

RXSPG26RP

FMCG

Instore and ecommerce
report 2026

MAY 2026

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RetailX



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Introduction

For decades, success in FMCG has largely been determined by scale, distribution and dominance of physical shelf space. Ecommerce shifted part of that battle online, creating new opportunities around digital visibility and direct consumer engagement. Today, however, the market has become significantly more complex. Consumers move fluidly between stores, marketplaces, social media, streaming platforms, rapid delivery apps and increasingly AI-driven interfaces, creating a connected commerce environment in which every touchpoint has the potential to influence purchase behaviour.

Economic pressure, inflation and macroeconomic uncertainty are reshaping purchasing habits, creating a market where value and premiumisation coexist. Consumers are more intentional in how they spend, balancing affordability with “treatonomics” – small indulgences during periods of financial constraint.

At the same time, health and wellness trends, changing attitudes towards sustainability and the emergence of GLP-1 weight-loss drugs are influencing not just what consumers buy, but how much they consume.

These changing behaviours are forcing FMCG brands and retailers to rethink their operating models. Reformulation, portion control, premiumisation and functional products are increasingly central to growth, while regulation is reshaping product development, merchandising and marketing.

The industry is moving away from a traditional volume-led growth model towards one focused more heavily on value, relevance and engagement.

Technology is accelerating this shift. Retail media networks, AI-driven discovery, social commerce and algorithmic recommendation systems are redefining how products achieve visibility and conversion. Discovery is increasingly mediated by platforms rather than traditional advertising, while data and analytics have become critical competitive assets. Retailers are evolving into media and data businesses, marketplaces are becoming central gateways to consumer attention and physical stores are being digitally integrated into wider connected commerce ecosystems.

Success in this environment depends on integration. FMCG brands can no longer treat ecommerce, physical retail, media, loyalty and fulfilment as separate functions. Instead, they must operate within interconnected ecosystems where content, commerce, data and logistics work together seamlessly.

This creates both opportunity and complexity. Brands have more ways than ever to engage consumers, but also face growing fragmentation, intensified competition and increasing dependence on powerful platforms that control visibility and access to audiences.

The FMCG sector will increasingly be shaped by those organisations able to combine agility, data intelligence and strong brand differentiation. AI, connected retail media, omnichannel fulfilment and platform-driven commerce will continue to redefine engagement, while regulation and consumer expectations around trust, transparency and sustainability will become more influential.

Ultimately, the future of FMCG will belong not simply to the biggest brands or retailers, but to those capable of navigating an increasingly connected, algorithmic and consumer-driven marketplace.

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Market overview

The FMCG market in 2026 continues to grow but, at a time of cost pressures, companies are having to redefine value

The European FMCG market enters 2026 in a position that is both encouraging and challenging in equal measure. On the surface, it is a story of sustained growth and expanding value. Yet beneath that headline performance lies a more nuanced reality, shaped by economic pressure, shifting consumer priorities and an increasingly complex commercial environment. To understand where the market stands today, it is necessary to look beyond topline figures and examine the interplay between growth, constraint and behavioural change.

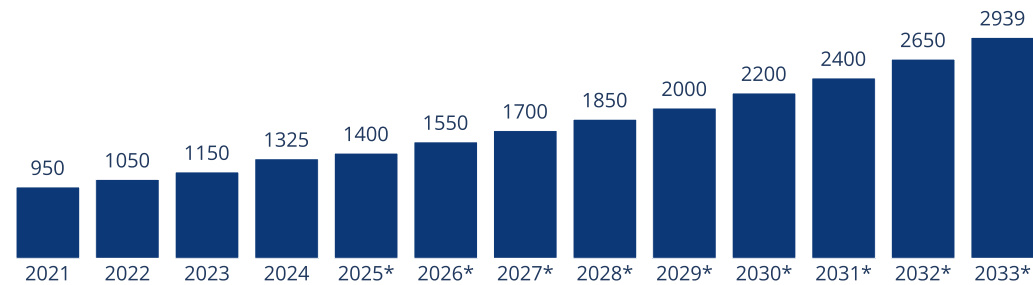
The chart opposite illustrates the scale and trajectory of the market. From a value of \$950bn in 2021, the European FMCG sector has expanded rapidly to reach a projected \$1.55tn in 2026. Looking further ahead, the market is expected to approach \$3tn by 2033. This represents a substantial uplift in absolute value, underlining the enduring importance of FMCG within the wider consumer economy.

However, this growth has not been driven solely by increased consumption. A significant proportion reflects inflationary pressures that have pushed prices upwards across categories, from raw materials and production to logistics and retail.

At the same time, growth has been supported by structural shifts within the market. Premiumisation

FMCG Market size (\$bn), 2021-33

Europe



*Forecasted. Study conducted in 2024

Source: DMI Analysis Company Publications

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continues to play a role, even in a constrained economic environment, as consumers selectively trade up in categories that deliver perceived value, whether functional or emotional.

The expansion of ecommerce and the emergence of retail media networks have also unlocked new routes to market, enabling brands to capture demand in more targeted and dynamic ways.

Yet while these factors contribute to the market's upward trajectory they also introduce new layers of complexity, particularly as consumer behaviour becomes less predictable and more fragmented.

This tension between growth and constraint is brought into sharper focus in the two charts overleaf

on page four, which explore how consumers are responding to reduced disposable income. What emerges is a clear shift away from uniform belt-tightening towards more strategic and differentiated spending behaviours. Across generations, the most common response is to reduce spending across all categories equally, particularly among older consumers such as Boomers and, to a slightly lesser extent, Millennials. However, this apparent uniformity masks deeper behavioural nuances.

Younger consumers – and Generation Z in particular – are more likely to rebalance rather than simply reduce. A notable proportion report cutting back overall while increasing spend in specific categories that matter most to them. This reflects a prioritisation mindset, where spending is not abandoned but

redirected towards areas that deliver greater satisfaction or utility.

Generation X, by contrast, shows a stronger tendency to go without certain items altogether, suggesting a more pragmatic and necessity-driven approach to financial pressure. Millennials sit somewhere between these positions, balancing broad reductions with selective prioritisation.

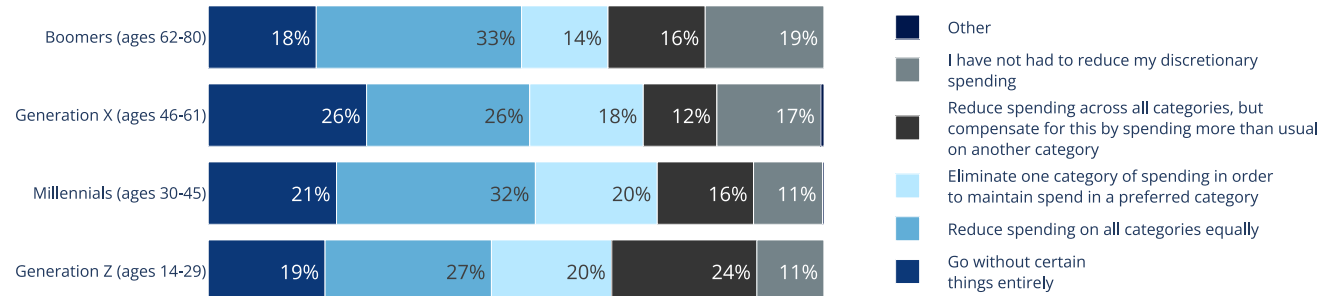
Income segmentation reinforces this picture of a market defined by divergence. Lower-income households are significantly more likely to forgo purchases entirely, highlighting the real impact of economic pressure on day-to-day consumption. By contrast, higher-income groups demonstrate greater flexibility, often reducing overall spend while continuing to invest in preferred categories.

A substantial proportion of affluent consumers report no need to reduce discretionary spending at all, underlining the extent to which financial resilience shapes behaviour. The result is an increasingly polarised market, where growth opportunities coexist with areas of acute constraint.

This dynamic is closely aligned with the concept of “treatonomics”, which has become a defining feature of the current consumer landscape. Rather than simply cutting back, consumers are making conscious trade-offs, reducing expenditure in some areas in order to preserve spending in others that provide comfort, enjoyment or a sense of normality. For FMCG brands, this means that even everyday categories are subject to a new level of scrutiny, as consumers continually reassess what constitutes value.

Customer response to reduced disposable income

By generation



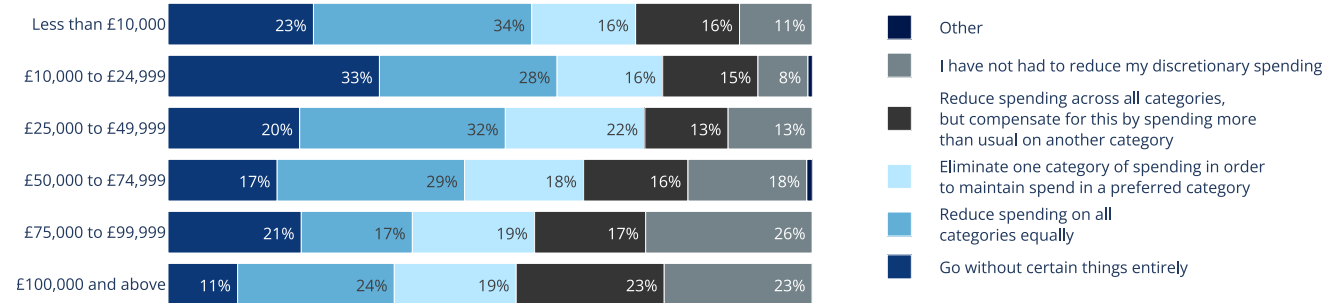
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'With household bills increasing, there is less money left for spending on retail, leisure, activities... When faced with a reduced amount available to spend, which of these best characterises your approach:'

Source: ConsumerX

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Customer response to reduced disposable income

By income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "With household bills increasing, there is less money left for spending on retail, leisure, activities... When faced with a reduced amount available to spend, which of these best characterises your approach?"

Source: ConsumerX

RetailX 2026
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VERTICAL IMPACT: FOOD AND BEVERAGE

Looking at some of the key constituent verticals within FMCG helps further to categorise how the sector is performing and how macroeconomics impact sales.

The resilience of food and non-alcoholic drinks, as shown in charts opposite, reflects this recalibration. As a fundamentally non-discretionary category, food remains relatively protected from significant declines in overall spend. Across all generations, the prevailing expectation is that spending will remain broadly stable, particularly among older consumers.

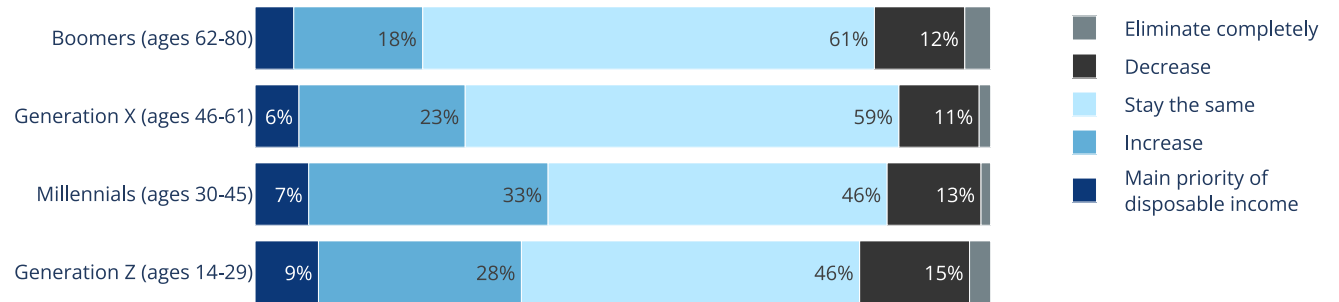
However, beneath this stability lies a degree of dynamism that is especially evident among younger cohorts. Millennials and Generation Z are more likely than their older counterparts to anticipate increasing their spend, suggesting that food continues to serve as both a necessity and a vehicle for discretionary expression, whether through premium products, convenience or experiential consumption.

At the same time, there remains a meaningful proportion of consumers – particularly among younger groups – who expect to reduce their spending. This duality highlights the internal trade-offs taking place within the category. Consumers may spend less overall, but more selectively, switching between brands, formats and price points depending on their priorities. Income data further reinforces this pattern.

Higher-income households are significantly more likely to increase their spending, reflecting both greater financial capacity and a stronger inclination towards premiumisation. Lower-income groups, by contrast, are more likely to cut back, although not by much, underscoring the essential nature of the category.

Expected changes in spending on food and non-alcoholic drinks over the next 12 months

By Generation



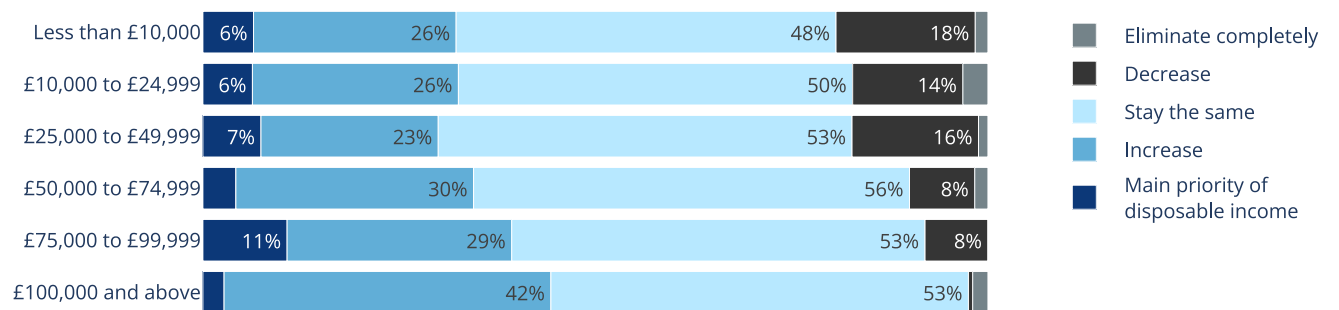
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'Over the next 12 months, how do you expect your spending to change in each of the following categories?-Food and non-alcoholic drinks'

Source: ConsumerX

RetailX 2026
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Expected changes in spending on food and non-alcoholic drinks over the next 12 months

By Income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'Over the next 12 months, how do you expect your spending to change in each of the following categories?-Food and non-alcoholic drinks'

Source: ConsumerX

RetailX 2026
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VERTICAL IMPACT: HOUSEHOLD GOODS

If food represents resilience, household goods and services, as illustrated in charts opposite, represent a more exposed segment of the FMCG market. While a majority of consumers still expect spending to remain stable, there is a noticeably higher proportion anticipating reductions, particularly among Generation X and lower-income groups.

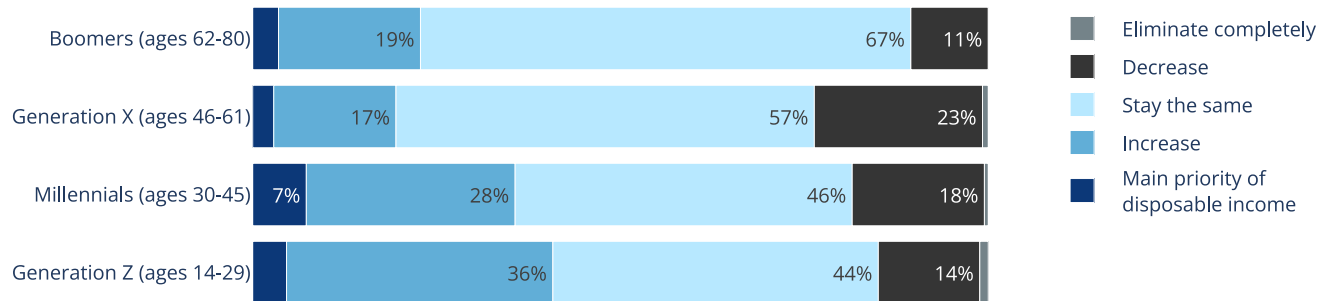
This reflects the more deferrable nature of many household purchases, which can typically be delayed, substituted or scaled back in response to financial pressure.

Generational differences again play a role. Older consumers, particularly Boomers, exhibit greater stability in their expectations, while younger consumers show more variability, with a relatively high proportion of Generation Z expecting to increase spending. This may in part reflect life-stage factors, such as setting up homes or increasing independence, which drive demand for household goods.

Income disparities are equally pronounced. Lower-income households are significantly more likely to reduce spending, while higher-income groups show a greater propensity to increase it, often investing in higher-quality or more specialised products. The middle-income brackets, meanwhile, appear to be caught between these extremes, balancing stability with selective cutbacks.

Expected changes in spending on household goods and services over the next 12 months

By Generation



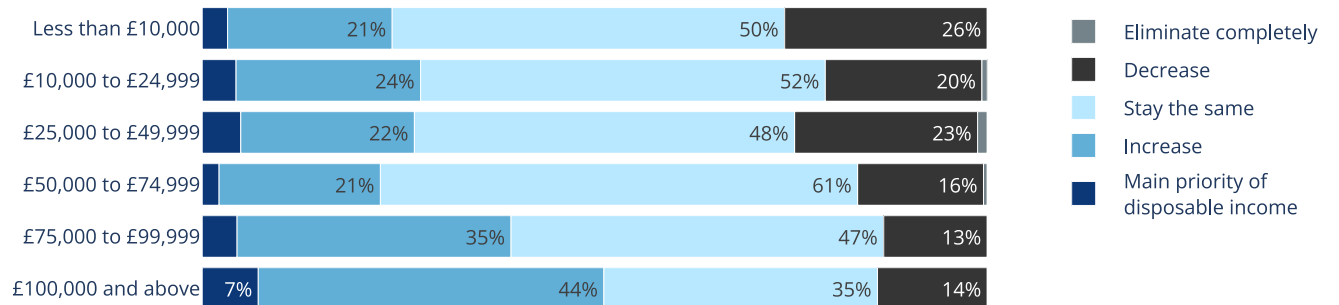
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'Over the next 12 months, how do you expect your spending to change in each of the following categories?-Household goods and services'

Source: ConsumerX

RetailX 2026
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Expected changes in spending on household goods and services over the next 12 months

By Income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'Over the next 12 months, how do you expect your spending to change in each of the following categories?-Household goods and services'

Source: ConsumerX

RetailX 2026
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VERTICAL IMPACT: PERSONAL CARE

Personal care, explored in the charts opposite, occupies an intermediate position between necessity and discretion. Across all generations, the dominant expectation is that spending will remain stable, particularly among older consumers. However, younger cohorts again display greater variability, with Generation Z leading expected increases. This reflects the importance of personal care within younger consumers' lifestyles, where it is often linked to identity, self-expression and well-being.

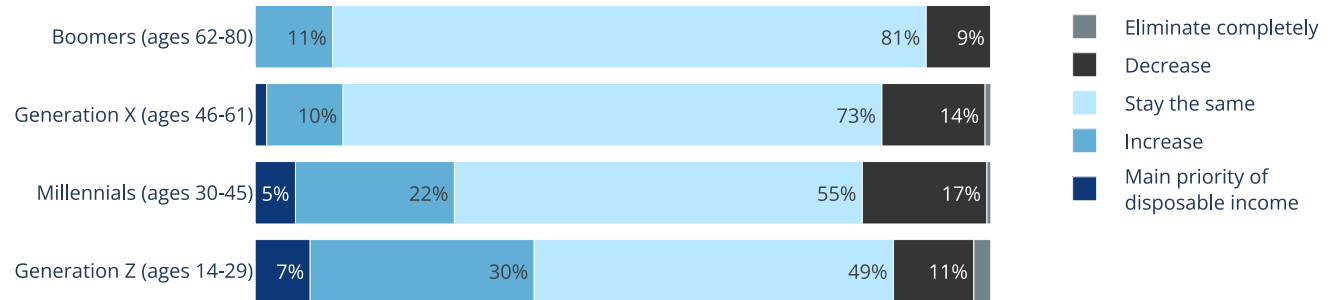
At the same time, there is evidence of optimisation within the category. Even among higher-income groups, a notable proportion expect to reduce spending, suggesting that personal care is an area where consumers are willing to make adjustments without abandoning the category altogether. Lower-income households are more likely to cut back, reinforcing the broader pattern of financial constraint driving more cautious consumption.

Overall, the category is increasingly defined by a focus on value, with consumers seeking products that deliver clear and tangible benefits.

Taken together, these category-level insights reveal a market shaped by continuous trade-offs. Consumers are not simply spending more or less; they are making deliberate decisions about where to allocate their resources. This has created a landscape in which growth is uneven, with some categories demonstrating resilience while others face greater pressure. It has also intensified the importance of differentiation, as brands compete not just for share of wallet, but for a place within consumers' prioritised spending.

