RETAIL & CONSUMER PRODUCTS · EXECUTIVE INSIGHT

What U.S. Retail & Consumer CEOs Are Really Saying About AI

The Era of Experimentation Is Over

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THE GRAYSON COMPANY

THE CONVERSATION HAS CHANGED

From Whether to Invest — to How to Scale

THE OLD QUESTION

“Should we invest in AI?”

THE NEW QUESTION

“How do we scale AI into profitable competitive advantage?”

AI is no longer optional. Proving its business value has become the industry’s defining executive challenge.

SECTION 01 · THE MANDATE

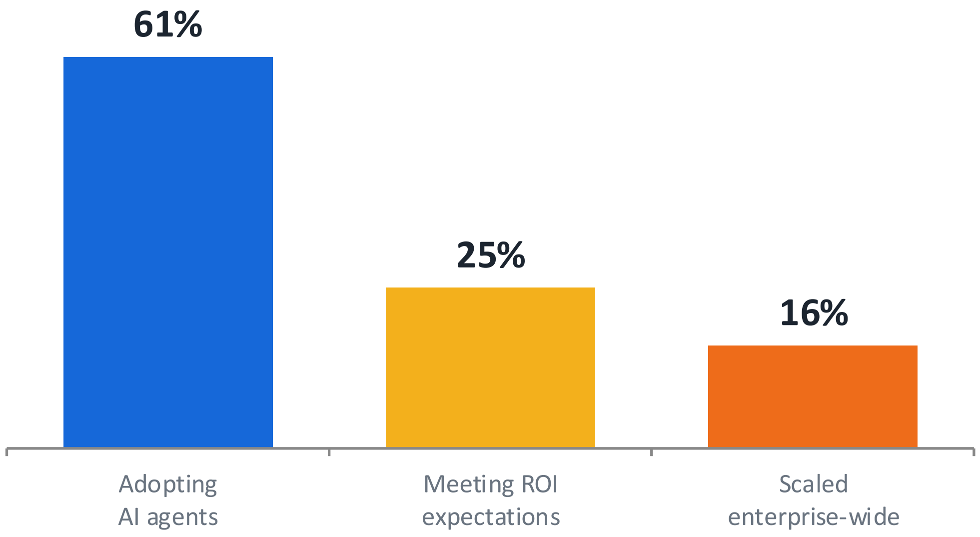
AI Is No Longer an Innovation Project — It's a Business Imperative

- Across studies from PwC, Deloitte, KPMG and others, retail and consumer CEOs consistently rank generative AI among their highest capital-allocation priorities.
- CEOs now expect the growth rate of AI investment to more than double over the next two years.
- Yet investment alone has not produced transformation — pilots are plentiful, enterprise-wide impact is rare.

*The result is the AI **"say–do gap"** — the distance between ambitious public commitments and operational execution.*

THE EXECUTION GAP

A Widening Gap Between Investment and Returns



The say–do gap, in numbers

Only **1 in 4** AI initiatives has delivered the ROI executives expected, and just **16%** have scaled across the enterprise.

More than two-thirds of leaders expect **30% or fewer** of their generative-AI pilots to fully scale in the near term.

Sources: IBM CEO Study 2025; Deloitte, State of Generative AI in the Enterprise.

CAPITAL ALLOCATION

A Top Capital Priority — But the Spending Is Still Early

Boards and investors now face a sharper question: which companies are becoming AI-powered businesses, and which are simply funding AI experiments?

75%

Name AI a top-three strategic priority for the year

97%

Expect their AI investment to grow over the next year

2×

Projected acceleration in AI investment growth

77%

Still allocate 5% or less of tech budget to AI today

Sources: BCG AI Radar; NVIDIA State of AI in Retail & CPG; IBM CEO Study; National Retail Federation.

Scaling AI, Not Piloting It

The retail industry has largely moved beyond experimentation. Three priorities now dominate CEO agendas.

01

Hyper-Personalization at Scale

The revenue opportunity — understanding intent, not just history

02

Operational Intelligence

The productivity engine — optimizing millions of decisions at once

03

Winning the AI Recommendation Economy

The new visibility battle — becoming AI-recommendable, not just searchable

PRIORITY 01 · THE REVENUE OPPORTUNITY

Hyper-Personalization at Scale

Competitive advantage will come from AI's ability to understand customer intent — not simply customer history.

- Deliver individualized product recommendations
- Generate personalized marketing content
- Optimize promotions for individual shoppers
- Reduce customer-acquisition costs
- Improve loyalty and lifetime value

48%

Customer personalization ranks among retailers' strongest sources of positive AI ROI.

A shift from demographic segmentation toward real-time behavioral personalization — as shoppers move to conversational AI assistants.

PRIORITY 02 · THE PRODUCTIVITY ENGINE

Operational Intelligence

If personalization is AI's revenue opportunity, operations is its productivity engine — augmenting managers by finding patterns humans can't detect.

Demand forecasting	Inventory optimization	Warehouse automation	Supply-chain resilience
Workforce scheduling	Dynamic pricing	Store replenishment	**Millions** of decisions optimized at once

Rather than replacing employees, AI increasingly augments them — surfacing patterns impossible to detect manually.

