

Retail Research

KALYPSO
A ROCKWELL AUTOMATION BUSINESS

2026

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Welcome to Retail Research 2026

2026 marks Kalypso's tenth year publishing industry insights across fashion, apparel, and footwear. The enclosed insights are built from the perspectives of industry peers and shared back with the same community. We're proud to continue sharing research that helps you support real conversations, internal decision making, and the development of future change programs.

We invite your feedback so we can continue strengthening this research. Just as importantly, if you're interested in participating in the 2027 edition, reach out to us. All responses—whether submitted by individuals or companies—are kept fully anonymous.

This research improves with broader participation, and we encourage you to join in.

Sincerely, *the Kalypso Research Team.*

Insights shaped by the industry, for the industry.





Executive Summary

Technological change is accelerating faster than ever. More importantly, it will never again move this slowly. Retailers are now focusing on:

Strong Change Management efforts that ensure value delivery, not just adoption and training.

Operating Models that deliver relevant, consumer-right product while driving measurable value.

Foundational Data that is integrated, tightly governed, and built for AI analysis.

Key Findings

To keep the content approachable, we've divided up our findings into the traditional **People, Process, and Technology** buckets. This mirrors how most retailers plan, fund, and execute change inside their own organizations.

People: Make change absorbable and value-producing.

Retailers and teams are exhausted by constant change and technology hype.

They need:

- Change management that future-proofs ways of working
- New orgs and roles to support AI-assisted workflows
- Human-centered technology that accelerates work

Process: Redesign decision flow, not just workflows.

Operating model redesign is accelerating because legacy workflows cannot keep pace.

Companies are looking for:

- Digital Product Creation that blends AI, 3D, and value-led ways of working
- Clearly established decision ownership
- A consistent technology experience to reduce friction

Tech: Connect the foundation so decisions can be trusted.

Even with strong point solutions, disconnected tools and data keep teams stuck in manual workarounds.

They need:

- Data organized and clean enough for AI-analysis
- AI automation to remove efficiency-busting busy work
- Connected systems to support early, accurate decisions

What Leaders Should Be Thinking

Build a decision system, not a collection of tools.

Redesign decision making so insights surface before commitments, allowing teams to act with shared context in real time.

Connect the digital thread where decisions happen.

Prioritize the integration and data discipline that allows systems to exchange trusted signals across design, merchandising, development, and supply chain, without forcing teams into spreadsheets and slideware.

Sequence AI with discipline.

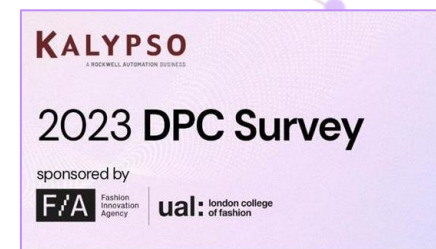
Use AI first to remove friction and boost productivity, then embed it to improve day-to-day decisions in workflows. Target orchestration across systems until governance and trust can sustain it.



10 Years of Kalypso's Retail Research

Early research assessed technology adoption and leading practices in product development, identifying early adopters of digital tools.

With AI omnipresent in 2026, we spoke with leading brands about how their transformations are meeting new challenges.



2016

2017

2018

2019

2020

2022

2023

2024

2026



In 2019, our language evolved to reflect the growing use of the term "Digital Product Creation".



Through COVID, we tracked a rapid rise in maturity of DPC capabilities.



In 2024, we switched to a qualitative approach to dive deeper into the nuance and challenges of achieving scale.



Our Research Methodology

We completed in-depth interviews with **senior leaders at major retailers**. Participants represented diverse perspectives and roles, together providing a holistic view of transformation across the retail value chain.

We gathered insights on what these leaders see as **the future of retail**, as well as hard data on what leading brands are **prioritizing this year**.

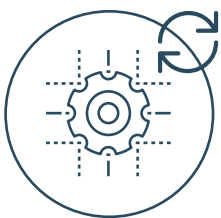
Complementing our quantitative data gathering, these conversations surfaced the real challenges, priorities, and opportunities shaping our industry today, providing richer context behind the numbers and a clearer understanding of where we are headed.



Industry Themes

Our research revealed **nine major themes** facing retail in 2026.

People



Seeing Past the Tech Hype:

Adopting technology driven by people and process requirements, not hype.



AI-Empowered Talent:

Redefining roles as agentic models elevate human decision making.



Owning Value Delivery:

Clarifying who owns decisions, data, and success so progress scales.