Expected changes in spending on personal care over the next 12 months

By Generation



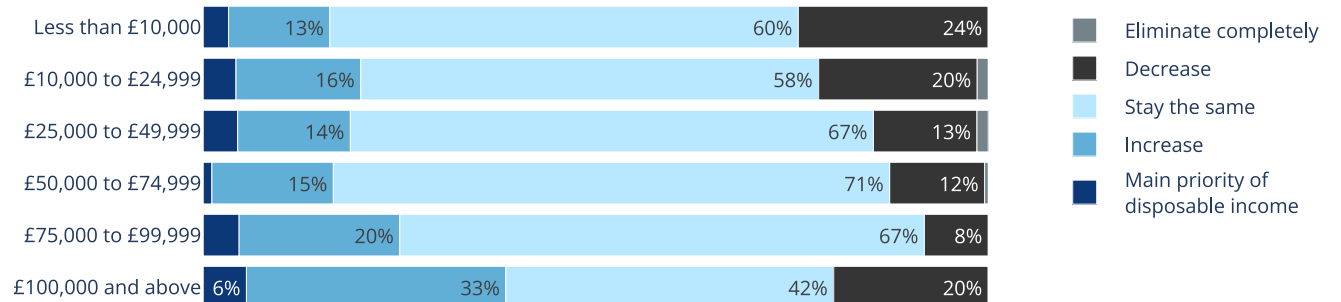
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "Over the next 12 months, how do you expect your spending to change in each of the following categories?" Personal care

Source: ConsumerX

RetailX 2026
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Expected changes in spending on personal care over the next 12 months

By Income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "Over the next 12 months, how do you expect your spending to change in each of the following categories?" Personal care

Source: ConsumerX

RetailX 2026
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FUNDAMENTAL TRANSFORMATION

At the same time, the broader FMCG environment is undergoing a fundamental transformation. The traditional model, centred on physical shelf space, has evolved into a far more complex ecosystem that encompasses ecommerce platforms, digital marketplaces, social media and retail media networks.

Consumers now navigate seamlessly between these channels, with their journeys shaped by algorithmic recommendations, targeted advertising and, increasingly, AI-driven interactions. This shift has profound implications for how products are discovered, evaluated and purchased.

In this context, visibility and relevance have become as important as availability. Brands must compete not only with direct category rivals, but with a wide array of alternative claims on consumers' attention and spending. The rise of agentic commerce, in which automated systems play a growing role in decision-making, further complicates this landscape, introducing new intermediaries between brands and consumers.

As a result, the path to purchase is no longer linear, but fluid and interconnected, requiring a more integrated and adaptive approach to engagement.

Against this backdrop, the challenges facing the FMCG sector are significant:

- **Margin** pressure remains a persistent concern, as rising costs collide with consumers' heightened sensitivity to price and value;
- **Demand** is increasingly fragmented, making it more difficult to develop one-size-fits-all strategies;
- **Categories** differ in their resilience, requiring careful portfolio management and targeted investment;
- **Growing complexity** of the commerce ecosystem demands greater coordination across channels, data and capabilities.
- **Regulatory and societal shifts** add further layers of complexity. Health and wellness trends are reshaping product development, while increasing scrutiny of ingredients such as fat, sugar and salt is influencing both formulation and marketing;
- **Sustainability** expectations continue to rise, requiring brands to balance environmental commitments with cost considerations.
- **Product innovations** such as weight-loss medications are beginning to influence consumption patterns in ways that are not yet fully understood.

Ultimately, the FMCG market in 2026 is defined less by its scale than by its complexity. Growth remains strong, but it is increasingly difficult to capture. Consumers are more deliberate, more selective and more diverse in their behaviours. They are navigating a wider range of choices, across a broader set of channels, within a context of ongoing economic uncertainty.

For brands and retailers, this requires a shift in mindset. Success will depend not simply on being present in the market, but on understanding how and why consumers make the choices they do. It will require greater precision in targeting, greater flexibility in execution and a deeper integration of physical and digital experiences. Above all, it will demand a focus on relevance – ensuring that products and propositions align with the evolving priorities of consumers who are constantly reassessing what matters most.

In this environment, the rules of FMCG growth are indeed being rewritten. The winners will be those that can navigate this complexity, balancing scale with specificity, efficiency with innovation and consistency with adaptability. As the market continues to evolve, the ability to respond to these shifting dynamics in real time will become the defining characteristic of success.

BALL OF CONFUSION: GLOBAL ECONOMIC FORCES RESHAPING FMCG DEMAND

To a large degree, the global FMCG market in 2026 is being shaped less by category-level dynamics and more by a complex and often volatile macroeconomic backdrop. While consumer goods have historically proven resilient through economic cycles, the current environment is marked by an unusual convergence of pressures.

The global economy is entering a period of moderated expansion. According to the International Monetary Fund, global GDP growth is expected to settle at just over 3% in 2026, down from previous decades and reflective of a broader slowdown across advanced economies^[1]. This deceleration is not cyclical alone. It also reflects structural headwinds, including ageing populations, weaker productivity growth and lingering post-pandemic imbalances. The World Bank similarly notes that global growth across the 2020s is on track to be the slowest of any decade since the 1960s^[2].

For FMCG, this matters because economic growth and consumption are closely intertwined. Slower GDP expansion translates into more cautious consumer spending, particularly in discretionary categories. Even where demand remains stable in volume terms, the ability to drive incremental growth becomes more constrained. This is increasingly evident in markets where FMCG volume growth is slowing despite continued value expansion, suggesting that price rather than consumption is driving topline gains.

Headline inflation has eased from the peaks seen in the early 2020s, yet it continues to shape both

pricing strategies and consumer behaviour. Data from NielsenIQ shows that much of the recent growth in FMCG sales globally has been driven by consumers paying more for less, with value growth outpacing volume as price increases filter into supply chains^[3].

This dynamic creates a delicate balancing act for brands and retailers. On one hand, cost pressures – from raw materials and energy to labour and logistics – necessitate price increases to protect margins. On the other, consumers are increasingly resistant to higher prices, particularly in lower-income segments. The result is a market defined by trading down, private label growth and heightened price sensitivity, even as certain segments continue to premiumise.

Monetary policy compounds this. In response to inflation, central banks across major economies have maintained relatively tight financial conditions, with interest rates remaining elevated compared to the pre-pandemic era. While easing is underway in some regions, borrowing costs continue to weigh on both consumer and corporate behaviour. For households, higher interest rates reduce disposable income through increased mortgage and debt servicing costs, directly constraining spending. For businesses, they raise the cost of investment, limiting expansion and innovation in FMCG supply chains.

The labour market adds another layer of complexity. While employment levels in many advanced economies remain relatively strong, wage growth is beginning to moderate, while real income gains remain uneven. The Organisation for Economic Co-operation and Development notes that consumer spending is showing signs of softening, even as labour markets remain tight, indicating a disconnect between

employment stability and spending confidence^[4]. For FMCG, this translates into cautious consumption: households may be employed, but they are increasingly selective in how they allocate their spending.

Geopolitical instability is also exerting a growing influence on FMCG markets. Ongoing conflicts and tensions – particularly in energy-producing regions – have introduced volatility into commodity markets and global supply chains. Recent IMF analysis highlights the risk of rising oil prices, not least a resultant and significant increase in global inflation. Higher energy costs feed directly into FMCG production and distribution, increasing costs across the value chain and ultimately impacting shelf prices.

Geopolitical tensions are reshaping global trade patterns. The past decade has seen a gradual shift away from highly globalised supply chains towards more regionalised or “friend-shored” models. Trade tensions, tariffs and regulatory divergence are introducing friction into international commerce, slowing the flow of goods and increasing costs. The IMF has warned that global trade growth has slowed sharply as a result, with knock-on effects for manufacturing, logistics and retail. For FMCG companies, which rely heavily on complex, cross-border supply networks, this creates both operational challenges and cost pressures.

Emerging markets, long seen as a key growth engine for FMCG, are also experiencing a more uneven trajectory. While some economies continue to deliver strong growth, others are facing

headwinds from currency volatility, inflation and weaker external demand. Recent data highlights a divergence between urban and rural consumption in markets such as India, where overall FMCG growth has slowed due to weaker rural demand despite continued urban expansion.

Private consumption remains the primary driver of global economic activity, but its composition is changing. As inflation moderates, real incomes are expected to recover gradually in some regions, providing a degree of support for spending. However, this recovery is uneven and fragile, particularly in lower-income economies where inflationary shocks have had a more pronounced impact.

For FMCG, this creates a landscape defined by divergence rather than uniformity. In higher-income markets, consumers are increasingly engaging in selective premiumisation, particularly in categories linked to health, wellness and convenience. In lower-income segments, the focus remains firmly on affordability and value, driving demand for smaller pack sizes, private label products and discount formats.

The psychological dimension of the macroeconomic environment also needs to be factored in. Consumer sentiment remains subdued in many markets, even where economic indicators are relatively stable. Uncertainty – whether driven by inflation, geopolitical events or broader economic outlook – has a dampening effect on spending, encouraging precautionary behaviour and reducing willingness to make discretionary purchases.

This is particularly relevant for FMCG categories that straddle the line between necessity and indulgence, where emotional factors play a significant role in purchasing decisions.

[1] www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025

[2] <https://thedocs.worldbank.org/en/doc/8bf0b62ec6bcb886d97295ad930059e9-0050012025/original/GEP-June-2025.pdf>

[3] https://cbgmanagementcoaching.co.uk/wp-content/uploads/2024/10/Nielsen-Guide-to-2025-Mid-Year-Consumer-Outlook-Full-Report_90de1a.pdf

[4] www.oecd.org/content/dam/oecd/en/publications/reports/2025/12/oecd-economic-outlook-volume-2025-issue-2_413f7d0a/9f653ca1-en.pdf

Consumers: the real market drivers

Consumer habits drive the FMCG market, so what are they buying, why are they buying it and where is that happening?

If the previous section establishes the scale of the FMCG market and the macroeconomic forces shaping it, the following data makes clear where real momentum originates. Consumers are not simply responding to the market, they are actively redefining it. Their priorities, constraints and expectations are reshaping how value is perceived, how products are discovered and how purchases are made.

The result is a market that is increasingly demand-led, fluid and segmented, where growth is dictated less by supply-side innovation alone and more by how well brands align with evolving consumer behaviours.

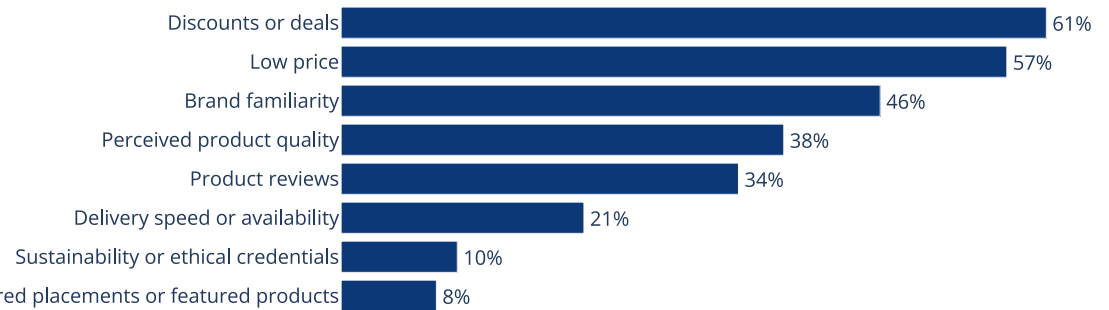
BIFURCATION OF DEMAND

One of the most defining characteristics of the current FMCG landscape is the growing divide in how different consumers engage with the market. Economic disparity is not a new phenomenon, but its impact on consumption is becoming more pronounced, creating a bifurcated market where value and premium propositions coexist – and often thrive simultaneously.

The charted data opposite on key decision factors for everyday online purchases highlights the primacy of price in this environment. Discounts or deals (60.7%)

Key decision factors for everyday online purchases

The UK



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "When buying everyday items such as groceries, toiletries or household products online, which factors most influence what you choose?"

Source: ConsumerX

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and low price (57.3%) are the most influential factors by a considerable margin, reinforcing the extent to which cost sensitivity dominates purchasing decisions.

Yet this is not purely a race to the bottom. Brand familiarity (46.4%) and perceived product quality (38.1%) remain highly influential, indicating that consumers are not abandoning brand-led decision-making but are recalibrating it through a value lens.

This tension between price and perceived value reflects a deeper structural divide. Lower-income consumers are increasingly driven by necessity, prioritising affordability and seeking out promotions, private label alternatives and smaller pack sizes. For these shoppers, FMCG purchasing is often about managing constraint, with little room for discretionary

uplift. In contrast, higher-income consumers are more insulated from economic pressure and therefore more able to engage with premiumisation, whether through higher-quality products, ethical credentials or convenience-led services.

What emerges is not a single market, but two parallel ones. At one end, value-driven consumption dominates, characterised by price sensitivity and substitution. At the other, selective premiumisation continues, with consumers willing to pay more for products that align with their preferences or lifestyles.

The challenge for FMCG brands is navigating this divide without becoming trapped in the increasingly squeezed middle.

HEALTH AND WELLNESS RESHAPE CONSUMPTION

Health and wellness trends are another major force shaping FMCG demand, influencing not only what consumers buy, but also how they think about consumption more broadly. The growth of the healthy foods market, projected to increase from \$182.88bn in 2023 to nearly \$489bn by 2033, reflects a sustained shift towards products that align with health-conscious lifestyles.

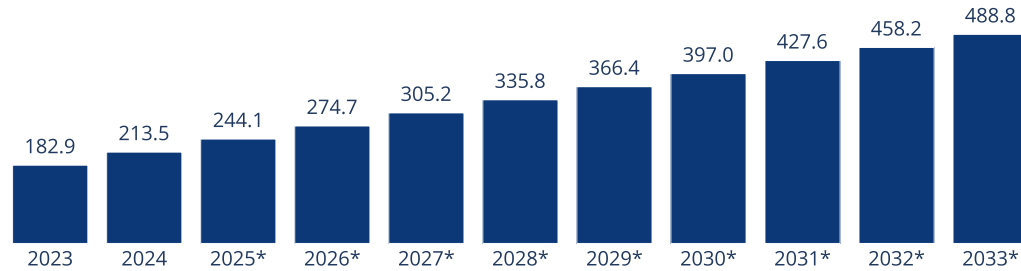
This trend is driven by a combination of factors, including increased awareness of nutrition, the influence of social media and the growing prevalence of lifestyle-related health conditions. Functional foods, which offer specific health benefits beyond basic nutrition, are gaining traction, as are organic and natural products. The data opposite (bottom) shows that while conventional products will continue to dominate in absolute terms, the organic segment is growing rapidly, highlighting a shift in consumer priorities.

At the same time, emerging developments such as GLP-1 weight-loss drugs have the potential to reshape consumption patterns in more fundamental ways. While health and wellness trends have long influenced consumer behaviour, these drugs have the potential to move beyond influencing what people choose to eat and instead reshape how much they consume altogether.

Ozempic and Wegovy, along with Mounjaro and Zepbound, are the most prominent examples currently on the market. These have been joined by newer pipeline treatments such as retatrutide, pointing to a rapidly expanding category.

Healthy foods Market Size (\$bn), 2023-33

Europe



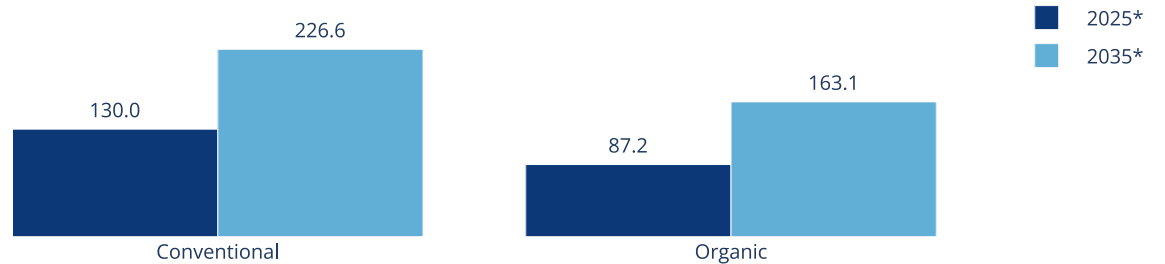
*Forecasted. Study conducted in 2025

Source: Market Data Forecast analysis

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Healthy foods Market, by nature (\$bn), 2025-35

Europe



*Forecasted. Study conducted in 2024

Source: Market Research Future

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In the United States alone, spending on GLP-1 drugs reached more than \$70bn in 2023, up roughly fivefold from 2018. More recently, adoption has expanded rapidly at the household level, with usage rising from around 11% to over 16% of households within a year ^[1].

This speed of adoption is critical. Unlike many health trends, which take years to translate into measurable shifts in consumption, GLP-1 drugs are already demonstrating tangible effects on how people eat – and, by extension, how they shop.

At the most fundamental level, these medications reduce overall calorie intake. Across multiple studies, users consume between 16% and 39% fewer calories, with some analyses showing average reductions of around 700–800 calories per day. Controlled trials also show significant reductions in energy intake at individual meals, often in the range of 20–30% or more. This is not simply a matter of eating slightly less, it represents a structural shift in consumption behaviour ^[2].

Importantly, the reduction is not uniform across all types of food. Research indicates that intake of high-fat, high-sugar foods declines disproportionately, with consumption of sweet and calorie-dense products falling by up to 40% in some studies ^[3]. At the same time, appetite suppression is accompanied by reduced cravings and lower responsiveness to food cues, meaning that impulse-driven purchases – long a driver of FMCG growth – may decline.

These behavioural changes are now beginning to translate into measurable impacts on FMCG spending. Real-world data shows that households using

GLP-1 drugs reduce their grocery expenditure by around 5.3% within six months, with higher-income households seeing declines of more than 8% ^[4].

The effect is particularly pronounced in categories such as snacks, confectionery and baked goods, where purchases have fallen by over 10%. Spending on restaurants and fast food has also declined by around 8%, indicating a broader shift in consumption beyond the retail channel ^[4].

At the same time, not all categories are negatively affected. There is evidence of increased spending on healthier products, including fresh produce, yoghurt and nutrition-focused snacks. This suggests that GLP-1 drugs are not simply reducing consumption, but redistributing it – away from calorie-dense, indulgent categories and towards products aligned with health and wellness goals.

Snacking, confectionery and convenience foods are among the most exposed, as they are directly linked to appetite and impulse. By contrast, categories associated with nutrition, functionality or health positioning may benefit, particularly if they align with the dietary patterns of GLP-1 users.

However, the impact extends beyond category performance. These drugs also influence the psychology of consumption. By altering hunger signals and reward pathways in the brain, they reduce the emotional pull of food, including the desire for indulgence. This could have longer-term implications for trends such as “treatonomics” (see page 15), potentially dampening demand for small indulgences that have been a key growth driver in recent years.

There are also important nuances to consider:

- **Adoption** – the impact of GLP-1 drugs is not uniform across the population. Adoption remains skewed towards higher-income consumers, at least in the short term, due to cost and access. The effects on FMCG demand may initially be concentrated within more affluent segments – ironically, those that have traditionally driven premium growth.

- **Timeframe** – The durability of behavioural change is still being assessed. Some studies suggest that reduced consumption patterns can persist even after discontinuation of the drugs, indicating the potential for lasting shifts in habits.

- **Societal and regulatory considerations** – As these drugs become more widespread, they may influence public health outcomes, insurance models and even food policy. For FMCG companies, this introduces an additional layer of complexity, as they must navigate not only changing consumer behaviour but also evolving regulatory and healthcare landscapes.

- **FMCG inflection point** – Where previous trends have primarily shifted demand within categories, these medications have the potential to reduce overall consumption while reshaping preferences. The drugs therefore challenge one of the assumptions underpinning FMCG sector thinking: that demand will continue to expand alongside population and income.

[1] www.washingtonpost.com/wellness/2025/04/21/ozempic-wegovy-diabetes-weight-spending

[2] <https://pmc.ncbi.nlm.nih.gov/articles/PMC11340591>

[3] www.nature.com/articles/s41366-024-01500-y

[4] <https://people.com/glp-1-users-are-spending-less-at-the-grocery-store-11876440>

RESHAPING 'THE CHOICE ARCHITECTURE': REGULATION, REFORMULATION AND THE FUTURE OF FOOD

Closely linked to health trends is the role of regulation in shaping the FMCG market. Regulation is becoming one of the most powerful structural forces shaping the FMCG market, particularly in food and drink. While consumer preferences around health and wellness have been evolving for years, government intervention is accelerating and formalising these shifts, turning them from optional trends into mandatory requirements. Because of this, regulation is not only influencing what consumers buy, but also what brands are able to produce, promote and sell.

At the centre of this transformation in the UK and increasingly in other markets is the regulation of products high in fat, sugar and salt (HFSS). In the UK, HFSS regulations have been in place since October 2022, while the Health and Care Act has been updated in 2026 to introduce a 9pm watershed around advertising these products. This is widely regarded as one of the most stringent regulatory frameworks globally, particularly because of its extension into digital channels, where FMCG marketing has become increasingly concentrated.

The scale of impact is significant. Estimates suggest that these restrictions could remove around £200mn in annual TV advertising spend from the FMCG sector, forcing brands to rethink how they reach consumers. More broadly, they represent a fundamental shift in the rules of engagement. Traditional mass advertising – long a cornerstone of FMCG brand-building – is being curtailed,

particularly for categories such as confectionery, snacks and sugary drinks.

Taken together, these measures are designed to reshape the 'choice architecture' of food consumption. The expectation is not that consumers will be forced to change behaviour, but that the environment in which decisions are made will subtly nudge them in a different direction.

For FMCG brands, the implications are profound. Perhaps the most immediate impact is on marketing strategy. With traditional advertising channels restricted, brands must find alternative ways to maintain visibility and relevance. This has accelerated the shift towards brand-led advertising that does not feature specific HFSS products, as well as increased investment in owned channels, influencer partnerships and in-store activation.