PRIORITY 03 · THE VISIBILITY BATTLE

Winning the AI Recommendation Economy

Consumers increasingly ask AI systems, *"What's the best running shoe?"* In these moments, traditional advertising disappears. Recommendation engines instead weigh structured product data, reviews, ratings, specifications and brand authority.

Success now depends on becoming **AI-recommendable**, not merely searchable.

GEO · AEO · LLMO the emerging discipline of AI-driven commerce

SECTION 03 · THE AGENTIC SHIFT

CEOs Are Preparing for an Agentic Workforce

Unlike traditional automation, AI agents independently execute multi-step workflows:

- Monitoring inventory
- Resolving customer-service issues
- Creating marketing campaigns
- Managing supplier communications
- Coordinating merchandising decisions

86% of U.S. CEOs say AI agents will be embedded team members within a year

61% of CEOs are already adopting AI agents and preparing to scale

23% have actually scaled AI agents in any business function

Sources: KPMG U.S. CEO Outlook; IBM CEO Study; McKinsey State of AI.

OVERSIGHT

Human + AI, Not Human versus AI

Executive optimism remains balanced by caution. Autonomy expands, but humans retain oversight of the decisions that carry the most risk.

WHERE AI LEADS

- Executing multi-step workflows
- Monitoring and routing at scale
- Drafting content and campaigns
- Coordinating operational tasks

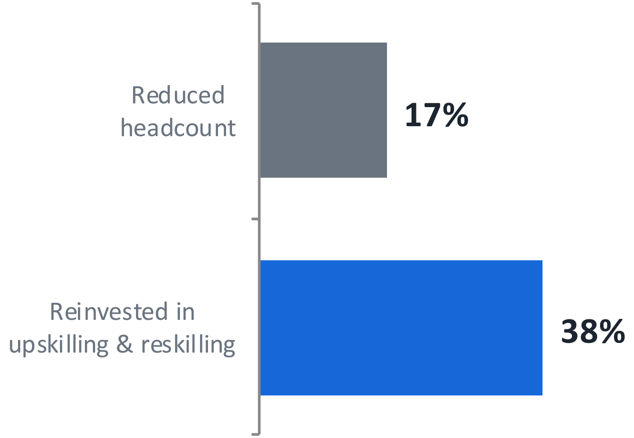
WHERE HUMANS RETAIN CONTROL

- Pricing decisions
- Brand reputation
- Legal and regulatory compliance
- Financial controls & customer experience

Workforce Reinvention Has Become a CEO Responsibility

AI is not simply changing technology — it is changing organizational design. The concern is not merely workforce reduction; it is **workforce reinvention.**

Executives increasingly describe reskilling — in analytics, prompt engineering, AI governance and human–AI collaboration — as one of the highest-return investments available, because technology adoption ultimately depends on employee adoption.



Of firms seeing AI productivity gains, reinvestment in people outweighs headcount cuts.

Sources: KPMG U.S. CEO Outlook (35% plan some reductions over 2–5 years); EY U.S. AI Pulse; BCG.

IN PRACTICE

Retail Leaders Put AI Into Practice

Strategies differ, but they share one principle: AI initiatives are increasingly tied to measurable business outcomes.

W **Walmart** Building AI "super agents" across merchandising and support; AI has cut customer-care resolution times by up to 40%.

A **Amazon** Rufus, a generative-AI shopping assistant trained on its catalog and reviews, powers conversational product recommendations.

T **Target** Deployed 10,000+ new AI licenses; applies AI to demand forecasting, supply-chain planning and associate productivity.

H **The Home Depot** "Magic Apron" generative-AI spans millions of product pages, with 175+ machine-learning and GenAI use cases in flight.

B **Best Buy** A generative-AI assistant helps associates surface product guidance and company resources for customers.

GOVERNANCE

Five Questions Every Retail Board Should Be Asking

1. Which AI initiatives are generating measurable revenue or margin improvements?
2. Can our successful pilots actually scale across the enterprise?
3. Are our products optimized for AI-driven recommendation engines?
4. Do we have the workforce capabilities to operate an AI-enabled business?
5. How are we governing AI for transparency, security, compliance and customer trust?

THE BOTTOM LINE

The race is no longer about adopting AI.
It is about operating as an AI-enabled enterprise.

The next generation of retail leaders will not be those investing the most in AI — but those who convert it from a promising technology into a repeatable business capability: one that enhances customer experiences, empowers employees, strengthens decision-making, and delivers measurable financial returns.

APPENDIX

Executive Voices & Sources

EXECUTIVE VOICES

Doug McMillon — Chief Executive Officer, Walmart

Andy Jassy — Chief Executive Officer, Amazon

Brian Cornell — Chief Executive Officer, Target

Ted Decker — Chief Executive Officer, The Home Depot

Jason Bonfig — Incoming Chief Executive Officer, Best Buy

RESEARCH SOURCES

- PwC Global CEO Survey
- Deloitte — State of Generative AI in the Enterprise
- KPMG U.S. CEO Outlook
- IBM Institute for Business Value
- National Retail Federation
- McKinsey & Company; BCG AI Radar
- Public earnings calls & investor presentations
- The Grayson Company analysis

Figures reflect 2025–2026 CEO outlooks and industry research; some are directional and are presented for illustrative context.