensure a human-in-the-loop approach to validate and cross-check the output.

At the same time, I see a very immediate and often underestimated internal risk. Tools like MS Copilot allow employees to generate polished outputs extremely quickly, and the danger lies in accepting them uncritically. AI can produce a convincing report in minutes, but without sufficient AI literacy and domain expertise, inaccuracies, bias, or gaps may easily go unnoticed. For me, this internal risk is closely linked to customer trust. If we do not educate our people properly and reinforce critical thinking and ownership, internal misuse or overreliance on AI will eventually show up in external outcomes. That is why strengthening governance, skills, and leadership behavior around AI adoption is just as important as managing customer-facing risks.

Q: How do you think AI will impact the competitive landscape, and what will differentiate the winners over the next three to five years?

Eltze: I believe there are three key areas. First, we must continue to make a big leap on AI—getting better offers, better assortment, and deeper personalization to our customers, because that generates real, bottom-line value. Second is the once-in-a-lifetime opportunity to improve our internal efficiency and processes. Third, we have to monitor the rise of agentic e-commerce. For our tourism business, where a significant part of journeys may soon start on a platform like ChatGPT, it's a serious challenge we need to address.

Ultimately, winning with AI is not just a question of money; it's a question of culture, teams, and ways of working. Over the past few years, we have become a more data-driven company. That cultural asset is something competitors cannot simply buy. It puts us in a good starting position, but it is not a given. It will continue to be enormous work, but the good news is that, unlike some other large investments, AI projects tend to have a fast and positive return.

Christoph Eltze is the chief digital and technology officer of REWE.

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Lead operational contributors

EuroCommerce

Atze Faas
Adviser, Payments

Daniela Haiduc
Director of Communications

Elen Guedes
Executive Personal Assistant to the Director General

Helene Paterson
Adviser Digital Transformation

Leena Whittaker
Director, Competitiveness

Valeryia Despaihne
Adviser, Jobs & Skills

McKinsey

Aurélia Bettati
Partner, Paris

Daniel Läubli
Senior partner, Zurich

Dayan Jayasuriya
Partner, Munich

Magdalena Balcerzak
Communications manager, Copenhagen

Marcus Keutel
Partner, Cologne

Mina Jurisic
Partner, Paris

Silvia Andres
Associate, Madrid

Stine Rømmen Anderssen
Partner, Oslo

We also thank LEFF and Luke Collins for editorial services on this report.

Contacts

For questions on the report or further discussions, please contact the following contributors:

First point of contact:

Hai-Ly Nguyen
Associate partner, London
Hai-Ly_Nguyen@mckinsey.com

Main contributors:

EuroCommerce experts

Christel Delberghe
Director general
delberghe@eurocommerce.eu

Vera Jotanovic
Chief economist
jotanovic@eurocommerce.eu

McKinsey experts

Franck Laizet
Senior partner, Zurich
Franck_Laizet@mckinsey.com

Holger Harreis
Senior partner, Dusseldorf
Holger_Harreis@mckinsey.com

Carlos Sánchez Altable
Partner, Madrid
Carlos_Sanchez_Altable@mckinsey.com

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