At the same time, regulation is driving a wave of product reformulation. Faced with restrictions on promoting HFSS products, many manufacturers are actively reformulating their portfolios to reduce levels of fat, sugar and salt, enabling them to fall below regulatory thresholds. This is not a marginal adjustment, but a fundamental shift in product development priorities.

This has knock-on effects across the value chain. Ingredient sourcing, manufacturing processes and even packaging can be affected, as brands seek to deliver healthier products without compromising consumer appeal. In some cases, this has led to the development of entirely new product lines positioned around health and wellness, while in others it has resulted in incremental changes to existing products.

Regulation is also influencing innovation pipelines. Categories that are heavily affected by HFSS rules, such as confectionery and savoury snacks, are seeing increased experimentation with reduced-sugar formulations, portion-controlled formats and functional ingredients. At the same time, categories aligned with health and wellness are benefiting from a more favourable regulatory environment.

However, the impact of regulation is not uniform. Larger FMCG companies, with greater resources and more diversified portfolios, are generally better positioned to adapt. They can invest in reformulation, reallocate marketing spend and leverage brand equity to navigate restrictions. Smaller companies, by contrast, may face greater challenges, particularly if they rely heavily on a narrow range of HFSS products or lack the scale to absorb increased costs.

There are also important questions about the unintended consequences of these regulations. While the goal is to reduce unhealthy consumption, some critics argue that restrictions may simply shift marketing activity rather than eliminate it, or that they may disproportionately affect certain sectors without fully addressing underlying dietary behaviours.

Ultimately, regulation is accelerating a broader transformation in the food and drink market. It is redefining what success looks like in FMCG – not just in terms of sales, but in terms of how well brands can adapt to a landscape where the rules of engagement are increasingly set not only by consumers, but by policymakers as well.

TREATONOMICS: THE PSYCHOLOGY OF VALUE

Amid economic pressure, one of the most important behavioural shifts is the rise of “treatonomics” – the tendency for consumers to balance cost-cutting with small, meaningful indulgences. This is not simply a reaction to financial constraint, but a reflection of the psychological role that consumption plays in everyday life.

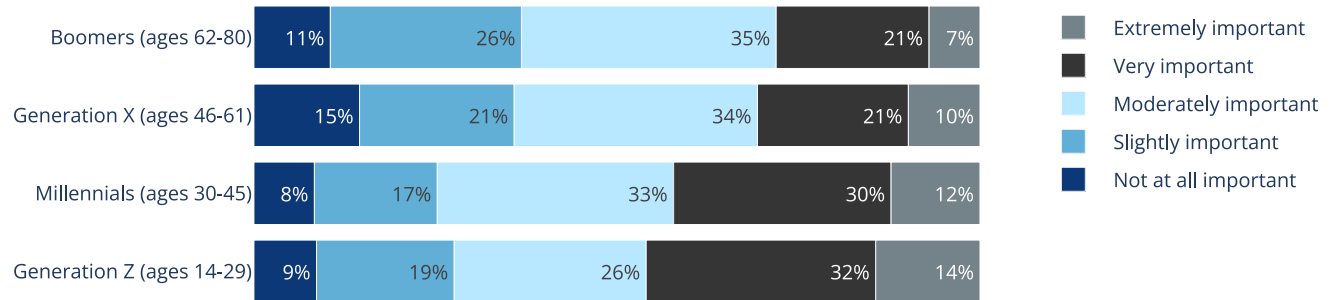
The data opposite on the importance of purchases feeling like a treat highlights clear generational differences. Younger consumers, particularly Millennials and Generation Z, place greater emphasis on the emotional dimension of spending. Among Gen Z, nearly half consider the “treat” aspect to be very or extremely important, compared to a smaller proportion of older consumers. This suggests that, for younger cohorts, FMCG purchases are not purely functional, but are also tied to identity, reward and self-expression.

Income segmentation adds another layer of nuance. While the importance of treats is evident across all income groups, it becomes more pronounced at higher income levels, where a greater proportion of consumers rate it as very or extremely important. However, even among lower-income groups, a significant share still values this aspect, underscoring the universality of the desire for small indulgences.

This dynamic reinforces the idea that value is not synonymous with low price. Consumers are willing to spend more where they perceive a product to deliver emotional or experiential benefits, even as they cut back elsewhere. For FMCG brands, this creates opportunities to differentiate through positioning, packaging, storytelling and product innovation.

Importance of the purchase feeling like a treat or reward when deciding whether to make a purchase

By Generation



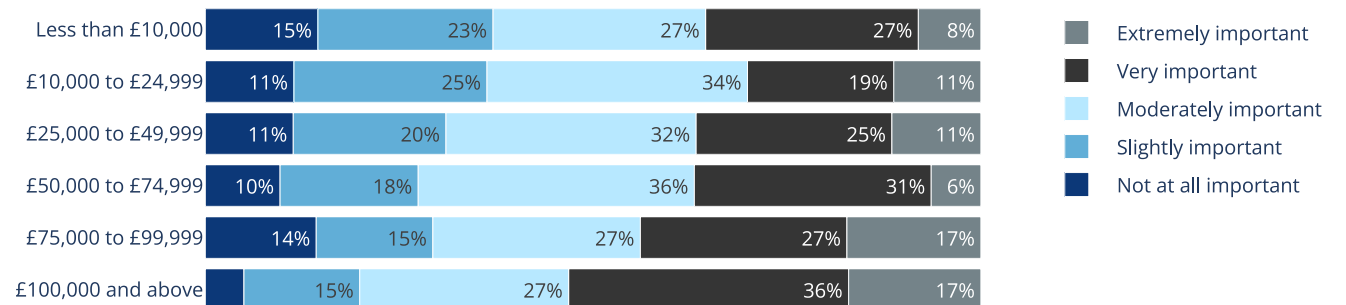
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "As prices have increased and many people need to be more considered about what they spend, how important are the following factors when you decide whether or not to make a purchase?" It feels like a treat or reward

Source: ConsumerX

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Importance of the purchase feeling like a treat or reward when deciding whether to make a purchase

By Income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "As prices have increased and many people need to be more considered about what they spend, how important are the following factors when you decide whether or not to make a purchase?" It feels like a treat or reward

Source: ConsumerX

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ATTITUDES TOWARDS SUSTAINABILITY AND RESPONSIBLE CONSUMPTION

Sustainability remains an important, if uneven, driver of consumer behaviour. The data opposite shows that a relatively small proportion of consumers cite sustainability or ethical credentials as a primary influence on everyday purchases, with percentages ranging from around 7% to 12% across most generational groups.

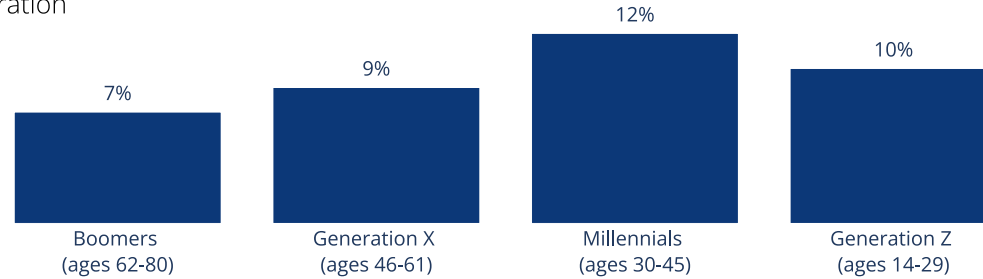
However, this headline figure masks significant variation by income. Among higher-income consumers, particularly those earning more than £100,000, sustainability plays a much more prominent role, influencing over a quarter of purchasing decisions.

This suggests that, while sustainability is widely recognised as important, its influence on actual behaviour is often mediated by affordability. Consumers may aspire to make more sustainable choices, but are not always able to prioritise them when faced with financial constraints.

This creates a complex dynamic for FMCG brands. Sustainability cannot be treated as a niche concern, but neither can it be assumed to drive behaviour uniformly across the market. Instead, it must be integrated into broader value propositions, balancing ethical considerations with cost and convenience.

People influenced to purchase everyday items by sustainability or ethical credentials

By Generation



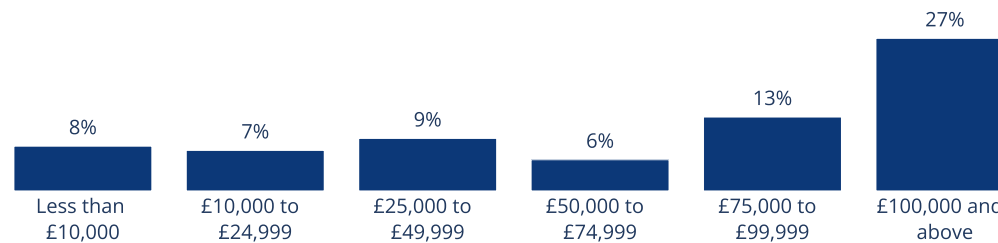
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "When buying everyday items such as groceries, toiletries or household products online, which factors most influence what you choose?" Sustainability or ethical credentials

Source: ConsumerX

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RXSPG26RP-14-v5

People influenced to purchase everyday items by sustainability or ethical credentials

By Income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "When buying everyday items such as groceries, toiletries or household products online, which factors most influence what you choose?" Sustainability or ethical credentials

Source: ConsumerX

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DELIVERY, CONVENIENCE AND THE LAST MILE

The growing importance of convenience is also reshaping expectations around delivery and fulfilment. The data opposite shows that delivery speed or availability influences a significant proportion of purchasing decisions, particularly among younger and higher-income consumers.

Generation Z and Millennials are notably more influenced by delivery factors than older cohorts, reflecting their greater familiarity with ecommerce and on-demand services.

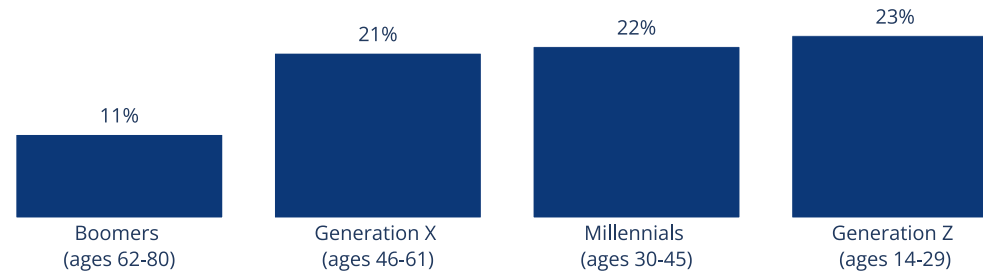
Income differences are equally pronounced. Higher-income consumers are significantly more likely to prioritise delivery speed, with more than a third of those earning above £100,000 citing it as an influence. This reflects both a greater willingness to pay for convenience and higher expectations around service levels.

The rise of rapid delivery, click-and-collect services and omnichannel fulfilment models is a direct response to these expectations. Consumers increasingly expect products to be available when and where they want them, with minimal friction.

For FMCG brands and retailers, this places greater emphasis on logistics, inventory management and last-mile capabilities, as well as on integrating these elements into a seamless overall experience.

People influenced to purchase everyday items by delivery speed or availability

By Generation



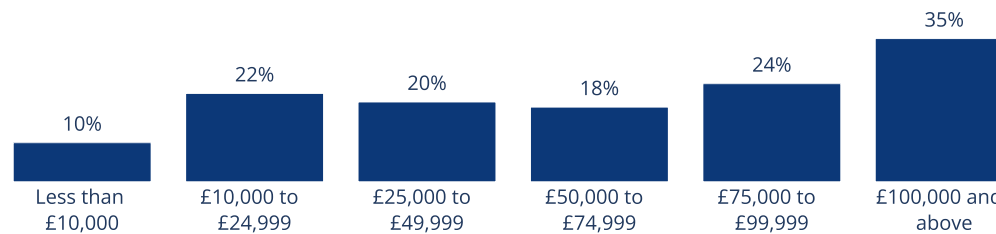
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "When buying everyday items such as groceries, toiletries or household products online, which factors most influence what you choose?" Delivery speed or availability

Source: ConsumerX

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RXSPG26RP-13-v4

People influenced to purchase everyday items by delivery speed or availability

By Income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: "When buying everyday items such as groceries, toiletries or household products online, which factors most influence what you choose?" Delivery speed or availability

Source: ConsumerX

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THE FLUID PATH TO PURCHASE

Perhaps the most profound shift in the FMCG landscape is not what consumers are buying, but how they move through the journey to purchase. The traditional model – linear, predictable and largely confined to physical retail – has given way to something far more dynamic.

Today’s FMCG shopper operates within a constantly shifting ecosystem of channels, where discovery, evaluation and purchase are no longer distinct stages, but overlapping moments that can occur in any order, across any platform.

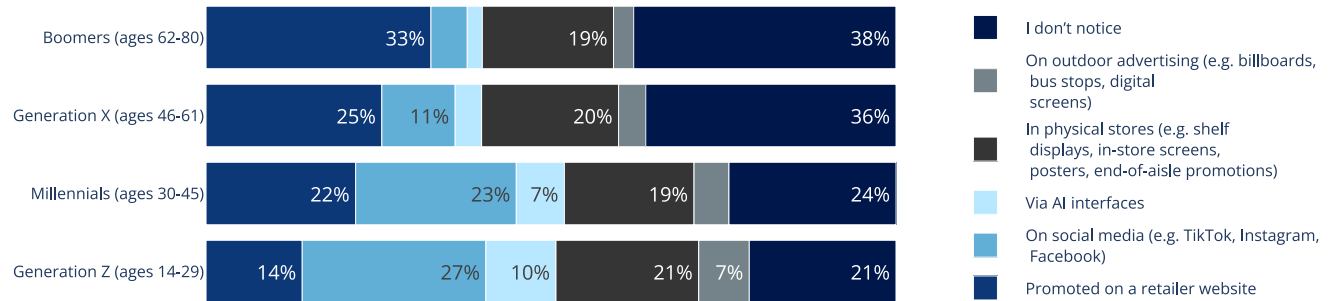
At the heart of this transformation is the fragmentation of consumer attention. Where once the path to purchase might have begun with In-store visibility or above-the-line advertising, it now often starts in far less predictable places. A product might first be encountered on social media, through an influencer recommendation or a short-form video. From there, the consumer may move to a search engine to validate the product, compare prices or read reviews. The final purchase could take place on a retailer’s ecommerce site, a marketplace platform, or even in a physical store – sometimes within minutes, sometimes days later.

This can be seen in the data opposite, where across both age and income, consumers are looking to interact with brands on a wide range of platforms.

This non-linearity fundamentally alters how FMCG brands must think about presence and engagement. It is no longer sufficient to dominate a single channel or touchpoint. Instead, brands must ensure continuity across a dispersed landscape, maintaining visibility

Preferred channel to receive promotional messages

By Generation



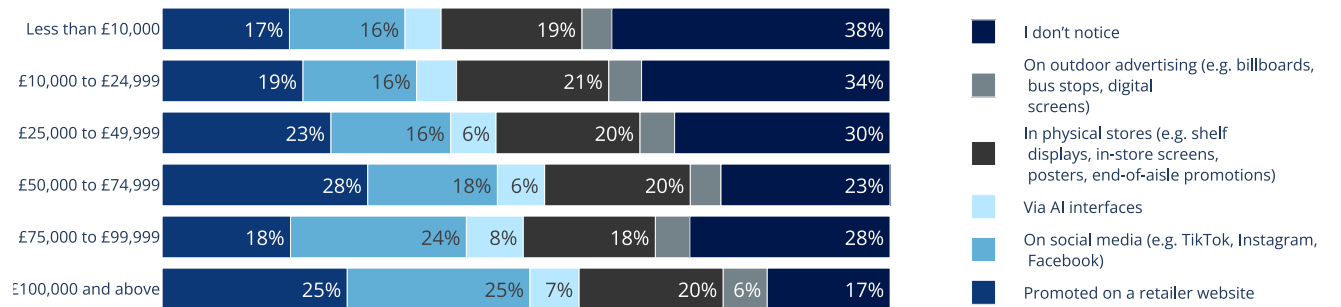
Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'I find promotional and information messages to be most helpful when I'm shopping for products and services when they appear:-Holiday spending'

Source: ConsumerX

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RXMRM26RP-57-v3

Preferred channel to receive promotional messages

By Income



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'I find promotional and information messages to be most helpful when I'm shopping for products and services when they appear:-Food and non-alcoholic drinks'

Source: ConsumerX

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and relevance wherever the consumer happens to be. Each channel plays a different role within the journey and the effectiveness of one is often dependent on how it connects with others.

- **Search**, for example, has evolved into a critical validation layer within the purchase process. Even when discovery occurs elsewhere, consumers frequently turn to search engines to confirm their choices, assess alternatives and access additional information. This elevates the importance of being discoverable not just in retail environments, but within broader digital ecosystems.
- **Social media**, meanwhile, has become a powerful engine of inspiration and influence, particularly among younger consumers, blurring the line between content and commerce. The rise of social commerce features, which enable users to buy items directly within platforms, further compresses the purchase journey, turning moments of inspiration into immediate transactions.
- **Ecommerce platforms** remain central to this ecosystem, but their role is also evolving. They are no longer just points of sale, they are environments for discovery, comparison and persuasion. The integration of retail media networks within these platforms has intensified competition for visibility, with sponsored placements and algorithmic recommendations shaping what consumers see and, ultimately, what they buy. In this context, shelf space has become digital and dynamic, constantly reconfigured based on data, behaviour and bidding strategies.
- **Physical stores** continue to play a vital role, but their function is shifting. Rather than being the sole

or even primary channel for many purchases, they are increasingly part of a broader omnichannel experience. Consumers may use stores to browse, validate or collect products, even when the purchase decision has been influenced elsewhere. Click-and-collect services, in particular, illustrate how the boundaries between online and offline are dissolving, enabling consumers to combine the convenience of digital ordering with the immediacy of physical fulfilment.

- **AI interfaces** and AI's influence overlay all of this with the potential further to reshape the path to purchase. As discussed earlier, consumers are beginning to engage with tools that can recommend, compare and even automatically reorder products. While adoption remains uneven, the trajectory is clear. These systems introduce a new layer of mediation between brands and consumers, one that operates on the basis of data and optimisation rather than traditional marketing cues. In such a scenario, the challenge for FMCG brands is not only to appeal to human decision-makers, but also to align with the criteria that guide algorithmic recommendations.

A FLUID PURCHASE JOURNEY

The result of these overlapping dynamics is a purchase journey that is both more fluid and more compressed. Consumers can move from awareness to transaction in a matter of seconds, particularly in digitally native environments. At the same time, they may revisit and re-evaluate decisions multiple times across different channels before committing to a purchase.

This creates a dual challenge: capturing attention quickly while also sustaining engagement over longer,

more fragmented journeys. Crucially, this fluidity is not uniform across all consumers. Generational differences play a significant role in shaping how channels are used and combined. Younger consumers are generally more comfortable navigating between platforms, using social media, search and ecommerce interchangeably. They are also more receptive to new formats, such as live shopping or AI-driven recommendations. Older consumers, while increasingly digital, may follow more structured journeys, placing greater emphasis on familiar channels and trusted sources. However, even within these broad patterns, behaviours are converging.

Income also influences channel behaviour, particularly in relation to convenience and service expectations. Higher-income consumers are more likely to prioritise speed and flexibility, making greater use of rapid delivery services and premium fulfilment options. Lower-income consumers, by contrast, may be more deliberate in their channel choices, balancing convenience with cost considerations. This further reinforces the need for differentiated strategies that reflect not just where consumers shop, but how and why they choose particular channels.

For FMCG brands and retailers, navigating this environment requires a shift from channel-centric to consumer-centric thinking. Rather than optimising individual touchpoints in isolation, the focus must be on creating a cohesive experience that spans the entire journey.

This involves integrating data across platforms, ensuring consistency in messaging and availability, and adapting to the specific dynamics of each channel without losing sight of the broader narrative.

THE RECONFIGURATION OF MARKETING AND ENGAGEMENT

This fluid approach to channels is also shifting advertising and marketing – redefining how consumers connect with brands.

From a consumer perspective, the chart opposite shows how consumers are still drawn to promos on retailer websites across the FMCG-relevant verticals of household goods and services, food and non-alcoholic drinks, health and personal care. Each of these garner some 20-25% of preference. Social media is close behind on 15 to 20% and again relatively consistent across FMCG verticals. Physical venues also score well, reinforcing how shoppers generally are still enamoured of real-world retail and respond to marketing in this environment.