Processes



Future-Proofing Op Models:

Reimagining workflows to unlock faster, smarter, and more adaptable ways of working.



Igniting DPC With AI:

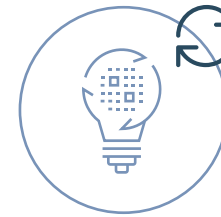
Moving from 3D to a broader, AI-inclusive process for communicating design intent.



Mastering the Digital Thread:

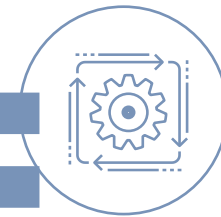
Connecting and orchestrating digital capabilities across the value chain.

Tech



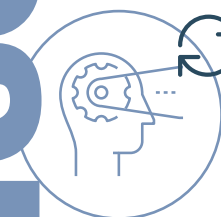
Integrating is the Industry Constraint:

Connecting digital environments to enable shared workflows and elevate decision making.



Automating to Accelerate:

Automating high-friction, non-value-added work to enable speed.



Getting Your House in Order:

Defining strong, scalable data governance so teams can act on shared signals.



Finding 1:

Seeing Past the Tech Hype



With retailers exploring an ever-expanding ecosystem of AI and digital tools, it can be a struggle to distinguish meaningful innovation from hype. And while experimentation is necessary, constantly chasing new tools merely adds complexity without measurable impact.

Taming this turbulence requires organizations to introduce new technologies with clear purpose, governance, and a focus on enabling people to do their best work.

Brands that anchor their tech strategies in operating model requirements, real use cases, data discipline, and employee enablement can absorb change without overwhelming teams. The result is a more intentional and stable path to unlocking value from emerging capabilities.

“

Everyone is... overworked and there's so much technology, it's just more stacking on stacking instead of actually seeing results.

”

Key Considerations

Will technology reduce friction for people, or hold them back?

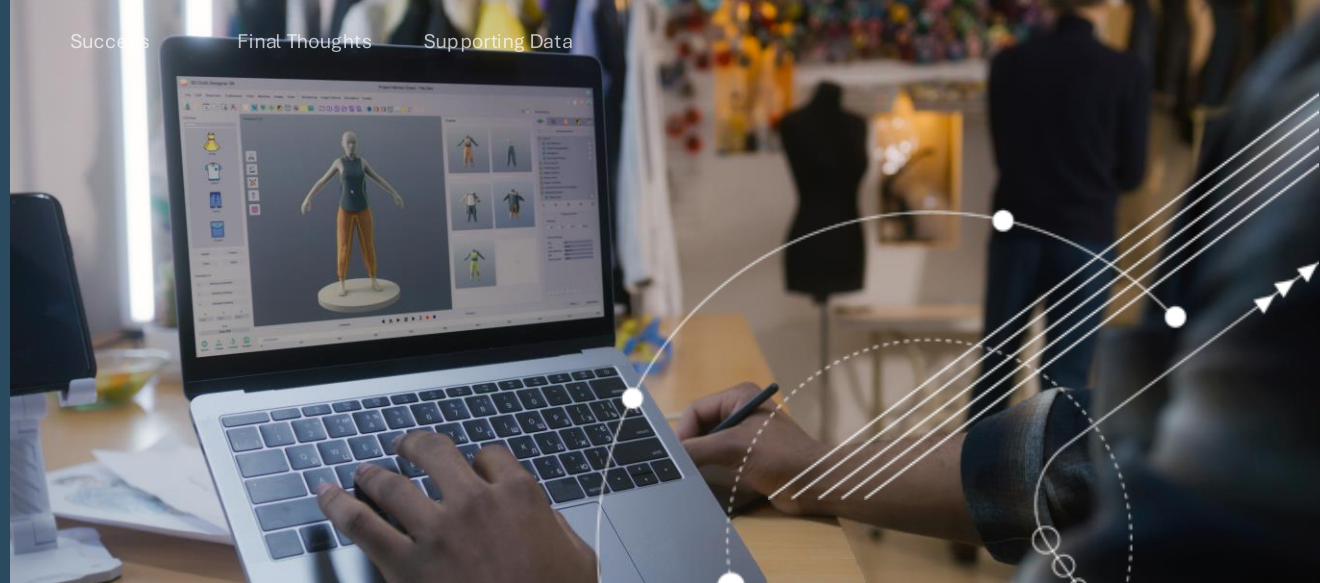
What business value does the technology unlock?