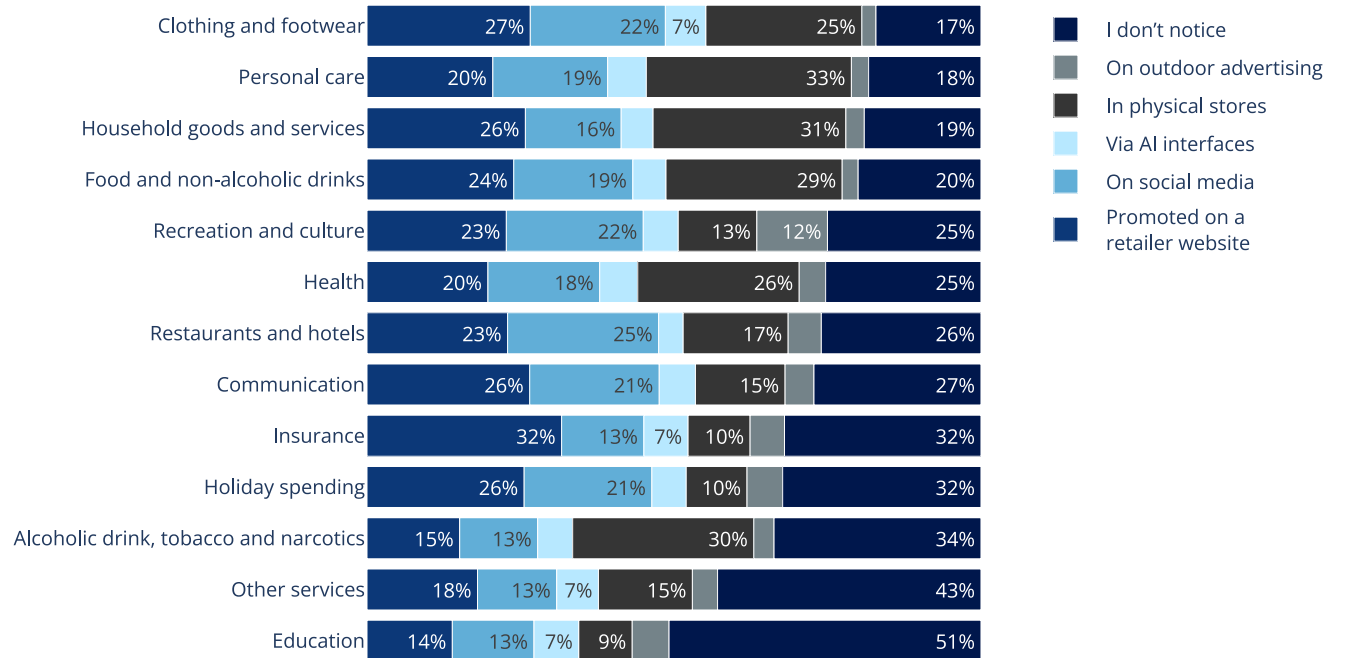
AI has some way to go, but it is still relatively nascent as a marketing medium – both among shoppers and retailers and brands – but it is likely to grow in the coming months and years (see overleaf).

In this cross-channel consumer environment, traditional brand-building approaches are being supplemented – and in some cases displaced – by performance-driven strategies that prioritise immediacy and conversion.

The implication is that brand equity is no longer built solely through mass communication, but through a combination of presence, relevance and reinforcement across multiple touchpoints. Consumers encounter brands not in isolation, but as part of an interconnected digital ecosystem where discovery, evaluation and purchase are closely intertwined. See page 25 for more.

Preferred channel for promotional messages

The UK



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'I find promotional and information messages to be most helpful when I'm shopping for products and services when they appear:'

Source: ConsumerX

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TECHNOLOGY AND THE RISE OF AI-DRIVEN CONSUMPTION

While economic factors shape what consumers buy, technology is rapidly transforming how they buy it. The integration of digital tools, data and automation into the shopping journey is fundamentally altering the relationship between consumers and FMCG brands.

The charted data opposite on attitudes towards AI-driven purchasing offers a clear indication of both opportunity and hesitation. While 45.9% of consumers express some level of comfort with allowing AI to automatically place routine orders, a majority (54.1%) remain resistant.

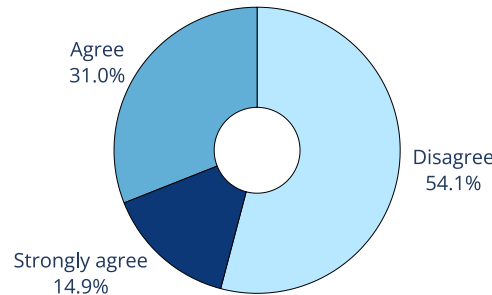
This suggests that while automation is gaining traction, trust and control remain critical barriers to adoption.

Nonetheless, the direction of travel is clear. As AI assistants become more sophisticated, they are increasingly capable of managing routine purchases, optimising for price, availability and preference. For FMCG categories characterised by repeat buying – such as groceries, household goods and personal care – this has significant implications.

The decision-making process may shift away from active consumer choice towards algorithmic recommendation. From the perspective of FMCG companies, visibility within digital ecosystems will become more important. Traditional brand-building will decline in importance.

This does not mean that consumers become passive and hand control to technology. Rather, their role evolves. Instead of making individual purchase

People comfortable with AI automatically placing routine orders



Based on 1,000 respondents in the UK (aged 18-64), Jan 2026. Surveys conducted in English. Question: 'Please consider AI tools that can carry out shopping tasks on your behalf – for example, adding items to your basket, checking out, or reordering items – how strongly do you agree or disagree with the following statements?'

Source: RetailX

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RXSPG26RP-32-v8

decisions, they set preferences, constraints and priorities that guide automated systems.

In this context, the battleground for FMCG brands shifts from influencing individual transactions to shaping the parameters within which those transactions occur. Being included in an AI's consideration set may become as important as being listed on a retailer's shelf.

A CONSUMER-LED MARKET IN CONSTANT EVOLUTION

Across all these factors, a clear picture emerges of a market that is being reshaped from the demand side. Consumers are more informed, more selective and more empowered than ever before. They are navigating a complex landscape of choices, balancing competing priorities and continuously reassessing what matters to them.

Economic disparity is fragmenting demand, creating distinct value and premium segments. Technology is transforming how purchases are made, introducing new intermediaries and reshaping decision-making processes.

Marketing and channel dynamics are evolving, requiring brands to engage across a wider and more interconnected ecosystem. At the same time, deeper shifts in values – around health, sustainability and personal fulfilment – are influencing not just what consumers buy, but why they buy it.

For the FMCG sector, this means that growth is no longer simply a function of distribution or scale. It is a function of alignment – understanding and responding to the complex, and often contradictory, drivers of consumer behaviour. In a market defined by constant change, the ability to anticipate and adapt to these dynamics will be the defining factor in determining which brands succeed and which fall behind.



Riding the shift from a volume-driven to a value-driven, healthy portfolio

With annual revenues of more than CHF90bn (€98.4bn) and operating profit in the region of CHF17bn (€18.52bn), Nestlé is not only the world's largest FMCG company, but also one of the most active in reshaping its business model in response to shifting consumption patterns. Its strategy over the past decade – and particularly across the last few years – has been defined by a deliberate move away from volume-led growth towards a more value-driven, health-oriented and premiumised portfolio.

A central pillar of this transformation has been large-scale reformulation across core categories. Nestlé has systematically reduced sugar, salt and saturated fat across many of its biggest brands. For example, breakfast cereals under brands such as Nesquik and Cheerios have undergone significant sugar reduction programmes, cutting sugar content by more than 30% over time in some markets.

Similarly, in beverages, Nescafé has expanded into lower-sugar ready-to-drink options and

'functional coffee formats' – coffee products that go beyond basic caffeine and taste, and deliver additional health, wellness or performance benefits.

This reformulation effort forms part of a broader repositioning of Nestlé as a company aligned with health, wellness and functional nutrition. Its Health Science division, now a multi-billion-dollar business, focuses on medical nutrition, supplements and condition-specific products, reflecting a shift towards categories where value is defined by efficacy.

This shift is also evident in how Nestlé approaches growth. Nestlé is increasingly focused on value growth through mix, pricing and premiumisation. This includes expanding into higher-margin segments such as plant-based products, the functional beverages and specialised nutrition. It is also 'premiumising' existing categories.

For example, in coffee, the company has invested heavily in systems such as Nespresso, which combine premium positioning with recurring revenue models.

The rise of health-conscious consumption and, more recently, the potential impact of GLP-1 weight-loss drugs has reinforced this strategy. As consumers begin to eat less or make more deliberate choices, Nestlé is positioning itself to capture higher-value, lower-volume consumption. Portion control, nutrient density and product functionality are becoming as important as price and convenience.

Supporting this transformation is Nestlé's investment in digital acceleration teams (DATs) – specialised units embedded across markets to drive ecommerce, data analytics and digital marketing capabilities.



© Nestlé

These teams optimise product listings, manage retail media campaigns and ensure that products with improved nutritional profiles are clearly communicated through enhanced content. This is particularly important for AI-driven discovery, where structured product data and content directly influence visibility and recommendation.

They also enable more precise targeting of health-conscious consumers through retail media and digital channels, aligning marketing spend with evolving demand patterns within connected commerce ecosystems.

Rather than chasing volume in increasingly saturated and regulated categories, Nestlé is focusing on quality of revenue, alignment with consumer health trends and digital execution. In doing so, Nestlé provides a clear example of how large-scale FMCG players can pivot from traditional growth models to ones that are better suited to the realities of modern consumption.



Unilever

Navigating consumer fragmentation at scale

Unilever provides one of the clearest examples of how a global FMCG company is adapting to the increasingly fragmented, value-conscious and purpose-driven consumer landscape.

With annual revenues of around €60bn and operating profit exceeding €10bn in recent years, the company operates across more than 190 countries with a portfolio that spans everyday essentials and premium indulgences.

What makes Unilever particularly relevant in the context of consumer-driven FMCG is its ability to balance value, premiumisation and purpose simultaneously. Its portfolio is deliberately structured across price tiers – from accessible staples to premium offerings such as skincare range Dermalogica – allowing it to capture demand across income segments.

It also taps into the mass-premium hybrid segment with Dove, which is mainstream, affordable *and* slightly luxurious.

This aligns closely with the bifurcation highlighted on page 11, where consumers

are simultaneously trading down in some categories, while trading up in others.

Unilever has also leaned heavily into ‘treatonomics’, recognising that even in constrained economic conditions, consumers continue to seek small indulgences. Again its ‘affordable luxury’ Dove range ticks this box, as does its TRESemmé haircare range, which brings the luxury of salon-quality shampoo and conditioner to the customer’s home, a treat indeed.

At the same time, the company has invested significantly in health, wellness and sustainability, reflecting longer-term shifts in consumer priorities.

Its Graze products, for example, are positioned as “better-for-you snacking”, combining indulgence with health cues, offering portion-controlled snacks that feel like a treat but are “justified” purchases.

Its “Clean Future” initiative and ongoing reformulation efforts – reducing salt, sugar and fat across products – demonstrate how regulation and consumer expectations are shaping product development. Brands such as Hellmann’s have been repositioned around sustainability and food waste reduction, while plant-based alternatives have become a core growth area for the company.

Crucially, Unilever’s strength lies in its consumer insight capabilities. The company invests heavily in data and analytics to understand behavioural shifts across regions, income groups and generations. This allows it to respond quickly to emerging trends, whether that is demand for functional foods, ethical sourcing or value-led propositions.



© Unilever

The result is a portfolio that is both resilient and adaptable. Rather than relying on a single growth driver, Unilever has built a model that reflects the complexity of modern consumption. It captures the reality that today’s FMCG consumer is not defined by a single mindset, but by a series of trade-offs between price and quality, necessity and indulgence, convenience and conscience.

In doing so, Unilever exemplifies the central theme of the consumer section: growth in FMCG is increasingly driven by alignment with diverse and evolving consumer priorities, rather than scale alone.



A challenger retailer built around value, clarity and unconventional consumer engagement strategies

With a store estate of more than 900 outlets across the UK and annual revenues of around £4bn, frozen foods retailer Iceland occupies a distinctive position within the FMCG retail landscape. While smaller than the major supermarket groups, it has carved out a strong identity by focusing on value, simplicity and sharply defined consumer needs. What makes it interesting is how it combines a clear proposition with unconventional approaches to engagement and connected commerce.

At its core, Iceland's model is built around a deep understanding of cost-conscious consumers. Its long-standing price positioning – reinforced by initiatives such as price locks and straightforward promotions – aligns closely with the 'value-first' behaviours highlighted on page 15.

Unlike more complex promotional strategies seen elsewhere in the market, Iceland

emphasises clarity and consistency, which resonates strongly in an environment where consumers are increasingly scrutinising spend.

One of the retailer's most notable innovations is its free home delivery model, available for relatively low basket thresholds. This has been a core part of its proposition for years, effectively anticipating the convenience expectations that have since become mainstream in connected commerce.

For many customers, particularly those without easy access to larger stores, this service bridges the gap between physical retail and ecommerce, making Iceland a hybrid operator long before omnichannel became a standard industry term.

Iceland has also been proactive in digital engagement, particularly through social media. It has built a strong presence on platforms such as Facebook and Instagram, where it uses a mix of product-led content, humour and direct communication to engage its audience. This approach is less polished than that of some larger competitors, but it is often more authentic and accessible. The approach thus resonates with its core customer base.

A particularly distinctive aspect of Iceland's strategy is its willingness to take bold, sometimes unconventional stances on issues that matter to consumers. Its high-profile campaign to remove palm oil from its own-label products, for example, generated significant attention and positioned the brand as a challenger within the sustainability debate. While not directly linked to sales activation, such initiatives contribute to brand differentiation and trust – important factors in a crowded FMCG market.



© Iceland

From a product perspective, Iceland has also demonstrated agility in responding to changing consumer needs. Its expansion into plant-based and "flexitarian" ranges, including partnerships with brands such as Greggs for frozen vegan products, reflects an ability to identify and act on emerging trends. At the same time, its focus on frozen food aligns with practical consumer concerns around affordability, food waste and convenience.

In terms of connected commerce, Iceland's approach is less about cutting-edge technology and more about practical integration. Its ecommerce platform, delivery services and store network are designed to work together in a straightforward way, prioritising accessibility over complexity. While it does not operate a retail media network on the scale of larger players, it effectively uses its owned channels – website, email and social – to drive engagement and conversion.

From an FMCG perspective, Iceland demonstrates that success does not always require the most advanced technology or the largest data infrastructure – rather it needs the alignment of proposition, execution and consumer need.

Connected commerce

If consumers are firmly in control of driving the FMCG market, then connected commerce explains how that control is exercised – and how brands must respond

If consumers now define the FMCG market, then connected commerce defines the battlefield on which brands compete for them. The shift from physical retail to include digitally mediated environments, both online and offline, has reconfigured how products are discovered, evaluated and purchased – transforming FMCG from a distribution-led industry into a visibility-led one.

ALGORITHMIC VISIBILITY

The traditional logic of FMCG competition – win the shelf, win the sale – has not disappeared, but it has been fundamentally re-engineered. Physical shelf space has been replaced, or at least supplemented, by what might be termed algorithmic shelf space: dynamic, personalised and constantly shifting based on data signals.

This shift is being driven by the rapid growth of ecommerce and retail media ecosystems (see page 34). What this means in practice is that visibility is no longer a fixed asset, it is an auction. Platforms such as Amazon, Walmart and major grocers' ecommerce sites determine which products appear first based

on a combination of relevance, performance and paid promotion. Amazon alone dominates this space, accounting for roughly \$60bn in retail media revenue globally, illustrating both the scale and concentration of power within these ecosystems^[1].

For FMCG brands, this creates a new competitive imperative: winning the search moment. Increasingly, consumers begin their journeys within retailer platforms rather than through traditional search engines or advertising channels. Amazon, for example, has become the default product search engine for millions of consumers, while grocers such as Tesco, Carrefour and Walmart are building their own media ecosystems to capture this intent closer to the point of purchase.

Digital shelf analytics has emerged in response to this shift. Tools and platforms – such as Profitero, Edge by Ascential and NielsenIQ's digital shelf solutions – allow brands to track metrics such as search ranking, availability, share of search and content quality across platforms. These metrics are the digital equivalent of shelf share, providing real-time insights into competitive positioning.

Content optimisation, too, is critical. On platforms like Amazon or Ocado, product titles, bullet points, images and reviews directly influence search rankings and conversion rates. AI-driven search systems increasingly rely on these signals to match products to intent.

Brands such as Unilever and Procter & Gamble have invested heavily in content standardisation and optimisation to ensure consistency across platforms, recognising that poor digital execution can render even the strongest brands invisible.

The competitive dynamic is reinforced by a feedback loop: products that convert well are ranked higher, which drives more visibility, which in turn drives more conversion. Breaking into – or maintaining position within – this loop requires continuous optimisation and investment.

ALGORITHMIC VISIBILITY IN-STORE

Increasingly, connected commerce means that this algorithmic visibility transcends ecommerce, with the same underlying logic increasingly shaping the in-store environment for FMCG too. While physical retail does not operate on algorithms in the same overt way as digital platforms, the principles of data-driven prioritisation, optimisation and performance-based visibility are now being applied to how products are surfaced in-store.

At its core, algorithmic visibility is about prioritising products based on data signals – whether that data relates to demand, shopper behaviour, profitability or promotional investment. Online, this is explicit: platforms like Amazon rank products based on relevance, conversion rates and advertising spend. In-store, the process is less visible but increasingly guided by similar inputs.

Retailers have long used planograms to determine product placement, but these are now becoming more dynamic and data-led. Instead of static layouts based on historical sales alone, retailers are incorporating real-time insights from loyalty data, ecommerce performance and local demand patterns. For example, products that perform strongly online – high search frequency, strong conversion, positive reviews – are increasingly prioritised in physical stores, effectively linking digital

performance to physical visibility. This creates a feedback loop similar to ecommerce, where strong performance drives greater exposure.

Kroger, through its data arm 84.51°, for example, uses predictive analytics to determine which products should be featured more prominently based on shopper behaviour, ensuring that in-store visibility reflects actual demand rather than static assumptions. Similarly, Walmart integrates online and offline data to align merchandising strategies across channels, reinforcing consistency in how products are surfaced to consumers.

The importance of this shift is clear when considering the role of visibility in driving FMCG sales. Research consistently shows that a significant proportion of purchases – often cited at more than 60% in grocery – are influenced by in-store exposure and impulse. If visibility determines what consumers notice, then optimising that visibility through data becomes a critical lever of growth. In this sense, algorithmic thinking brings a new level of precision to a long-standing principle: the products that are easiest to see and access are the most likely to be bought.

Another parallel with digital environments is the increasing role of performance metrics in shaping in-store decisions. Online, products are continuously evaluated based on click-through rates, conversion and sales velocity. In-store, retailers are beginning to apply similar metrics, using data from point-of-sale systems, loyalty programmes and even aggregated behavioural insights to assess performance at a granular level. This allows for more frequent adjustments to merchandising strategies, moving closer to the real-time optimisation seen online.

Retail media also plays a role in bridging these environments. As retail media networks expand into physical stores, brands can effectively 'buy' visibility in-store in ways that mirror sponsored placements online. For example, retailers such as Walmart and Carrefour are integrating in-store media with their broader retail media offerings, allowing brands to coordinate campaigns across digital and physical touchpoints. This reinforces the idea that visibility, whether online or offline, is increasingly a managed and monetised asset.

For FMCG brands, the implications are significant. Success in-store is no longer determined solely by negotiating shelf space, but by driving the data signals that influence placement. This means ensuring strong sales performance, maintaining high availability, generating positive consumer feedback and aligning with retailer priorities. In effect, brands must now 'perform' within the system to earn visibility, just as they do online.

Crucially, this also strengthens the integration between channels. A product that performs well online can gain additional visibility in-store, while strong in-store performance can reinforce digital rankings through increased sales and engagement. This interconnectedness is at the heart of connected commerce, where channels no longer operate in isolation but as part of a unified ecosystem.

BRANDING IN THIS ALGORITHMIC AGE

This rise in algorithmic discovery raises a fundamental question: what happens to branding when machines mediate choice? On the surface, there is a risk of commoditisation. Algorithms prioritise measurable signals – price competitiveness,

availability, conversion rates – rather than intangible brand attributes. In categories where products are functionally similar, this can compress differentiation and intensify price competition.

However, the reality is more nuanced. Strong brands still outperform weaker ones, but for different reasons. Brand equity translates into higher click-through rates, better reviews and stronger repeat purchase behaviour – all of which are signals that algorithms reward. In other words, branding does not disappear; it becomes encoded in performance data.

Leading FMCG brands are already adapting. Nestlé, for example, has invested in what it terms "digital acceleration teams" to align brand storytelling with ecommerce performance, ensuring that content is optimised for both emotional engagement and algorithmic visibility. Similarly, L'Oréal has been at the forefront of social commerce, using platforms such as TikTok Shop to merge brand storytelling with direct conversion – an approach validated by the fact that 76% of UK consumers expect to purchase via social media channels.

Social platforms are becoming key arenas for brand-building and conversion. TikTok Shop, Instagram Shopping and YouTube integrations allow consumers to move from discovery to purchase without leaving the platform. Brands such as L'Oréal and Sweaty Betty have already leveraged these ecosystems to drive both awareness and sales, demonstrating how branding and commerce are converging.

At the same time, AI-driven recommendation systems are reshaping discovery. Whether through

Amazon's recommendation engine, or emerging generative AI shopping assistants, products are increasingly surfaced based on predicted relevance rather than explicit search queries. This shifts the challenge for brands from influencing consumers directly to influencing the data environments that shape those recommendations.

DATA AS A COMPETITIVE ADVANTAGE

If algorithms determine visibility, then data determines success within those algorithms. Data is now the primary source of competitive advantage in FMCG, underpinning everything from pricing and promotion to assortment and personalisation.