Does the technology align to operating model requirements?

People

Finding 2:

AI-Empowered Talent



AI and automation are changing how work gets done by shifting where human expertise creates the most value. As routine, manual, and repetitive tasks are automated, roles evolve toward higher-value activities such as judgment, interpretation, and decision support.

Across the research, leaders consistently described the need to move teams away from task execution and toward value creation. Realizing this shift requires intentional role design.

Change management plays a critical role in this transition. Teams need clarity on how their roles are evolving, confidence in where they create value, and support to build new skills. Organizations that articulate a clear vision for future roles are better positioned to select the right solutions, focus upskilling efforts, and sustain momentum through change.

“

We the people need the technology to make our lives easier and to actually do what's being asked of us, efficiently and effectively and in the time frame we're being asked to do it.”

Key Considerations

What skills will teams need in new AI-enabled workflows?

What human strengths can AI help elevate?

How do we ensure teams see AI positively as a support tool?



People

Finding 3:

Owning Value Delivery



True progress in digital transformation happens when organizations take clear ownership of the decisions, data, and behaviors that drive value. Many retailers still struggle with unclear accountability, diffused decision rights, and inconsistent execution. These are issues that slow momentum and limit the impact of new technologies.

Owning value delivery requires defining who owns which outcomes, aligning teams around the signals that matter, and embedding change management so people can buy in to new ways of working. When roles, governance, and behavior shifts reinforce each other, organizations accelerate adoption, reduce friction, and unlock the full business value of their digital investments.

Brands that embrace this mindset shift move from isolated wins to repeatable, scalable value creation, turning digital capabilities into real business impact.



The main push would be how can we really make it work from the people side, not the technology side.



Key Considerations

How should teams share responsibility for value delivery?

How early is change management embedded?

Is training outcome-focused rather than systems-based?



Finding 1:

Future-Proofing Operating Models



Traditional, linear operating models struggle in today’s environment because they rely on fixed calendars, sequential handoffs, and slow decision gates. These structures were built for predictability, not volatility. Future-proofing requires redesigning how work is planned, approved, and sequenced to support faster value delivery and more fluid ways of working.

The research shows that when roles, decision rights, and governance remain unchanged, even advanced digital capabilities stall at pilots or isolated wins. Without a model designed for speed, iteration, and clear ownership, new solutions fail to scale.

Flexible operating models allow teams to act on insights in real time, shift priorities as conditions change, and use digital capabilities without creating friction. Organizations that redesign around adaptability provide repeatable value delivery and build resilience.

“

We are conscious of not working in silos, exploring different workflows, and making sure [our business] is connected.

”

Key Considerations

Where do legacy processes cause slowdowns?

How can workflows be redesigned for more fluidity?

How do we align our business to the way the consumer buys product?

Process

Finding 2:

Igniting DPC with AI



In 2026, we found that Digital Product Creation (DPC) goes far beyond 3D. As AI and other capabilities expand how teams work, DPC is no longer defined by a single tool or technique. **Instead, it is about using digital means to clearly and quickly communicate design intent and manufacturability so decisions can be made earlier, by more teams, with confidence.**

Rather than reinforcing rigid, linear workflows, DPC can enable more adaptable operating models where design intent and insights flow across teams. Redefining DPC also means being deliberate in identifying which digital assets accelerate decisions and which introduce friction. More digital is not always more valuable.

Brands should look beyond tools and focus on how decisions are made. That means integrating capabilities around key decision points and designing workflows that turn digital clarity into speed, creativity, and end-to-end value.

“

How do we build more capability internally so that we can respond to the need and the shifts of customer expectations.

”

Key Considerations

Are you freeing designers to focus on intent, not tools?

Are digital assets enabling earlier, shared decisions across teams?

Is our operating model built to act on this new DPC reality?

Finding 3:

Mastering the Digital Thread



A strong digital thread ensures that the potential of every digital asset is maximized from concept to creation. Today, roles such as merchandising, sales, and marketing are not getting the full benefit of digital content.

Mastering the digital thread means enabling the seamless flow of assets, data, and decision-making across teams at every stage of the product lifecycle. Poorly organized content and disconnected systems limit the ability for teams to use and trust digital visuals for decision-making.

When the digital thread is fully connected, organizations can unlock the complete downstream and upstream value of each asset, building them once and using them everywhere in the organization for maximum impact.

“

It is about integrating [digital content] into business processes and into the way that people work and think.

”

Key Considerations

At what milestone does your digital thread break?

Do teams trust digital content enough to make real decisions?

Is your digital thread enabling work or adding friction?

Finding 1: Integrating is the Industry Constraint



Across the retail value chain, integration (or rather, the lack thereof) remains the biggest barrier to progress. Even as brands adopt modern tools, the tools' inability to smoothly communicate with each other leaves teams stuck in silos or inefficient processes.

To unlock the full potential of the data, brands need tools that speak the same language and systems that can exchange data seamlessly and support cross-functional workflows.

The industry is increasingly calling for open standards, stronger vendor collaboration, and ecosystem solutions that "play better together", enabling a more connected and scalable digital product creation environment.

“

You get all these islands of great solutions, but they don't talk to each other.

”

Key Considerations

Where does lack of integration block decisions today?

Which systems must work together to unlock value?

How can we encourage greater vendor collaboration?



Finding 2:

Automating to Accelerate

Tech



Automation has the potential to accelerate the product lifecycle by reducing friction across the go-to-market process. Retailers are increasingly looking to AI to eliminate manual tasks, reduce errors, and compress timelines from concept to consumer. While most organizations remain early in piloting AI agents, the research shows growing interest in automation that not only executes tasks but helps coordinate work and signals across teams and systems.

When applied thoughtfully, automation can free teams to focus on the highest-value activities and improve coordination across teams and systems. At the same time, brands are holding back on predictive, cross-system agents until data foundations and governance mature enough to support trusted, repeatable outcomes.

The brands that win will be those that identify their highest-friction moments and apply automation to enable speed, agility, and capacity across the creation ecosystem.

“

It’s more having people do what they’re actually supposed to do and not all this monotonous data [entry and] paperwork.

”

Key Considerations

Where does automation deliver the most value today?

Which automation is mature enough to trust at scale?

Where does automation show promise but lack maturity?



Finding 3:

Getting Your House in Order

Tech



Many retailers still face gaps in data governance, fragmented systems, and uneven data maturity across teams, all of which slow progress and generate friction. We found that the weakest technology maturity areas within retail lay among these connective foundations, highlighting significant improvement opportunities.

Before organizations can scale AI, automation, or advanced digital workflows, they must strengthen the foundations beneath them, especially data quality.

Establishing strong data foundations ensures that teams can trust digital outputs, collaborate more effectively, and adopt new tools with confidence. **Fixing the fundamentals is the difference between isolated wins and true enterprise-level transformation.**

“

Data lives in a lot of places, in multiple variations, and they don't always talk to each other.

”

Key Considerations

Do teams have the right data at decision time?

Are teams making decisions from a shared source of truth?

Is your data reliable enough to trust AI-assisted insights?



Three Industry Challenges & Solutions

Altogether, the nine themes revealed the **three key challenges** retailers face entering 2026 and **how to address them.**

People

Challenge 1:
Organizational readiness and change adoption remain uneven.

Despite investment, leaders cite unclear ownership, inconsistent adoption, and change fatigue as major roadblocks to value delivery.



Solution 1:
Value-Led Change Management

People create value by supporting new ways of working.

Process

Challenge 2:
Analog operating models hinder effective transformation.

Outdated planning calendars, unclear decision rights, and misaligned processes make it difficult to absorb faster digital workflows.



Solution 2:
Operating Models Built for Better Decisions

Good decisions made early drive speed, efficiency, and results.

Tech

Challenge 3:
Disconnected tools and fragmented data block end-to-end digital workflows.

Teams struggle to connect systems in ways that support decisions, often working across disconnected tools and spreadsheets.



Solution 1:
Fixing Your Data Foundations

Connected data powers better business decisions.



Solution 1:

Value-Led Change Management



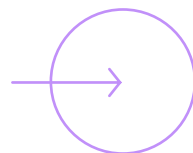
Why It Matters

Ultimately, humans bring technology to life. Value-led change management is essential to translating digital investment into real business outcomes.

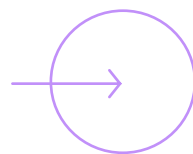
What does value-led mean? It means integrating change management foundationally into program governance to promote adoption of new value-add behaviors and decisions.

Without a value-driven approach to change, even the best technology risks falling short.

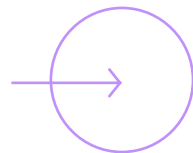
Focus Areas



Define the exact behaviors, handoffs, and decision points that matter most — then coach teams toward those behaviors so change translates into measurable outcomes.