Retailers hold a particularly powerful position in this ecosystem due to their access to first-party data. Platforms such as Tesco, via Clubcard, and Kroger through Kroger Precision Marketing, have built sophisticated data ecosystems that allow them to target consumers with high precision. Retail media networks are built on this foundation, enabling brands to reach shoppers based on actual purchase behaviour rather than inferred demographics.

For brands, the challenge is integrating multiple data sources across retailer data, first-party data and third-party insights into a unified view. This is easier said than done. Many FMCG companies now operate across five to 10 retail media networks, making planning and measurement increasingly complex.

When effectively harnessed, however, data delivers tangible benefits. AI-driven analytics can improve demand forecasting, reduce waste and optimise inventory, with some systems reducing supply chain inefficiencies by up to 15%.

Dynamic pricing models allow brands to adjust prices in real-time based on demand signals, competitor activity and stock levels. Personalisation engines enable tailored promotions and recommendations, increasing both conversion and basket size.

Examples of this in action are widespread. Amazon uses predictive analytics to recommend products and optimise pricing dynamically, while Walmart leverages its data ecosystem to deliver targeted advertising through Walmart Connect. In grocery, Carrefour has invested heavily in data platforms to integrate online and offline insights, enabling more precise category management and marketing.

However, the value of data is not just in collection, but in application. The industry is moving from descriptive analytics to what some describe as "AI retail intelligence" – systems that not only analyse data, but act on it in real time, from adjusting assortments to triggering promotions.

DATA-LED CATEGORY MANAGEMENT

The implications of data extend beyond individual brands to the structure of categories themselves. Category management, once based on historical sales and broad segmentation, is becoming increasingly dynamic and collaborative.

Retailers and brands are now able to identify emerging trends in near real time. For example, the rise of health-driven consumption – amplified by social media – has led to measurable increases in spending on health and beauty products, with UK discretionary spending in this category rising by over 10% in some periods^[1]. These insights allow retailers to adjust assortments quickly, prioritising

high-growth segments such as high-protein foods or functional beverages.

Private label is another area where data-led category management is reshaping the market. Retailers such as Target have demonstrated the potential of data-driven private label strategies, with brands like Good & Gather becoming core drivers of category growth. By leveraging shopper data, retailers can identify gaps in the market and develop products that meet specific consumer needs, often at higher margins.

Promotions are also becoming more targeted. Rather than blanket discounts, retailers and brands are using data to tailor offers to specific segments, increasing effectiveness while reducing margin erosion. This is particularly important in a market where promotions still account for a significant share of FMCG sales – around 24% in the UK, rising to 35% for branded goods^[2].

Collaboration between brands and retailers is critical in this context. Shared data allows for joint decision-making, from assortment planning to promotional strategy. This is a shift from transactional relationships towards more integrated partnerships, where both parties work together to drive category growth.

Ultimately, connected commerce reflects a broader shift in the balance of power. Consumers are more empowered, platforms are more influential and data is more valuable than ever. For FMCG brands and retailers, the challenge is not simply to adapt to this environment, but to actively shape their role within it – turning complexity into competitive advantage.

CONNECTED COMMERCE THROUGH THE CEO LENS

Viewed through the lens of connected commerce, the two datasets opposite and overleaf provide a useful bridge between theory and execution.

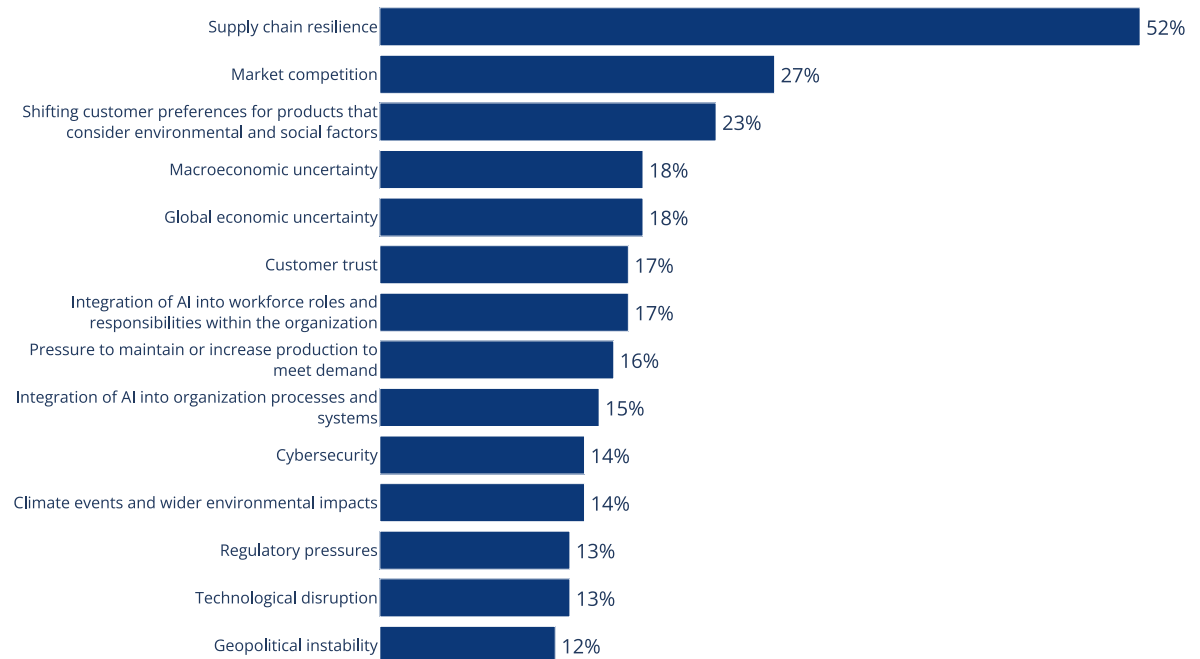
Much of the discussion so far has focused on how the FMCG market is being reshaped by consumers, data, algorithms and channel convergence. What these CEO perspectives reveal is how those shifts are being internalised at the leadership level – and where the pressure points lie as companies attempt to operationalise connected commerce in real time.

The first chart (opposite), capturing the top challenges driving short-term decisions among 120 CEOs, highlights a striking imbalance: supply chain resilience (52%) stands far ahead of any other concern, followed by market competition (27%) and shifting customer preferences (23%).

This hierarchy is revealing. While connected commerce is often framed as a front-end transformation – focused on visibility, engagement and conversion – the data shows that its success is fundamentally dependent on back-end capabilities.

In a connected commerce environment, where visibility is increasingly algorithmic and demand signals are real-time, supply chains are no longer just operational infrastructure, they are a core component of competitive advantage. Algorithms prioritise products that are consistently available, competitively priced and able to fulfil demand quickly. Any disruption, whether due to stockouts, delays or cost volatility, directly impacts visibility and conversion.

Top challenges driving short-term decisions



120 consumer and retail CEOs, 5 Aug-10 Sep 2025

Source: KPMG 2025 Global Consumer & Retail CEO outlook

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RXSPG26RP-35-v6

In this sense, supply chain resilience becomes inseparable from digital performance.

The prominence of this issue reflects the growing complexity of global supply networks, compounded by geopolitical instability (12%), climate-related disruption (14%) and ongoing macroeconomic uncertainty (18%).

These factors are not new, but their impact on FMCG is amplified in a connected commerce model where the margin for error is significantly reduced. A product that is unavailable In-store or online does not simply lose a sale, it risks losing its position within algorithmic ranking systems that reward consistency and reliability.

The second most cited challenge, market competition (27%), also takes on new meaning in this context. Competition is no longer limited to traditional brand rivals occupying adjacent shelf space. It now includes private label, digitally native brands, marketplace sellers and even platform-owned products – all competing within the same algorithmic ecosystems.

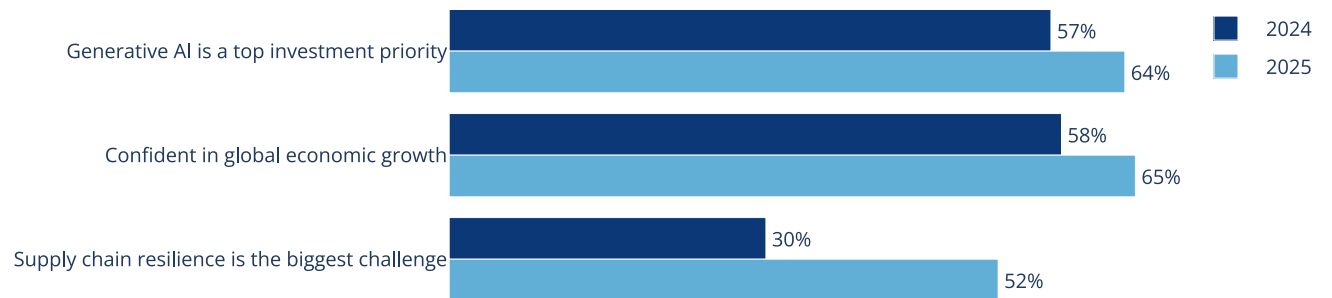
The barriers to entry have lowered, but the barriers to visibility have risen, creating a more intense and continuous competitive environment.

Shifting customer preferences, cited by 23% of CEOs, further reinforces the central argument of the previous section: that demand is becoming more fragmented, values-driven and dynamic. In connected commerce, these shifts are not abstract, captured in data and reflected in real-time performance metrics.

Brands must respond quickly, adjusting assortments, messaging and pricing to remain relevant. This requires not only insight, but the organisational agility to act on it.

Interestingly, challenges related to AI – both integration into workforce roles (17%) and organisational systems (15%) – appear alongside more traditional concerns. This reflects the transitional nature of the current moment. AI is recognised as a critical enabler of connected commerce, underpinning everything from search and recommendation to forecasting and personalisation. However, its integration is still a work in progress, requiring changes to processes, skills and governance.

Retail CEOs views, 2024-25



120 consumer and retail CEOs, 5 Aug-10 Sep 2025

Source: KPMG 2025 Global Consumer & Retail CEO outlook

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The second chart (above), focusing specifically on retail CEOs, provides further insight into how these priorities are evolving. The most striking trend is the sharp increase in the importance of supply chain resilience, rising from 30% in 2024 to 52% in 2025. This is not a marginal shift, it represents a fundamental re-prioritisation.

Several factors help explain this change. Firstly, the continued volatility in global supply chains – not least driven by geopolitical tensions alongside climate events and fluctuating demand – has exposed vulnerabilities that cannot be ignored.

Secondly, the growth of omnichannel and connected commerce models has increased the operational burden on supply chains. Retailers are no longer fulfilling demand through a single channel, but across stores, ecommerce, click-and-collect and rapid delivery networks, all of which require synchronisation.

Thirdly, and perhaps most importantly, the expectations of connected consumers have risen. As discussed earlier, convenience, availability and speed are now critical drivers of purchasing decisions. A failure to meet these expectations has immediate consequences, not only in lost sales but in reduced visibility within digital ecosystems. This creates a direct link between supply chain performance and competitive positioning.

At the same time, the increase in confidence in global economic growth – from 58% to 65% – suggests a degree of optimism among retail leaders. However, this confidence coexists with a recognition that growth will not be evenly distributed or easily captured. It must be earned through operational excellence and strategic adaptation.

These figures don't, however, take into account global issues including the US-Israeli war on Iran

that started in March 2026, the survey figures being collated before this event. This may dampen growth expectations in the short term, but the direction of travel is clear.

The rising importance of generative AI, cited as a top investment priority by 64% of retail CEOs in 2025 (up from 57% in 2024), underscores this point. AI is seen not as an optional innovation, but as a necessary capability for navigating complexity.

In the context of connected commerce, this includes optimising search and discovery, personalising customer experiences, forecasting demand and managing inventory more effectively.

Taken together, these trends highlight a critical insight: connected commerce is as much an operational transformation as it is a commercial one. The front-end changes – algorithmic visibility, omnichannel journeys, digital engagement – are only possible if supported by robust, responsive and integrated back-end systems.

They also reinforce the growing interdependence between different parts of the organisation. Marketing, merchandising, supply chain and technology can no longer operate in silos. Decisions in one area have immediate implications for others, whether it is a promotional campaign driving demand that must be fulfilled, or a supply disruption affecting digital visibility.

Finally, these CEO perspectives point to a broader shift in how success is defined in FMCG. It is no longer sufficient to have strong brands or wide distribution. Success now depends on the ability to operate

within a connected system – one that is data-driven, technology-enabled and continuously evolving.

In this context, the challenges identified by CEOs are not isolated issues, but interconnected elements of a larger transformation. Supply chain resilience supports visibility. Data and AI enable optimisation. Understanding customer preferences drives relevance. Together, they form the foundation on which connected commerce is built – and the basis on which future FMCG growth will be determined.

- [1] www.techradar.com/pro/from-retail-stores-to-digital-media-powerhouses-the-power-of-modern-retail-media-networks
[2] www.reuters.com/world/uk/uk-shop-prices-rise-slowest-pace-since-march-2022-trade-group-says-2024-02-27/



Connecting algorithmic discovery and social-first FMCG growth

With annual revenues surpassing \$1bn and operating margins that have steadily grown in recent years, US cosmetics firm e.l.f. Beauty has emerged as one of the most disruptive players in the global beauty market. What makes the brand particularly significant in the context of FMCG and connected commerce is not just its growth, but how that growth has been achieved through a model built around algorithmic discovery, social commerce and speed to market.

Unlike traditional FMCG brands that rely heavily on top-down advertising and retail distribution, e.l.f. has built its business through a digital-first, community-led approach. Platforms such as TikTok, Instagram and YouTube are not simply marketing channels for the brand, they are the primary engines of discovery and engagement. e.l.f.'s breakout success has been closely tied to its ability to create content that resonates within these ecosystems, often leveraging humour, cultural trends and creator partnerships to drive visibility.

One of the most notable examples is its TikTok strategy, where campaigns have generated billions of views and significantly increased brand awareness among younger consumers. Rather than relying solely on paid media, e.l.f. focuses on content that performs organically within platform algorithms, ensuring that it is surfaced to users based on engagement rather than just spend. This reflects a deep understanding of how modern discovery works: visibility is earned through relevance and interaction as much as through investment.

This approach is supported by an agile operating model. e.l.f. is known for its ability to move from concept to launch in a matter of weeks, far faster than traditional FMCG product development cycles. This speed allows it to respond quickly to emerging trends identified through social listening and data analytics. When a particular ingredient, format or aesthetic gains traction online, the brand can rapidly develop products that align with that demand, ensuring it remains culturally and commercially relevant.

Crucially, e.l.f. combines this agility with a strong value proposition. Its products are typically priced significantly below premium competitors, yet positioned as high quality and trend-forward. This aligns with the "treatonomics" dynamic seen across FMCG, where consumers seek affordable indulgence. e.l.f. effectively democratizes beauty trends, making them accessible without sacrificing perceived value.

Retail media and marketplace execution also play an important role in converting this attention into sales. e.l.f. has a strong presence on platforms such as Amazon and major retail partners, where it uses sponsored placements and optimised content to



© Elf

capture demand at the point of purchase. The combination of high awareness from social channels and strong digital shelf execution creates a powerful feedback loop: content drives discovery, which drives search and purchase, which in turn reinforces visibility within platform algorithms.

The data is also informs product strategy. By analysing a combination of engagement metrics, search trends and consumer feedback, e.l.f. can identify what resonates with its audience and refine its approach accordingly.

e.l.f. demonstrates how FMCG growth today is no longer driven solely by scale or distribution, but by the ability to operate within platform ecosystems, creating content that travels, products that respond to demand and experiences that convert attention into sales. In doing so, e.l.f. offers a blueprint for the future of FMCG: one where discovery is algorithmic, engagement is participatory and success depends on speed, relevance and integration across the entire consumer journey.



FMCG engagement at scale across channels

US grocery giant Walmart, with annual revenues exceeding \$600bn is not only one of the world's largest retailers, but also one of the most influential players shaping how FMCG brands engage consumers in a connected commerce environment.

Its scale alone makes it critical, but what increasingly sets Walmart apart is how it has evolved from a traditional bricks-and-mortar operator into a fully integrated commerce, data and media platform.

At the centre of Walmart's engagement strategy is its ability to combine physical scale with digital capability. With more than 4,500 stores in the US alone, the company remains deeply embedded in everyday consumer behaviour.

These stores are not just points of sale, they are also fulfilment hubs, media environments and data sources. This allows Walmart to connect online and offline engagement in a way that few competitors can match, ensuring that FMCG brands can reach consumers consistently across channels.

Retail media, through Walmart Connect, is one of the most visible elements of this strategy. The platform allows brands to advertise across Walmart's ecommerce site, app and increasingly in-store environments, using first-party data to target shoppers based on real purchase behaviour.

This enables closed-loop measurement, where brands can directly link advertising spend to sales outcomes. For FMCG companies, this is particularly valuable, as it allows for more precise optimisation of campaigns and clearer demonstration of return on investment.

However, Walmart's role in engagement extends far beyond retail media. Its data ecosystem is a critical asset. Through its vast transaction data, loyalty initiatives and online behaviour tracking, Walmart provides brands with deep insights into consumer preferences, purchase patterns and emerging trends. This data underpins everything from targeted promotions to product planning, enabling FMCG brands to align more closely with demand.

The company's approach to omnichannel commerce is another key driver of engagement. Services such as curbside pickup, same-day delivery and its Walmart+ membership programme create multiple touchpoints through which consumers interact with the brand.

For FMCG, this means more opportunities to influence purchasing decisions, whether through personalised recommendations, promotions or product placement. The integration of these services ensures that engagement is continuous, rather than confined to a single channel or moment.



©Walmart

Walmart has also invested heavily in digital experience and AI-driven personalisation. Its ecommerce platform uses recommendation engines to surface relevant products, while search and navigation improve discovery and conversion.

This aligns with broader trends in connected commerce, where visibility is increasingly determined by algorithmic systems. For FMCG brands, performing well within these systems – through strong content, competitive pricing and availability – is essential to maintaining visibility.

In-store, Walmart is beginning to extend its digital capabilities through screens, signage and app integration, creating additional engagement opportunities at the point of purchase. While still developing, this reflects a broader shift towards treating physical retail as part of the media and data ecosystem, rather than a separate channel.

Uber Eats

Extending FMCG into the on-demand, high-intent connected economy

Originally built as a restaurant delivery service, Uber Eats has rapidly evolved into a broader on-demand commerce platform, playing an increasingly important role in how FMCG brands engage consumers.

While not a traditional retailer, its growing integration with grocery, convenience and everyday essentials means it now sits firmly within the connected commerce ecosystem – particularly at the intersection of immediacy, convenience and digital discovery.

With operations in thousands of cities globally and integrated into Uber's wider app ecosystem, Uber Eats has become a habitual, high-frequency touchpoint for millions of consumers.

Its expansion into FMCG has been driven by partnerships with supermarkets and convenience retailers such as Tesco and Carrefour, allowing users to order groceries, snacks and household goods alongside restaurant meals, often with delivery within 30 minutes.

This shift is significant because it transforms FMCG from a largely planned activity into an on-demand service. Rather than waiting for a weekly shop or visiting a store, consumers can now fulfil immediate needs – running out of milk, wanting snacks for an evening, or making impulse purchases – through a digital interface.

In doing so, Uber Eats captures high-intent, time-sensitive purchase moments that were traditionally dominated by physical retail.

From an engagement perspective, this creates a new kind of digital shelf. Within the app, FMCG products are surfaced through search results, category listings and recommendations, much like on ecommerce marketplaces. Visibility is therefore influenced by algorithmic ranking, availability and increasingly paid placement, rather than physical positioning.

This mirrors the broader shift towards platform-mediated discovery, where brands must optimise for performance within digital ecosystems to remain visible.

The platform also plays a role in the attention economy. Uber Eats is part of a consumer's daily app usage, alongside social media, messaging and entertainment. Engagement is driven through push notifications, personalised offers and contextual promotions, often linked to specific occasions such as sporting events or weekends.

This positions it not just as a fulfilment channel, but as an active engagement touchpoint, capable of influencing behaviour in real time.



© Uber Eats

However, Uber Eats is not a universal solution for FMCG. Its strengths lie in categories driven by immediacy and impulse – snacks, beverages, convenience foods – rather than bulk or planned purchases. Basket sizes tend to be smaller, while margins can be affected by delivery costs. Brand differentiation can also be limited, as the platform prioritises speed and convenience over storytelling.

Despite these limitations, Uber Eats illustrates a broader shift in FMCG engagement. It shows how consumption is becoming more fragmented, more immediate and more platform-driven, with new channels emerging to capture specific moments of need.

For brands, this requires a more nuanced approach – ensuring presence not just in traditional retail and ecommerce, but also in these high-intent, on-demand environments.

Rules of engagement

The rise of retail media, AI discovery, marketplaces and private brands all combine to make winning attention in a connected commerce world a growing challenge for FMCG brands

If connected commerce defines how consumers move through the FMCG market, then the rules of engagement define how brands compete within it.

As discussed in the previous section, the battleground has shifted from shelf space to attention and that attention is increasingly fragmented across platforms, channels and interfaces.

Consumers are no longer captive audiences, they are active navigators of a complex ecosystem that includes ecommerce sites, marketplaces, social platforms, search engines, physical stores and now AI-driven assistants.