Treat change management as part of delivery. Embed it into governance routines so adoption, communication, behavior shifts, and value delivery stay aligned with the program.



Measure whether value is stalling. Track adoption and benefit goals to see if value is being delivered. If not, identify where support is needed and escalate to the delivery team.



Solution 2:

Operating Models Built for Better Decisions



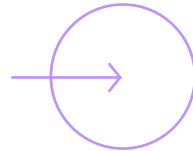
Why It Matters

Business models built for better decisions enable organizations to move faster, reduce friction, and unlock greater impact from their digital investments.

Clear decision ownership and timing help teams move faster, reduce rework, and act on insights earlier.

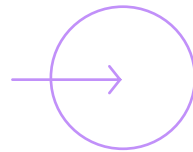
Without a strong operating model, organizations risk ultimately limiting their ability to keep pace with the speed of change.

Focus Areas



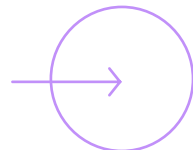
Clearly define ownership — who decides, who contributes, and who is informed — to remove ambiguity.

Governance structures that support rapid decision making help teams avoid bottlenecks and maintain momentum.



Modernize workflows to reduce friction created by legacy calendars and slow, sequential processes.

Streamlined handoffs and fewer rework loops enable teams to operate with greater agility.



When insights, data, and inputs flow earlier and more consistently, teams can make higher-quality decisions with less effort.

This leads to stronger business outcomes and smoother cross-functional operations.



Solution 3:

Fixing Your Data Foundations



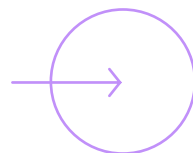
Why It Matters

Value is created when data helps people make better decisions. When information is late, fragmented, or untrustworthy, teams waste time double-checking content.

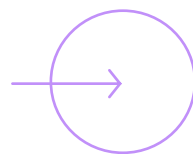
Fixing the foundations means connecting data, workflows, and insights end-to-end so teams share the same context.

The result is clear, collaborative workflows that reduce duplication, prevent version confusion, and help teams move faster together instead of working in parallel.

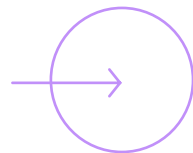
Focus Areas



Integrate systems to give teams shared, real-time context. This eliminates disconnects between functions and enables decisions to be made with a complete, aligned picture.



Not all data is created for the same purpose. Clear data design ensures that each function receives the right level of detail, in the right format, at the right moment, supporting more precise, decision-ready insights.



Design collaborative, end-to-end workflows. Reduce duplication, prevent version control issues, and maintain a single source of truth so teams can move faster.



Looking Forward: Kalypso’s Insights for 2026

Participants surfaced a clear set of challenges and opportunities as they look toward 2026 and beyond. Kalypso’s perspective is focused on how the industry can address shared constraints while activating a future state built for speed, confidence, and resilience.

Operating Models as Multipliers

First, modern operating models should be at the top of most roadmaps. The industry operates with legacy calendars and decision gates designed for a slower world, even as demand signals now move in real time. Closing this clock speed mismatch requires redesigning how and when decisions are made and what they are based on.

Second, AI creates the most value when it reduces friction and elevates human judgment, with people remaining accountable for creative and commercial outcomes. That is how adoption sticks, especially across design, development, merchandising, and sourcing.

AI in 2026: Three Modes, Three Different Jobs

Assistive AI (ready now)

Keeps humans in control by boosting productivity with summarization, analysis, and content generation for design. Reduces early-stage friction by making product, image, and material content easy to find and reuse.

Applied AI (ready for scale)

Embedded in real workflows to predict, detect, recommend, and optimize decisions. Insights show up when teams choose and act —not after commitments have already been made— strengthening upstream decision quality and reducing downstream volatility and rework.

Agentic AI (ready next, targeted)

Valuable for cross-system coordination, exception handling, and sequencing work. Has the greatest impact with orchestration that manages handoffs, routes work, surfaces exceptions, and coordinates actions across tools and teams.

A Retail Reset

Retail is where products meet reality. Returns and repairs are becoming a margin and experience lever, and traceability is becoming the compliance backbone that makes reuse and resale viable at scale. Both depend on product data that is accurate and set early.

Meanwhile, distribution is turning into an “endless aisle”. Inventory can shift across stores and warehouses as demand changes, but only if demand signals are tighter, inventory planning is more localized, fulfillment is more automated, and return insights improve future product and planning decisions.