In this environment, success is no longer determined solely by product quality or distribution scale. It depends on the ability to capture attention at the right moment, in the right context, with the right message and to convert that attention into measurable outcomes. So, how do brands and retailers navigate this?

RETAIL MEDIA: SMART GROWTH INVESTMENT

Retail media has rapidly become one of the most important – and disruptive – forces in FMCG marketing. What began as a relatively niche capability within ecommerce platforms has evolved into a core pillar of growth strategy, fundamentally reshaping how brands allocate spend and how retailers monetise their ecosystems.

The scale of this shift is striking. Global digital retail media ad spend has risen from \$41.6bn in 2018 to \$155.2bn in 2026, with projections suggesting it will reach \$175.7bn by 2028^[1]. In the UK alone, retail media for example has scaled with remarkable speed, reaching around £3bn in revenue in just seven years – faster than both search and social advertising reached similar milestones^[2]. Looking ahead, the UK retail media networks market is projected to grow from \$2.25bn in 2024 to over \$4.1bn by 2030, reflecting sustained double-digit growth^[3].

For context, this means retail media is no longer a supplementary channel, it is becoming a primary route to market for FMCG brands.

At its core, retail media represents the convergence of commerce and advertising. Retailers such as Amazon, Walmart, Tesco and Carrefour are leveraging their first-party data to offer highly targeted advertising opportunities within their own ecosystems. This allows brands to reach consumers at the point of intent – when they are actively searching, browsing or buying – rather than relying solely on upstream awareness channels.

This shift is powerful in FMCG, where purchase cycles are frequent and decisions are often made quickly.

By placing ads directly within search results, product listings and category pages, retail media enables brands to influence decisions in real time.

Amazon is the clearest example of this model, generating around \$60bn in advertising revenue annually^[4], but the model is rapidly being replicated by grocers and general retailers worldwide.

Walmart Connect in the US, Tesco Media and Insight Platform in the UK and Carrefour Links in Europe are all examples of retailers building sophisticated media businesses on top of their commerce operations. These platforms allow brands to target consumers based on actual purchase behaviour, rather than inferred demographics, significantly improving relevance and return on investment.

This performance-driven approach is one of the key reasons retail media is attracting such a large share of FMCG budgets. Unlike traditional advertising, which often relies on proxy metrics such as reach or impressions, retail media provides closed-loop measurement. Brands can directly link ad exposure to sales outcomes, enabling more precise optimisation of spend.

However, this also introduces new complexity. FMCG brands must now balance investment across multiple channels, each with different roles and metrics. Retail media excels at driving conversion, but it is less effective at building long-term brand equity on its own. Promotions remain important for driving volume, but can erode margins if overused. In-store activation (see page 41) continues to play a critical role, particularly for impulse purchases and brand visibility in physical environments.

THE BROADER MARKETING CHALLENGE

The challenge, therefore, is not simply to invest in retail media, but to integrate it within a broader marketing strategy. Leading brands are increasingly adopting a full-funnel approach, using traditional and digital media to build awareness, retail media to capture intent and in-store activation to reinforce decisions at the point of purchase.

Procter & Gamble, for example, has been at the forefront of this shift, reallocating significant portions of its marketing budget towards retail media while maintaining investment in brand-building channels. Similarly, Unilever has emphasised the importance of 'precision marketing', using data to target consumers more effectively across multiple touchpoints.

In-store is also becoming part of the retail media ecosystem, albeit at an earlier stage of development. Digital screens, connected shelves and in-store audio systems are creating new opportunities for brands to engage consumers within physical environments.

Retailers such as Walmart and Kroger are already integrating in-store media into their broader offerings, allowing brands to run coordinated campaigns across digital and physical channels. This reinforces the idea that retail media is not confined to ecommerce – it is a cross-channel capability that spans the entire connected commerce journey.

Despite its rapid growth, retail media is not without challenges. One of the most significant is fragmentation. Brands often need to manage campaigns across multiple retailer platforms, each with its own data, formats and measurement systems. This can create inefficiencies and make it difficult to

achieve a unified view of performance. There are also questions around diminishing returns. As more brands invest in retail media, competition for visibility increases, driving up costs. This is particularly evident in highly competitive categories, where bidding wars for sponsored placements can erode margins.

FMCG X CTV: PRECISION TV MARKETING

Connected TV (CTV) is becoming an increasingly important channel for FMCG marketing as viewing habits shift away from traditional linear television towards streaming platforms and on-demand content.

Platforms such as Netflix, Prime Video and Disney+ are creating new opportunities for FMCG brands to combine the broad reach of television with the targeting and measurement capabilities of digital advertising.

So too are YouTube, TikTok and Instagram – often placing mainstream FMCG brands in amongst the content of the long tail of content creators that lie outside mainstream TV, but who command millions of followers.

For FMCG marketers, the key advantage of CTV is precision. Unlike traditional TV, CTV allows campaigns to be targeted using demographic, behavioural and, increasingly, retail data, helping brands reach more relevant audiences.

This is particularly valuable in connected commerce environments where retail media networks and

Nevertheless, the trajectory is clear. Retail media is becoming a foundational element of FMCG marketing, not just because it drives sales, but because it aligns with how consumers now shop. In a world where discovery and purchase are increasingly integrated, the ability to engage consumers at the point of intent is a powerful advantage.

retailer data can be integrated into media-buying strategies. Brands can also measure engagement and attribution more effectively, linking exposure to online behaviour or even sales outcomes.

CTV also supports stronger storytelling than many digital formats. High-quality video environments allow FMCG brands to build emotional connection and awareness while still operating within a data-driven ecosystem.

Companies such as Procter & Gamble and Unilever are increasingly using CTV as part of omnichannel campaigns that connect awareness-building with ecommerce and retail media activation.

However, challenges remain. Fragmentation across streaming platforms makes campaign management more complex, while measurement standards are still evolving. Costs can also be high, particularly for premium inventory.

Nonetheless, as consumer attention continues shifting towards streaming environments, CTV is likely to become a core component of FMCG media strategies.

RETAILER AND BRAND VIEW OF RETAIL MEDIA SPEND

Set against the broader discussion of retail media as a core pillar of FMCG engagement, the data opposite offers a view into how marketers are actually responding in practice. It highlights two critical dynamics shaping the evolution of retail media: budget reallocation rather than pure expansion and the extreme concentration of spend within a small number of platforms.

The top chart, examining planned changes in spending across search and retail media, reveals that while investment is increasing, much of this growth is coming not from entirely new budgets, but from reallocation within existing media spend. For search advertising, 31.2% of marketers plan to increase spending with incremental budget, but a further 28.1% plan to increase it by shifting existing budgets.

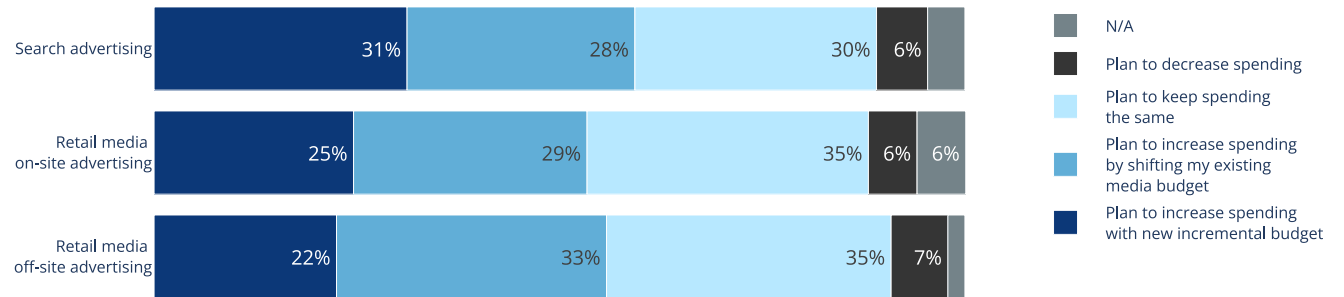
Retail media shows a similar pattern. On-site retail media sees 24.6% increasing spend with new budget and 28.8% reallocating, while off-site retail media shows an even stronger tilt towards reallocation, with 33.3% shifting existing spend compared to 22.5% adding new budget.

DISPLACEMENT OF AD TYPES

This distinction is important. It reinforces the idea that retail media is not simply an additional channel layered onto existing strategies, it is also actively displacing other forms of digital advertising, particularly traditional search and display. FMCG brands are increasingly recognising that investment closer to the point of purchase delivers more measurable returns. In a connected commerce environment, where discovery and conversion

Change in Retail Media and Search Advertising Spending among marketers

Worldwide



Dec 2023-Apr 2024. Figures may not add up to 100 due to rounding

Source: TripleLift, Emarketer survey

RetailX 2026
RXMRM26RP-46-v5

are tightly linked, retail media offers a level of attribution and immediacy that broader digital channels often cannot match.

However, the data also shows that a significant proportion of marketers – around a third – plan to keep spending stable across all three categories. This suggests that while retail media is growing, it is still in a phase of portfolio balancing, with brands testing and refining their allocation strategies rather than fully committing to a single dominant model. The relatively low proportion planning to decrease spend (around 6–7%) indicates that retail media has reached a level of maturity where it is no longer seen as experimental, but neither is it yet fully optimised.

ON-SITE VERSUS OFF-SITE

The distinction between on-site and off-site retail media is also telling. On-site advertising – ads placed within retailer environments such as search results and product pages – remains central to conversion-driven strategies. Off-site retail media, which uses retailer data to target consumers across external platforms such as social media and display networks, is seeing a higher proportion of budget reallocation.

This reflects its role as a bridge between brand-building and performance marketing, allowing FMCG brands to extend the reach of retail data beyond the retailer’s own ecosystem.

Taken together, these trends reinforce a key theme from the earlier section: FMCG marketing is becoming increasingly performance-oriented, with spend shifting towards channels that can demonstrate a direct link between investment and sales outcomes.

MARKET CONCENTRATION

The second dataset (opposite), showing the share of retail media digital ad spending, adds another layer of insight: one of market concentration. Amazon accounts for a striking 77.3% of total retail media spend, with Walmart a distant second at 6.9%, and all other players combined making up just 15.8%.

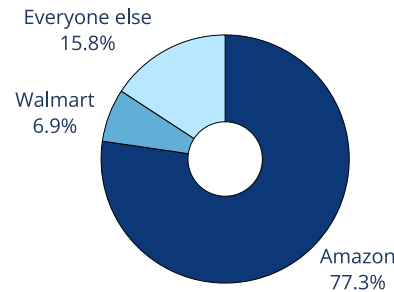
This level of concentration has profound implications for FMCG brands. On the one hand, it simplifies decision-making: Amazon is effectively the default platform for retail media investment, given its scale, reach and sophistication. Its dominance as both a marketplace and a search engine for products means that it captures a disproportionate share of consumer intent, making it a critical channel for engagement and conversion.

On the other hand, this concentration creates strategic dependency. Brands that rely heavily on Amazon for visibility and sales are exposed to its pricing dynamics, algorithm changes and competitive environment, including competition from its own private label products.

As more brands invest in the platform, competition for visibility intensifies, driving up costs and potentially eroding returns.

Share of retail media digital ad spending, 2024

By company



Nov 2024

Source: Emarketer via Flipflow

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RXMRM26RP-55-v11

This dynamic also explains the growing interest in alternative retail media networks. Retailers such as Tesco, Carrefour and Kroger are investing heavily in their own platforms, seeking to capture a greater share of advertising spend and provide brands with diversified options.

For FMCG companies, this presents both an opportunity and a challenge: the opportunity to reduce reliance on a single platform, the challenge to manage an increasingly fragmented media landscape.

AI AND PRODUCT DISCOVERY

If retail media is reshaping how brands engage consumers within existing channels, artificial intelligence is beginning to reshape the channels themselves. Page 21 shows how consumer view using AI to shop, but it also has a significant role to play in product discovery – a role which also fundamentally shifts how FMCG brands and retailers engage with shoppers. AI is not just another tool within the marketing mix, it is a transformative force that is redefining how consumers discover, evaluate and ultimately choose products.

One of the most significant impacts of AI is the shift from search-driven to recommendation-driven discovery. Traditionally, consumers actively searched for products, using keywords to navigate ecommerce platforms or search engines. Today, AI systems are increasingly anticipating consumer needs, surfacing products based on behaviour, preferences and context.

Recommendation engines are already a core part of this landscape. Amazon, for example, attributes a substantial portion of its sales – often cited at more than 30% – to its recommendation systems, which suggest products based on browsing and purchase history. These systems are becoming more sophisticated, incorporating real-time data and machine learning to deliver increasingly personalised results.

Generative AI takes this a step further. Instead of simply recommending products, it can act as a conversational interface, guiding consumers through the decision-making process. Tools such as ChatGPT, Google's AI search features and emerging shopping

assistants allow users to ask questions, compare options and receive tailored recommendations in natural language.

This has significant implications for FMCG. In categories where differentiation is subtle and purchase decisions are often habitual, AI has the potential to disrupt established patterns. Instead of defaulting to familiar brands, consumers may rely on AI-generated recommendations that prioritise relevance, value or specific attributes.

At the same time, AI is influencing how products are evaluated. Reviews, ratings and product descriptions are increasingly being summarised and interpreted by AI systems, shaping consumer perceptions. This places greater emphasis on data quality and consistency, as inaccuracies or gaps can affect how products are represented.

For FMCG brands, this creates both opportunities and challenges. On the one hand, AI enables more precise targeting and personalisation, allowing brands to reach consumers with highly relevant messages. On the other, it introduces a new layer of mediation between brands and consumers, reducing direct control over how products are presented.

Success in this environment depends on optimising for AI-driven discovery. This includes ensuring that product data is accurate, comprehensive and structured in a way that AI systems can interpret.

It also involves generating strong performance signals – such as high ratings, positive reviews and consistent availability – that influence recommendation algorithms.

USING AI TO UNDERSTAND AI DISCOVERY

Brands are already adapting. Companies such as Nestlé and PepsiCo are investing in AI-driven analytics to understand how their products are surfaced within digital ecosystems and to optimise their presence accordingly.

At the same time, they are exploring new forms of engagement, such as conversational commerce and AI-powered customer service.

Retailers are also playing a key role. Many are integrating AI into their platforms to enhance search, personalise recommendations and improve conversion. Tesco, for example, has been investing in data and AI capabilities to better understand customer behaviour and deliver more relevant experiences, while Walmart is using AI to optimise both online and in-store operations.

Importantly, AI does not operate in isolation. It intersects with retail media, data and connected commerce more broadly. For example, AI can enhance retail media targeting by identifying high-value audiences and predicting purchase intent. It can also improve campaign performance by optimising bids and creative in real time.

However, the rise of AI also raises questions about transparency and trust. As algorithms play a greater role in shaping decisions, consumers may become more concerned about how recommendations are generated and whether they are influenced by commercial considerations. For brands and retailers, maintaining trust will be critical, requiring clear communication and ethical use of data.

AI: THE RETAIL CEO PERSPECTIVE

The transformation of product discovery through AI is often framed in terms of consumer experience – how recommendation engines, generative interfaces and conversational tools reshape the journey from intent to purchase. However, the data on retail CEO priorities shown opposite provides an important counterpoint. It shows how AI is being understood not just as a front-end innovation, but also as a foundational capability that underpins the entire connected commerce model.

What stands out immediately in the data is that the top perceived benefits of AI are operational and analytical, rather than purely customer-facing. Increased efficiency and productivity (17%) and enhanced decision-making and data analysis (17%) are the joint leading benefits cited by retail CEOs. This is significant in the context of AI-driven discovery. While consumers experience AI as a tool for recommendation and convenience, retailers see it as the infrastructure that enables those experiences at scale.

AI-driven discovery relies on vast amounts of structured and unstructured data – product attributes, pricing, availability, consumer behaviour, reviews and more. The ability to process, interpret and act on this data in real time is what allows recommendation engines and generative AI systems to function effectively. From a CEO perspective, therefore, the value of AI lies first in its ability to organise complexity, turning fragmented data into actionable insight. Without this capability, the promise of AI-led discovery cannot be realised.

The importance of decision-making and data analysis also reflects the increasingly dynamic nature of connected commerce. As discussed earlier, visibility is determined by performance signals that change

Top benefits of implementing AI



120 consumer and retail CEOs, 5 Aug-10 Sep 2025

Source: KPMG 2025 Global Consumer & Retail CEO outlook

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RXSPG26RP-42-v8

continuously – search trends, conversion rates, stock levels and competitive activity. AI enables retailers to respond to these signals in real time, adjusting assortments, pricing and promotions to optimise outcomes. In this sense, AI is not just influencing discovery, it is shaping the conditions under which discovery occurs.

The next tier of benefits – profitability (13%) and increased personalisation (13%) – connect more directly to the consumer-facing impact of AI. Personalisation is a core component of AI-driven discovery, allowing retailers to tailor recommendations to individual preferences and behaviours. This is particularly important in FMCG, where differentiation

is often subtle and relevance can be the deciding factor in purchase.

Retailers such as Amazon and Walmart have already demonstrated the commercial impact of this approach, using AI to deliver personalised product recommendations that drive both conversion and basket size. The link to profitability is therefore clear: more relevant recommendations lead to higher engagement, which translates into increased sales. For CEOs, the appeal of AI lies in this ability to connect operational efficiency with revenue growth.

Interestingly, benefits related to innovation and competitive advantage – such as developing new AI-enabled products (6%) or staying ahead of competitors (6%) – are cited less frequently. This suggests that, at this stage, AI is viewed more as a tool for optimisation than disruption. Retailers are focused on using AI to improve existing processes and performance, rather than fundamentally reinventing their business models.

However, this may understate the longer-term impact of AI on discovery. As generative AI and conversational interfaces become more embedded in consumer behaviour, they have the potential to reshape how products are surfaced and evaluated in more fundamental ways. The relatively lower emphasis on innovation in the data may therefore reflect the early stage of adoption, rather than a lack of transformative potential.

Another notable aspect of the data is the relatively low emphasis on cost reduction. Only 1% of CEOs cite reduced headcount and staffing costs as a key benefit, and just 3% highlight the removal of administrative functions.



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This suggests that AI is not primarily being viewed as a cost-cutting tool, but as an enabler of growth and capability. In the context of connected commerce, this aligns with the broader shift from efficiency-led to value-led strategies, where the goal is to enhance performance rather than simply reduce costs.

The inclusion of fraud detection and cybersecurity (11%) also highlights the broader role of AI in maintaining trust within digital ecosystems. As discovery and transactions increasingly take place online and through AI-mediated channels, ensuring the integrity of these systems becomes critical. Trust is a key component of engagement, and any erosion of confidence can have a direct impact on consumer behaviour.

Taken together, this data reinforces a key insight: AI-driven discovery is not a standalone capability,

but the visible outcome of a much deeper organisational transformation. From a retail CEO perspective, the benefits of AI are rooted in its ability to improve efficiency, enhance decision-making and enable personalisation at scale. These capabilities, in turn, support the front-end experiences that consumers increasingly expect.

In a connected commerce world, where visibility, relevance and conversion are all mediated by data and technology, AI becomes the engine that powers engagement. It allows retailers to interpret complex signals, respond in real time and deliver personalised experiences that drive both satisfaction and sales.

For FMCG brands, success in AI-driven discovery depends not only on optimising for algorithms, but on aligning with the systems and priorities that retailers are building around them.

PHYSICAL RETAIL ENGAGEMENT

While much of the connected commerce narrative focuses on ecommerce, marketplaces and digital platforms, it would be a mistake to view physical retail as a legacy channel. In reality, stores are not disappearing, they are being fundamentally re-engineered. The modern FMCG store is no longer simply a place of transaction, it is becoming a digitally enabled environment that sits at the centre of the connected commerce ecosystem.

What is emerging is not a binary choice between online and offline, but a convergence. Physical stores are increasingly absorbing the capabilities of digital commerce – data, personalisation, media and analytics – while retaining their unique strengths: immediacy, tangibility and experience.

THE DIGITALISATION OF THE STORE

The most visible change in-store is the proliferation of digital technology. Screens, sensors, smart shelves and connected devices are transforming what was once a static environment into one that is responsive and data-driven.

Digital signage is a clear example of this shift. Retailers are increasingly installing screens throughout stores – on shelves, end caps and walls – to deliver targeted, dynamic content. These are not simply modern replacements for printed PoS materials, they are connected media assets. Research shows that digital displays can significantly increase engagement and sales, while also making stores feel more engaging and premium, with around 25% of shoppers saying they help them discover new products and 13% reporting increased spending as a result ^[5].

EXPERIENCE, IMMEDIACY AND THE ENDURING ROLE OF STORES

Despite the rise of digital commerce, physical stores retain unique advantages that are difficult to replicate online: experience. The ability to see, touch and immediately take possession of products remains a powerful driver of consumer behaviour, particularly in FMCG categories where immediacy and convenience are critical.

However, the role of the store is evolving. Rather than being purely transactional, stores are becoming experiential environments that complement digital channels. This includes everything from interactive displays and augmented reality experiences to in-store events and demonstrations.

AI is increasingly underpinning these experiences. New technologies allow stores to adapt in real time, adjusting lighting, content and even product recommendations based on shopper behaviour. In some cases, retailers are experimenting with “digital twins” of customers – data-driven profiles that enable hyper-personalised interactions within the store environment .

Importantly, these experiences are not just about engagement, they also drive commercial outcomes.

Major retailers are already scaling this model. In the US, chains such as Kroger and CVS are rolling out digital screens on end caps – traditionally the most valuable in-store real estate – across hundreds of stores. These screens display contextually relevant content, from recipes to promotions and can even

Around 90% of consumers say they are more likely to return to a store after a positive experience, while 61% say they are likely to spend more ^[6]. This reinforces the role of stores not just as points of sale, but as drivers of loyalty and lifetime value.

Beyond the customer-facing experience, digitalisation is also transforming store operations. AI, computer vision and robotics are being used to improve inventory management, reduce waste and optimise labour.

Computer vision systems can monitor shelves in real time, identifying out-of-stock items and triggering replenishment. Smart carts and sensors can track shopper behaviour, providing insights into how products are browsed and selected. Automated checkout systems reduce friction, while also generating data on purchasing patterns.

These capabilities are critical in a connected commerce environment, where availability and execution are key drivers of performance. A product that is out of stock in-store may lose not only an immediate sale, but also future visibility within digital systems that rely on performance data.

measure shopper engagement through dwell time and impressions .

Alongside screens, digital shelf labels are becoming more widespread. Walmart, for example, is rolling out electronic price tags across thousands of stores,

enabling price updates across more than 120,000 items in minutes rather than days. While framed as an operational improvement, this capability also lays the groundwork for more dynamic pricing, real-time promotions and tighter integration between online and offline pricing strategies.

More broadly, stores are becoming what is often described as “smart stores” – environments equipped with IoT-enabled devices such as smart shelves, connected carts and In-store sensors. These systems allow retailers to monitor stock levels in real time, track shopper movement and optimise layouts dynamically.

Image recognition, for example, enables FMCG brands to analyse shelf conditions continuously, ensuring products are correctly placed and available. UK supermarket Sainsbury’s is trialling this in its Witney, Oxfordshire, store (see image), while L’Oréal has used such systems to reduce in-store audit time by 50%, improving efficiency and execution quality.

FROM PHYSICAL SHELF TO CONNECTED SHELF

Perhaps the most important conceptual shift is that the shelf itself is becoming connected. In traditional retail, the shelf was static, its layout determined by planograms and updated periodically. In connected commerce, the shelf is dynamic, informed by real-time data and integrated with digital systems.

AI-driven planograms now allow retailers to adjust product placement based on demand signals, seasonality and shopper behaviour. For example, fast-moving FMCG products can be repositioned during peak periods to reduce stockouts and maximise sales. This mirrors the logic of digital merchandising, where product rankings are



© Paul Skeldon

constantly updated based on performance. At the same time, shelves are becoming media channels in their own right. Digital displays, smart labels and even audio systems allow brands to communicate directly with shoppers at the point of decision. Bain estimates that nearly 29% of retailers expect store layouts to evolve specifically to accommodate retail media and experiential formats. In effect, the store is becoming an extension of the retail media ecosystem, with monetisable inventory embedded within the physical environment.

This has significant implications for FMCG. It means that the battle for visibility now plays out not only online, but also within digitally enabled stores. Winning the shelf is no longer just about securing space, it is about optimising performance within a connected system that blends physical presence with digital amplification.

BRIDGING THE GAP: THE OMNICHANNEL STORE

The digitalisation of stores is closely tied to the broader shift towards omnichannel commerce. Consumers no longer distinguish between online and offline, they expect a seamless experience across both.

This is reflected in the growth of models such as click and collect (BOPIS), which is projected to become a major component of retail globally, with the market expected to reach over \$700bn by 2027. In this model, the store becomes not just a point of sale, but a fulfilment hub integrated with ecommerce systems and supply chains ^[6].

In-store technology plays a critical role in enabling this integration. Mobile apps, handheld scanners and self-checkout systems allow consumers to navigate stores more efficiently, while also linking their In-store activity to their digital profiles.

Technologies such as Scan & Go, already implemented by retailers like Tesco and Sainsbury’s, allow shoppers to scan items as they shop, blending the convenience of ecommerce with the immediacy of physical retail.

At the same time, retailers are using digital tools to personalise the in-store experience. Data collected online – such as purchase history or browsing behaviour – can be used to inform In-store recommendations, promotions and layout decisions.

Increasingly, stores are equipped to deliver personalised content, whether through digital screens, mobile notifications, or staff equipped with customer insights. Research suggests that 87% of industry professionals believe customers now expect some level of personalised content in-store ^[6].

MARKETPLACES AND THE DIGITAL SHELF

If retail media defines how brands buy attention and AI defines how that attention is filtered, then marketplaces define where much of that engagement ultimately takes place. They have become the primary interface between consumers and products in FMCG ecommerce, acting simultaneously as storefronts, media platforms, data engines and increasingly, discovery ecosystems in their own right.

The scale of marketplace growth underlines their importance. Globally, online marketplaces now account for more than two-thirds of ecommerce sales, with platforms such as Amazon, Alibaba and JD.com dominating in their respective regions ^[7].

In Europe and the UK, Amazon alone captures a significant share of online product searches, reinforcing its role not just as a retailer, but as a primary gateway to discovery. For FMCG, which historically relied on physical distribution, this represents a profound structural shift.

At the heart of this shift is the concept of the digital shelf. Unlike its physical counterpart, the digital shelf is effectively infinite, yet paradoxically more competitive. While there is theoretically space for every product, only a small fraction achieves meaningful visibility.

The battle is therefore not for space, but for position – specifically, for prominence within search results, category pages and recommendation feeds.

This is where marketplaces intersect directly with retail media. Platforms such as Amazon Advertising, Walmart Connect and Carrefour Links allow brands to pay for enhanced visibility within search results



© AdobeStock

and product listings. Sponsored products, display ads and brand placements ensure that even in a crowded environment, brands can secure exposure at critical moments of intent.

However, this also intensifies competition. As more brands invest in retail media, the cost of visibility increases, particularly in high-frequency FMCG categories such as household essentials and personal care.

This creates a dynamic similar to paid search, where bidding strategies, keyword optimisation and return on ad spend become central to performance. For many FMCG brands, managing marketplace advertising has become a core capability, requiring dedicated teams and sophisticated tools.

ORGANIC PERFORMANCE MATTERS

Yet paid visibility alone is not enough. The effectiveness of retail media within marketplaces is closely tied to organic performance, which is where the broader principles of digital shelf optimisation come into play.

- **Product content** – such as titles, descriptions, images and keywords – must be structured in a way that aligns with both consumer search behaviour and platform algorithms. Poorly optimised listings risk being buried, regardless of brand strength or product quality.

- **Reviews and ratings** – these serve as both a trust signal for consumers and a performance signal for algorithms. Products with higher ratings and stronger review volumes are more likely to be surfaced and

recommended, creating a reinforcing cycle of visibility and conversion. This is particularly important in FMCG, where brand switching is relatively easy and peer validation can play a decisive role.

- **Pricing strategy** – marketplaces are highly transparent environments, allowing consumers to compare prices instantly across brands and sellers. This increases price sensitivity and intensifies competition, particularly for commoditised products. Dynamic pricing – adjusting prices in response to demand, competition and stock levels – is becoming more common, supported by data analytics and automation tools.

- **AI-driven discovery** – recommendation engines, search algorithms and increasingly generative AI interfaces determine how products are surfaced to consumers. Amazon's recommendation system, for example, is estimated to drive a significant proportion of its sales, often cited at over 30%. This means that success on marketplaces is not just about being listed or advertised, but about feeding the algorithms with the right signals – across strong sales velocity, high conversion rates, positive reviews and consistent availability.

Taken together, these factors create a tight interdependence between retail media, content optimisation and operational performance. A well-optimised product that converts efficiently will rank higher organically, reducing reliance on paid media. Conversely, paid media can be used to drive initial visibility and sales, which in turn improve organic ranking. Managing this balance is one of the central challenges of marketplace strategy.

PARTNERSHIPS ARE KEY

Partnerships with marketplaces are therefore becoming more strategic for FMCG brands. Rather than treating them purely as sales channels, FMCG brands are increasingly engaging with marketplaces as platform partners, collaborating on data sharing, joint marketing initiatives and category development. For example, brands working with Amazon's Vendor or Seller Central programmes can access detailed performance data, enabling more precise optimisation of listings and campaigns.

Similarly, partnerships with retailers such as Walmart or Carrefour often include access to retail media platforms and shopper insights, creating a more integrated approach to growth.

Private label adds another layer of complexity (see panel overleaf). Marketplaces and retailers are not neutral intermediaries; they are also competitors. Amazon's own brands and retailer private labels often benefit from privileged data access and favourable positioning, intensifying competition for FMCG brands. This reinforces the importance of differentiation – through branding, innovation and customer experience – as well as operational excellence.

Beyond the major global players, regional and niche marketplaces are also playing a growing role, particularly in categories such as health, beauty and specialist foods. Platforms such as Ocado in the UK or Tmall in China offer more curated environments, often with stronger emphasis on premium positioning, data integration and brand storytelling. These platforms can provide opportunities for differentiation, but also require tailored strategies that reflect their specific dynamics.

Importantly, marketplaces are not isolated from the broader connected commerce ecosystem. They are deeply integrated with other channels, from social media and search to physical retail. A product discovered on TikTok may ultimately be purchased on Amazon; a promotion run through retail media may drive both online and in-store sales. This reinforces the need for a holistic approach, where marketplace strategy is aligned with broader marketing, data and supply chain initiatives.

Ultimately, marketplaces sit at the intersection of all the major forces shaping FMCG engagement. They are where retail media is executed, where AI-driven discovery takes place and where consumer decisions are finalised. For brands, succeeding in this environment requires a combination of technical expertise, strategic investment and continuous optimisation. The digital shelf may be infinite, but attention is not.

[1] RetailX Website for 2026 Retail Media Landscape report

[2] <https://econsultancy.com/stats-growth-retail-media>

[3] www.grandviewresearch.com/horizon/outlook/retail-media-networks-market/uk

[4] www.techradar.com/pro/from-retail-stores-to-digital-media-powerhouses-the-power-of-modern-retail-media-networks

[5] <https://saturnvisual.com/retail-white-paper-re-energising-the-in-store-experience>

[6] www.vodafone.co.uk/business/insights-articles/In-store-retail-online

[7] www.digitalcommerce360.com/article/us-ecommerce-sales/

PRIVATE LABEL: THE PLATFORM COMPETITOR RESHAPING FMCG ENGAGEMENT

Private label – also referred to as own-brand or store-brand – has evolved from a value-tier alternative into one of the most strategically significant forces in FMCG. Traditionally positioned as lower-cost substitutes for branded goods, private label ranges are now tiered, sophisticated and often directly competitive on quality, innovation and brand perception. Retailers such as Amazon feature many own brands on their marketplaces, while Tesco (with *Finest* and *Everyday Value*), Aldi (with *Specially Selected*), and Target (with *Good & Gather*) illustrate how own-label has expanded across price points and categories.

The scale of private label growth underscores its importance. In many European grocery markets, private label now accounts for 30 to 40% of total FMCG sales, with discounters pushing penetration even higher. In the UK, private label share has surged in recent years as inflation has driven consumers towards value, with some retailers reporting record levels of own-brand adoption. This is not just a cyclical shift, it reflects a structural change in how consumers perceive retailer brands.

What makes private label particularly disruptive in a connected commerce context is that retailers are no longer neutral platforms. They are both gatekeepers and competitors. On marketplaces and ecommerce platforms, retailers control search rankings, recommendations, promotions and retail media inventory – while simultaneously offering their own products within the same environment.

This creates a fundamental asymmetry. Private label brands benefit from privileged access to data, including real-time insights into consumer behaviour, pricing elasticity and category trends. This allows retailers to identify gaps in the market and launch products that directly target high-performing branded segments.

For example, Amazon has used its data capabilities to develop private label ranges across multiple categories, often positioning them prominently within search results and recommendations.

In terms of engagement, this complicates the traditional rules of branding. FMCG brands have historically relied on differentiation – through advertising, packaging, heritage and innovation – to justify price premiums and build loyalty. However, in algorithm-driven environments, these intangible qualities are less visible. What matters more are measurable signals: price competitiveness, availability, reviews and conversion rates. Private label products, often priced lower and positioned advantageously, can perform strongly on these metrics, making them highly competitive within algorithmic systems.

Retail media further amplifies this challenge. While brands can pay for visibility, retailers ultimately control the ecosystem in which that visibility operates. This raises strategic questions for FMCG brands: how much to invest in platforms where they are effectively funding their competitors, and how to balance short-term performance with long-term brand equity.

At the same time, private label is becoming more sophisticated in its own right. Premium own-brand ranges increasingly compete not just on price, but

on quality, sustainability and innovation. Retailers such as Marks & Spencer have built strong reputations for high-quality own-label products, blurring the line between retailer and brand. In some cases, consumers actively seek out these products, demonstrating that private label can command loyalty in its own right.

For FMCG brands, this creates a more complex competitive landscape. Competing with private label requires a multi-layered strategy. Price remains important, but it cannot be the sole lever, particularly for brands positioned at the premium end. Instead, differentiation must be reinforced through innovation, storytelling and perceived value – ensuring that products offer something that cannot be easily replicated.

Operational excellence is equally critical. In a connected commerce environment, visibility is closely tied to performance. Products that are consistently available, competitively priced and highly rated are more likely to be surfaced by algorithms. Any weakness in these areas can quickly erode position, particularly when competing against private label alternatives that are optimised for platform performance.

Ultimately, private label represents more than just another competitor. It is a manifestation of the broader shift towards platform-driven commerce, where retailers leverage data and control over the ecosystem to capture a greater share of value. For FMCG brands, engaging effectively in this environment requires not only competing within these platforms, but understanding how they operate while adapting strategies accordingly.

L'ORÉAL

AI-driven discovery and social commerce in connected FMCG

Beauty and cosmetics leader L'Oréal has positioned itself as one of the most digitally advanced companies in FMCG. While traditionally categorised as a beauty business, it has effectively become a benchmark for how consumer brands can operate within a connected commerce ecosystem – particularly in the areas of AI-driven discovery, social commerce and data-led engagement.

At the core of L'Oréal's strategy is a recognition that product discovery is no longer linear. Consumers do not simply search for products; they are guided by recommendations, content and increasingly by AI. In response, L'Oréal has invested heavily in technologies that bring personalisation and recommendation closer to the consumer decision moment.

One of the most visible examples is its suite of AI-powered tools developed through ModiFace, which L'Oréal acquired in 2018. These include virtual try-on technologies that allow consumers to test makeup, hair colour and skincare

products digitally, using augmented reality. This is not just a novelty feature, it directly impacts conversion by reducing uncertainty and increasing confidence in purchase decisions. In categories where colour, texture and suitability are critical, such tools effectively bridge the gap between physical and digital retail.

Beyond virtual try-on, L'Oréal is using AI to power diagnostic and recommendation engines. Tools that analyse skin type, tone and condition allow the company to recommend tailored product routines, shifting the purchase journey from product-led to solution-led. This aligns closely with the broader shift in FMCG towards personalisation and value, where consumers expect products to meet specific needs rather than generic categories.

Social commerce is the second pillar of L'Oréal's connected commerce strategy. The company has been particularly aggressive in leveraging platforms such as TikTok, Instagram and YouTube, where discovery is driven by content rather than search. This is critical given that a growing proportion of younger consumers now discover products through social feeds rather than traditional channels.

L'Oréal has embraced this by integrating content, influencers and commerce into a single ecosystem. On platforms like TikTok Shop, it works with creators to demonstrate products in real time, often linking directly to purchase within the same interface. This compresses the traditional funnel – awareness, consideration and conversion – into a single moment. Campaigns are designed not just to build brand equity, but to drive immediate sales, supported by platform-native formats such as live shopping and short-form video.



@L'Oréal

Importantly, L'Oréal's approach is not limited to individual platforms. It operates a connected content strategy, where assets are adapted and optimised across multiple channels, ensuring consistency while leveraging the unique dynamics of each environment. This reflects an understanding that engagement in connected commerce is cumulative, with each touchpoint reinforcing the next.

Retail media also plays a key role. L'Oréal is one of the largest advertisers on platforms such as Amazon, using sponsored placements and data-driven targeting to capture demand at the point of intent. Its strength lies in integrating this performance-driven approach with broader brand-building efforts, ensuring that visibility translates into both short-term conversion and long-term equity.

What makes L'Oréal particularly relevant for FMCG is that it demonstrates how AI, content and commerce can be fully integrated. Its use of AI enhances discovery and personalisation, its social commerce strategy captures attention in fragmented environments and its retail media investment ensures visibility at the point of purchase.



Redefining FMCG use of retail media in the attention economy

German-based multinational FMCG – and industrial adhesives – company Henkel's recent work on its Bloo toilet cleaner range provides one of the clearest real-world examples of how FMCG brands are evolving their approach to retail media in response to the connected commerce landscape.

With Henkel generating more than €20bn in annual revenues globally, the company has increasingly focused on transforming its consumer brands through digital and data-led strategies. The Bloo campaign in the UK marks a significant step in that journey, moving from traditional, awareness-led marketing to a commerce-first, full-funnel retail media model.

At its core, the campaign reflects a fundamental shift in how retail media is used. Historically, retail media was concentrated at the point of purchase – sponsored listings, search placements and display banners designed to capture intent when consumers were already close to buying.

Bloo's approach expands this into a connected, omnichannel system, spanning on-site, off-site and in-store touchpoints.

Working in partnership with WPP Media, Henkel built a campaign that integrates shopper data from major UK retailers with a broad media mix. This includes on-site retail placements, online video, social media, ITV, proximity-based digital out-of-home (DOOH) and retailer-owned platforms. Crucially, these channels are not treated as separate silos, but as part of a unified journey – designed to move consumers from awareness through to conversion in a seamless way.

This matters because it directly addresses the realities of the attention economy. Consumer attention is no longer concentrated in a few predictable channels. Instead, it is fragmented across social feeds, streaming platforms, ecommerce environments and physical retail. The Bloo campaign recognises this by ensuring that messaging is consistent, personalised and contextually relevant across each of these environments.

A key differentiator is the use of rich, retailer-led shopper data to inform targeting and messaging. Rather than relying solely on demographic or behavioural proxies, the campaign uses actual purchase and browsing data to identify consumer needs and deliver tailored communications. This not only improves relevance, but also increases the likelihood of conversion, enhancing both ad recall and purchase propensity.

Importantly, the campaign maintains a strong link to the point of sale. In-store assets, developed by Henkel's agency, Savvy, reinforce messaging



© Henkel

at the moment of decision, creating a cohesive omnichannel experience. This integration of digital and physical touchpoints reflects a broader trend in retail media, where in-store environments are becoming an extension of the media ecosystem rather than a separate channel.

The strategic significance for FMCG of this approach lies in its full-funnel design. Bloo's strategy is particularly notable because it applies these principles to a low-engagement, high-frequency category. Toilet cleaning products are not typically associated with high levels of consumer involvement or brand differentiation. By leveraging retail media and data to create more relevant and engaging touchpoints, Henkel is effectively elevating the category, demonstrating that even everyday products can benefit from sophisticated, connected marketing strategies.



The most advanced model of integrated commerce?

With annual revenues exceeding \$120bn and an ecosystem that spans ecommerce, payments, logistics, media and cloud computing, China's Alibaba represents the most advanced and fully integrated model of connected commerce globally. Through platforms such as Tmall, Taobao and Freshippo (Hema), it has created a system in which discovery, engagement, transaction and fulfilment are seamlessly connected, offering a clear view of where FMCG commerce is heading.

What differentiates Alibaba is not just scale, but the depth of integration across the entire consumer journey. Unlike Western models, where search, social, commerce and payments often sit across separate platforms, Alibaba combines these functions within a single ecosystem. Consumers can discover products through live-streaming, social content or AI recommendations, purchase them instantly via Alipay and receive them through Cainiao's logistics network – all without leaving the app.

For FMCG brands, this creates both opportunity and complexity. On the one hand, Alibaba offers unparalleled access to consumers, particularly in China's vast and highly digital market. Brands such as Proya and Perfect Diary have used Tmall and Taobao to scale rapidly, leveraging data, influencer partnerships and live-streaming to build awareness and drive sales. These brands demonstrate how local players can compete effectively by aligning closely with platform dynamics.

On the other hand, success within Alibaba's ecosystem requires a deep understanding of how the platform operates. Visibility is determined by a combination of retail media investment, content quality, engagement metrics and sales performance.

Livestreaming, in particular, has become a critical channel, with influencers and brand representatives hosting real-time shopping events that can generate millions in sales within hours. This blurs the line between entertainment and commerce, turning engagement into immediate conversion.

Alibaba's model also highlights the importance of data as a competitive advantage. Brands have access to detailed insights on consumer behaviour, enabling them to optimise everything from product development to pricing and promotions. This supports more dynamic and responsive strategies, allowing brands to adapt quickly to changing demand.

Importantly, Alibaba extends beyond pure ecommerce into physical retail through initiatives such as Freshippo, which integrates online and offline experiences. Stores function as both retail spaces and fulfilment centres, with digital tools enhancing the



© Alibaba

in-store experience. This reinforces the idea that connected commerce is not about replacing physical retail, but about integrating it within a broader system.

For FMCG brands globally, Alibaba represents a glimpse of the future. It demonstrates how marketplaces can evolve into end-to-end engagement ecosystems, where retail media, AI discovery, data and logistics are fully integrated.

It also shows how platforms can dominate the engagement role, becoming the primary interface between brands and consumers. In this sense, Alibaba is not just a marketplace, it is a model of how FMCG commerce can operate when all elements are connected.

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24/7 Always on

Expert insight

The algorithm doesn't wait for your monthly report.



Dan Shering, GM EMEA & APAC, CommercetIQ

The data is not the problem. Most FMCG teams have more insight than they can act on. The problem is the distance between knowing and doing – and how fast that distance is being exploited by retail algorithms that never stop moving.

The response, almost universally, has been to add another tool. And in isolation, each one is justified. Digital shelf analytics matters. Content optimisation matters. Sales intelligence matters. AEO matters. The problem is not the capability. It is deploying each one independently, on a stack where nothing shares context with anything else and expecting a lean team to close the gaps in between.

This is the defining commercial challenge for FMCG in 2026. Not AI adoption – most brands are already

piloting something – the challenge is the gap between knowing and doing and how fast it is being exploited by algorithms that reshuffle rankings, reprice and reallocate shelf placement continuously, across Tesco, Carrefour, Ocado, Zalando and Amazon simultaneously, without pause.

A lean team with five tools that don't talk to each other cannot close that gap. The coordination cost consumes the efficiency gain. The blind spots between disconnected systems create errors nobody catches until revenue has already moved. Spend running against out-of-stock products. Content optimised for rankings that have already shifted. Sales anomalies that surface in the monthly report rather than in the moment.

The brands beginning to pull ahead have made a different bet. They have stopped asking which tool to add next and started asking how to build an operation that runs at the speed of the market. The answer looks less like a technology procurement decision and more like a fundamental rethink of how execution gets done, what runs automatically, and what is reserved for the people whose judgment actually moves the needle.

This is the shift that will define the next three years of FMCG commerce. The brands that make it will operate with a speed and coherence that fragmented stacks cannot match. Those that don't will keep adding tools and keep losing ground, not to better competitors, but to better operating models.

CommercetIQ is built specifically for this moment. As the unified AI platform for ecommerce teams, it brings together digital shelf analytics, content optimisation

and sales intelligence in a single context, with Ally^{AI} acting as the AI commerce operator that turns that unified intelligence into continuous execution. For lean teams competing against algorithms that never pause, that is a fundamentally different proposition to a stack of point solutions.

But the operating model argument doesn't begin with a vendor. It begins with an honest assessment of whether the way your team is organised today is built for the market you are actually competing in.

For most brands, it isn't. And the window to change that is narrowing.

CommercetIQ

The CommercetIQ Agentic retail platform powers profitable digital commerce growth for 2,200+ of the world's leading brands including Nestlé, Colgate, and Whirlpool with AI agents for retail media, sales, content and the digital shelf. Built on a unified view of your business, CommercetIQ continuously analyzes performance to deliver real-time, actionable insights, provide recommendations, and automate workflows that improve share of search, maximize media ROI, and boost incremental sales. Proven to deliver 10-100x the efficiency of traditional agencies, CommercetIQ is trusted by the world's top brands and a global network of 1,500+ partners. To learn more or request a demo, visit www.commerceiq.ai

The road ahead

FMCG faces a converging set of forces across discovery, convenience, health and more. Here is what the sector is going to be navigating in the coming years

If this report has established anything, it is that the FMCG sector is no longer defined by a single channel, model or moment of purchase. Instead, it operates within a connected, fluid and increasingly complex ecosystem, where consumers move seamlessly between platforms, technologies and environments. This complexity will only become more pronounced on the road ahead.

As to what lies ahead for FMCG, it is not a single transformation, but the convergence of multiple forces: technological acceleration, shifting consumer expectations, platform dominance, regulatory pressure and operational strain. Together, these will redefine how brands are built, how products are discovered and how value is created.

So, what will FMCG brands and retailers be navigating across the next few years?

CONTINUED FRAGMENTATION OF COMMERCE

The first and most immediate reality is that fragmentation will intensify. The connected commerce model is still evolving and new touchpoints continue to emerge. Social commerce, marketplaces, retail media networks, rapid delivery platforms and AI interfaces are all competing for consumer attention

– alongside all the other things competing for their eyeballs such as CTV, gaming and more – and none are replacing the others.

Consumers will continue to move fluidly between all of these platforms, as well as pushing for AI assistants to do the work for them.

This creates both opportunity and challenge. On the one hand, FMCG brands have more ways than ever to reach consumers. On the other, maintaining consistency, visibility and relevance across all these touchpoints becomes exponentially more difficult.

The implication, however, is clear: success will depend on the ability to operate not in channels, but in ecosystems. Brands and retailers will need to orchestrate experiences across platforms, ensuring that each interaction reinforces the next.

Disconnected strategies – where ecommerce, in-store and marketing operate in silos – will increasingly struggle to compete.

AI: THE ORGANISING LAYER OF COMMERCE

If connected commerce defines the structure of the market, AI will define how it operates. Over the next five years, AI is likely to become the central organising layer of FMCG, shaping everything from discovery and engagement to pricing and supply chain management.

The most immediate impact will be on product discovery. As generative AI and conversational interfaces become more widely adopted, consumers will increasingly rely on systems that:

- **Recommend** products based on preferences and behaviour
- **Compare** options in real time
- **Automate** routine purchases

This has profound implications for brand visibility. In an AI-mediated world, consumers may no longer browse or search in the traditional sense. Instead, they will receive curated recommendations, often from a single interface. This compresses the competitive landscape, making it harder for brands to stand out and increasing the importance of being “chosen” by the algorithm.

For FMCG brands, this means optimising not just for human consumers, but for machine-readable systems. Product data, reviews, availability and performance metrics will become critical inputs into AI decision-making. Brands that fail to align with these systems risk becoming invisible, regardless of their traditional strengths.

At the same time, AI will transform marketing and media. Campaigns will become more dynamic, with creative, targeting and bidding optimised in real time. Retail media networks (see below) will increasingly rely on AI to identify high-value audiences and maximise return on ad spend. The result will be a shift from planned campaigns to continuous optimisation, where performance is constantly refined.

RETAIL MEDIA: FROM CHANNEL TO INFRASTRUCTURE

Retail media will continue its rapid growth, but its role will evolve. What began as a way to monetise ecommerce traffic is becoming a core infrastructure for FMCG marketing.

Three trends will shape its development:

1. Full-funnel integration – Retail media will extend beyond the point of purchase to encompass awareness, consideration and conversion. Campaigns like Henkel's Bloo demonstrate how brands are already using retail media across on-site, off-site and in-store environments to create connected journeys.

2. In-store expansion – Physical retail will increasingly become part of the retail media ecosystem. Digital screens, connected shelves and mobile integration will allow brands to engage consumers at the point of decision, linking in-store activity to digital campaigns.

3. Consolidation and fragmentation – While major platforms such as Amazon will continue to dominate, retailers such as Walmart and Tesco will expand their own networks. This creates a tension between scale and fragmentation, requiring brands to balance investment across multiple platforms.

Ultimately, retail media will become less of a standalone channel and more of a unifying layer, connecting data, media and commerce into a single system.

THE STORE STRIKES BACK

Despite the growth of digital channels, physical stores will remain central to FMCG, but their role will continue to evolve. Stores will increasingly function as:

- **Fulfilment hubs** for online orders
- **Media environments** for brand engagement
- **Experience centres** that act to complement digital channels

The digitalisation of in-store – through data, connectivity and media – will blur the boundaries between online and offline. Algorithmic thinking will extend into physical retail, with product placement, promotions and pricing informed by real-time data.

However, the enduring strength of stores lies in immediacy and tangibility. For many FMCG categories, the ability to see, touch and instantly acquire products remains a powerful advantage. The challenge will be integrating these strengths with digital capabilities, creating a seamless omnichannel experience.

THE GROWING POWER OF PLATFORMS

As marketplaces, retail media networks and on-demand platforms expand, the balance of power in FMCG will continue to shift towards platforms.

Companies such as Alibaba and Amazon demonstrate how platforms can dominate discovery, engagement and transaction. They control the data, the algorithms and the interfaces through which consumers interact with products.

For FMCG brands, this creates both opportunity and risk:

- **Opportunity:** access to large audiences, advanced targeting and scalable infrastructure
- **Risk:** dependency on platforms, reduced control over brand presentation and increased competition from private label

Private label, in particular, will remain a key challenge. Retailers' ability to leverage data and control over the digital shelf allows them to compete directly with branded products, often at lower prices.

This will continue to put pressure on margins and differentiation.

The growing power of platforms is also being reinforced by the emergence of what have been dubbed superapps (see panel overleaf) and aggregation models that bring multiple services – and increasingly, commerce – into a single interface.

In markets such as China and Southeast Asia, platforms such as WeChat and Grab have already demonstrated how messaging, payments, mobility and shopping can converge into one environment.

Within these ecosystems, FMCG purchasing becomes just one of many embedded behaviours, often triggered by context rather than intent. This reduces the number of standalone touchpoints in the consumer journey and concentrates engagement within a smaller number of dominant platforms.

Alongside this, there is a growing role for apps and platforms that aggregate offers, loyalty and discounts, effectively acting as gateways to value (see panel overleaf). These range from retailer-led ecosystems to third-party deal platforms, and they are becoming increasingly important in a cost-conscious environment.

For consumers, they simplify decision-making by surfacing the best available value in one place. For FMCG brands, however, they add another layer of competition, where visibility is determined not just by brand strength or media spend, but by how effectively products are positioned within these aggregated environments.

HOW SUPERAPPS AND MULTI-RETAILER APPS SHIFT THE DIAL

The growing influence of superapps and discount aggregation platforms represents another structural shift in how consumers discover, evaluate and purchase FMCG products.

While marketplaces and retail media networks have already transformed the path to purchase, these newer models go a step further by consolidating multiple behaviours – shopping, payments, communication and value-seeking – into a single interface. In doing so, they compress the consumer journey and increasingly position themselves as primary gateways to engagement.

Superapps, such as WeChat and Grab, are the most advanced expression of this trend. Within these ecosystems, users can move seamlessly between messaging, payments, mobility services and commerce, often without consciously switching context. FMCG purchasing becomes embedded within everyday digital behaviour – triggered by a conversation, a recommendation or a moment of need rather than a deliberate shopping mission.

This fundamentally changes the dynamics of engagement. Instead of competing for attention in a dedicated retail environment, FMCG brands must now surface within multi-purpose platforms where commerce is only one of many functions.

At the same time, discount and offer aggregation platforms – ranging from retailer-led apps to third-party services such as Flipp in the US, Blix in Poland and Scandinavia's Tjek – are becoming increasingly influential, particularly in price-sensitive markets.

These platforms bring together promotions, loyalty rewards and deals from multiple sources, allowing consumers to quickly identify the best value available. In an environment shaped by inflation and economic pressure, this creates a powerful behavioural shift: consumers are not just comparing products, but comparing value ecosystems. The decision is less about which brand to buy, and more about where the best overall offer sits at a given moment.

For FMCG, this has several implications. First, it further erodes the traditional relationship between brand and consumer. When discovery and decision-making are mediated through aggregation layers, brand visibility is contingent on being present and competitive within those environments, rather than relying on standalone marketing.

Second, it intensifies price competition. As offers are surfaced side by side, often in real time, differentiation becomes harder to sustain purely through positioning or messaging.

However, these platforms also create new opportunities. They provide access to high-intent consumers actively seeking value, as well as generating additional data on purchasing behaviour and responsiveness to promotions. For brands that can navigate them effectively, they can drive incremental volume and engagement, particularly in categories where switching is relatively easy.

To compete in this environment, FMCG brands will need to adapt in several ways. The first is to adopt a more platform-centric approach to pricing and promotions. This means not only offering competitive deals, but also structuring promotions in ways that

are optimised for visibility within aggregation systems – ensuring they are surfaced prominently and clearly communicated.

Brands, then, must also strengthen their data integration and responsiveness. Aggregator platforms operate in real time and success depends on the ability to adjust pricing, availability and messaging quickly in response to changing conditions. Static promotional calendars are increasingly insufficient, what is required is a more dynamic, data-led approach.

Additionally, there is a need to reinforce brand value beyond price. While aggregation platforms emphasise deals, they do not eliminate the importance of trust, quality and relevance. Brands that can combine competitive pricing with strong product credentials and clear differentiation will be better positioned to maintain loyalty, even in highly competitive environments.

Ultimately, super apps and discount aggregators are accelerating the shift towards a platform-mediated FMCG landscape, where engagement is shaped by ecosystems rather than individual channels. For brands, the challenge is not just to participate in these environments, but to understand how they influence behaviour – and to align strategy accordingly.

CONVENIENCE AND CONSUMPTION MODELS

The legacy of rapid delivery and platforms like Uber Eats suggests that convenience will remain a key battleground. While ultra-fast delivery models have struggled economically, they have reset consumer expectations around speed and flexibility.

Future models are likely to focus on:

- **Hybrid fulfilment** of store + delivery
- **More efficient** last-mile logistics
- **Integration** with broader ecosystems, across mobility, payments and subscriptions.

At the same time, consumption patterns themselves are evolving. Health trends, economic pressure and even pharmaceutical developments are influencing not just what consumers buy, but how much they buy. This reinforces the shift from volume-driven to value-driven growth, where quality, functionality and relevance take precedence over quantity.

CONSUMER REGULATIONS

Regulation is already reshaping FMCG in very tangible ways, particularly in food and drink. In the UK, the most significant framework is the set of rules governing products high in fat, salt and sugar (HFSS) initiated in 2022.

These regulations already restrict where products can be placed and how they can be promoted, both in-store and online.

Since October 2025, there have been additional restrictions on 'buy-one, get one free' volume-based promotions, directly impacting pricing strategies and promotional mechanics.

The next phase of regulation goes even further, moving decisively into media and digital engagement. From January 2026, new rules introduced under the Health and Care Act 2022 place a 9pm watershed on HFSS advertising on TV and a near-total ban on paid-for online advertising of these products.

This is a profound shift for FMCG marketing, effectively removing large parts of the traditional media toolkit for certain categories. It forces brands to rethink how they build awareness and engagement, pushing them towards brand-led advertising (rather than product-led), reformulation, and alternative channels such as retail media and owned platforms.

In parallel, ongoing consultations – such as updates to the Nutrient Profiling Model – suggest that the scope of what is classified as “less healthy” may continue to evolve, potentially bringing more products into regulatory scope over time.

Looking ahead, regulation is unlikely to stop at HFSS. Broader trends point towards increasing scrutiny in areas such as:

- **Data usage**
- **AI transparency**
- **Sustainability claims**
- **Environmental impact.**

As platforms and AI systems play a larger role in shaping consumer decisions, regulators are beginning to examine how algorithms influence choice and whether commercial bias is sufficiently disclosed.

At the same time, governments are tightening rules around green claims and packaging, requiring brands

to substantiate sustainability messaging and reduce environmental impact.

Together, these developments signal a future in which FMCG companies must operate within a more tightly controlled framework – one that governs not just what they sell, but how they communicate, promote and even design their products.

DATA REGULATION

Data and trust are becoming increasingly intertwined as FMCG brands rely more heavily on first-party data, retail media and AI-driven engagement. Existing frameworks such as the UK and Europe GDPR rules already set strict rules around how consumer data can be collected, stored and used, particularly in relation to consent, transparency and purpose limitation. In parallel, the UK's Privacy and Electronic Communications Regulations governs direct marketing and the use of cookies, directly impacting how brands can track behaviour and target advertising.

These regulations have already pushed FMCG companies towards first-party data strategies, often in partnership with retailers, as third-party cookies are phased out. The result is a more controlled but also more fragmented data environment, where access to high-quality, consented data becomes a critical competitive advantage.

Looking ahead, the regulatory landscape is set to tighten further, particularly in relation to AI and digital platforms. The EU's EU AI Act, coming into force in phases from 2025 onwards, introduces new requirements around transparency, risk management and accountability in AI systems –

potentially affecting everything from recommendation engines to automated marketing tools.

In the UK, the proposed Data Protection and Digital Information Bill aims to update data rules post-Brexit, with a focus on enabling innovation while maintaining consumer protections.

At the same time, regulators are increasing scrutiny of algorithmic decision-making and commercial transparency, particularly where AI influences consumer choice.

For FMCG brands, this means that trust will depend not just on how data is used, but on how clearly and ethically those uses are communicated. As engagement becomes more personalised and automated, maintaining consumer confidence will be essential, turning compliance, transparency and responsible data practices into core elements of brand strategy rather than back-office considerations.

THE ORGANISATIONAL CHALLENGE

Perhaps the most significant challenge lies within organisations themselves. The shift to connected commerce requires new capabilities, structures and ways of working.

Marketing, sales, supply chain and technology functions must become more integrated. Decision-making must become both faster and more data-driven. Investment must be reallocated towards digital infrastructure, analytics and talent.

This is not a marginal adjustment, it is a fundamental transformation. Companies that fail to adapt risk falling behind, not because they lack scale, but

because they lack agility and integration. As a result, the road ahead for FMCG is undeniably complex. The number of channels, platforms and technologies involved will continue to grow, and the pace of change will accelerate. However, this complexity also creates opportunity.

Brands and retailers positioned to succeed will be those that can:

- **Integrate** data across systems
- **Optimise** for algorithmic visibility
- **Balance** brand-building with performance
- **Deliver** seamless omnichannel experiences.

The future of FMCG will not be defined by a single winning strategy, but by the ability to navigate and connect multiple strategies simultaneously. It will reward those who can turn fragmentation into coherence, data into insight and attention into action.

In this sense, the rules of FMCG are not just being rewritten, they are being continuously rewritten. The challenge for brands and retailers is not simply to keep up, but to actively shape their role within this evolving landscape.

Those that do will find that the connected commerce ecosystem, for all its complexity, offers unprecedented opportunities for growth, engagement and innovation.

10 Key learnings

1. Consumers are more fragmented, value-driven and intentional

FMCG is no longer a mass, homogeneous market. Consumers are increasingly segmented by income, generation and priorities, leading to a bifurcation between value and premium. At the same time, 'treatonomics' shows that consumers are not simply trading down, they are making more deliberate trade-offs, balancing cost with small indulgences, health and convenience. Growth increasingly comes from aligning with these nuanced behaviours rather than relying on scale alone.

2. The path to purchase is fluid, not linear

Consumers move seamlessly between stores, ecommerce, marketplaces, social media, delivery apps and AI interfaces. The traditional funnel has collapsed into a series of interconnected moments, where discovery, consideration and purchase can happen anywhere. Success depends on being visible and relevant across this fluid, omnichannel journey, rather than optimising for a single touchpoint.

3. Visibility is now algorithmic

Whether online or increasingly in-store, product visibility is determined by data, performance and algorithms. Search rankings, recommendations, availability and conversion rates all influence what consumers see. This creates a feedback loop where strong

performance drives greater visibility. For FMCG brands, this means that digital shelf execution, data quality and operational excellence are as important as traditional marketing.

4. Retail media is becoming core to FMCG growth

Retail media has evolved from a niche channel into a central pillar of marketing investment, enabling brands to engage consumers at the point of intent with measurable outcomes. It is expanding beyond ecommerce into off-site media and in-store environments, creating a full-funnel capability. However, it also introduces complexity, rising costs and increased dependence on retailer platforms.

5. Platforms are concentrating power

Marketplaces, retailers and emerging superapps are becoming the primary gateways to consumers. Companies such as Amazon and Alibaba, along with WeChat, Flipp and more demonstrate how platforms can control discovery, data and transaction. This creates both opportunity and risk for FMCG brands, including increased competition from private label and reduced control over brand presentation.

6. AI is reshaping discovery and engagement

AI is rapidly becoming the organising layer of commerce, influencing how products are found, evaluated and purchased. Recommendation engines, personalisation and emerging generative interfaces are shifting discovery from search-led to system-led. Brands must increasingly optimise for AI-driven environments, ensuring that their products are visible, relevant and correctly represented within these systems.

7. Physical retail remains critical, but is evolving

Stores are not declining, they are being digitally enhanced and integrated into connected commerce. They act as fulfilment hubs, media environments and experience centres. The distinction between online and offline is blurring, with success depending on how effectively brands and retailers connect these environments into a seamless experience.

8. Convenience and immediacy have redefined consumption

On-demand models and platforms such as Uber Eats have shifted expectations towards speed and flexibility. While not replacing traditional retail, they capture high-intent, immediate purchase moments and add another layer to the FMCG ecosystem.

9. Data is the foundation, but trust is critical

Data underpins everything from personalisation to retail media, but its use is increasingly regulated. GDPR and emerging AI regulations are tightening requirements around transparency and consent. Trust is becoming a key differentiator, with brands needing to balance data-driven engagement with ethical and compliant practices.

10. Success from organisational transformation

Ultimately, the biggest challenge is internal. FMCG companies must move from siloed, channel-based structures to integrated, data-driven organisations. This involves new capabilities in analytics, technology and partnerships, as well as a shift towards faster, more agile decision-making.

End Matter

We hope you have found our research and analysis to be of interest and value. We would be very pleased to hear from you with questions, suggestions or comments. In particular, do let us know of any areas of research that you would like us to investigate for possible inclusion in the 2027 report.

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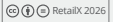
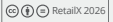
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