The goal is one connected loop, forward fulfillment plus returns, enabled by a modern operating model, AI decision support, and a responsive delivery engine.



Delivering Modern Retail in 2026

Digital capabilities are entering a new era, driven by rapid advances in AI. This year, brands have more opportunity than ever to be a **first-mover**, make their mark, and shape the technology landscape.

The industry has an opportunity to shape the future together. Faster progress comes from shared standards, solving common challenges, and building ecosystems that support broad collaboration.

What will the future bring in 2026? At Kalypso, we can partner with you to turn your digital aspirations into real outcomes. Wherever you are on the journey, we're here to help you join the conversation.

Stay connected to keep the conversation going.



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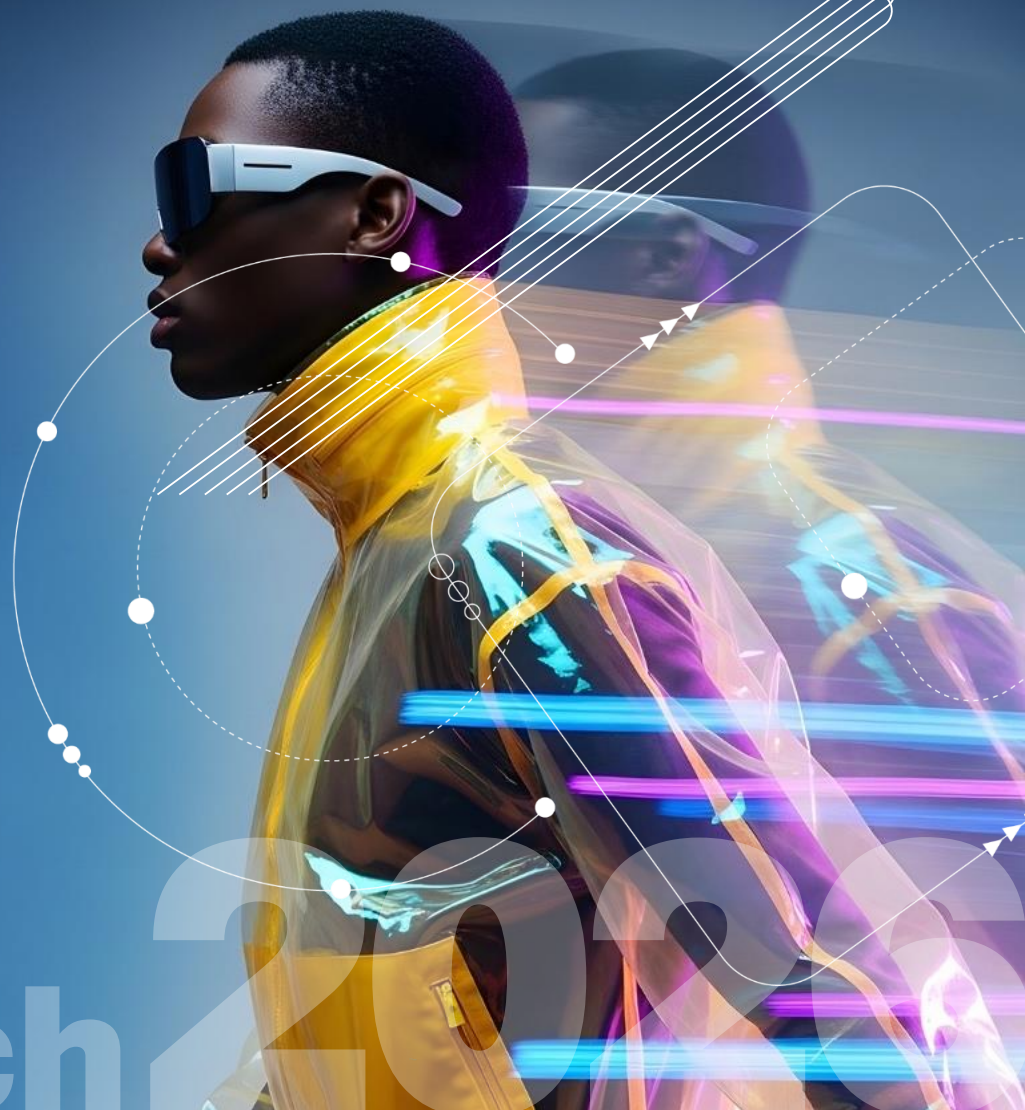
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Retail Research





Supporting Data





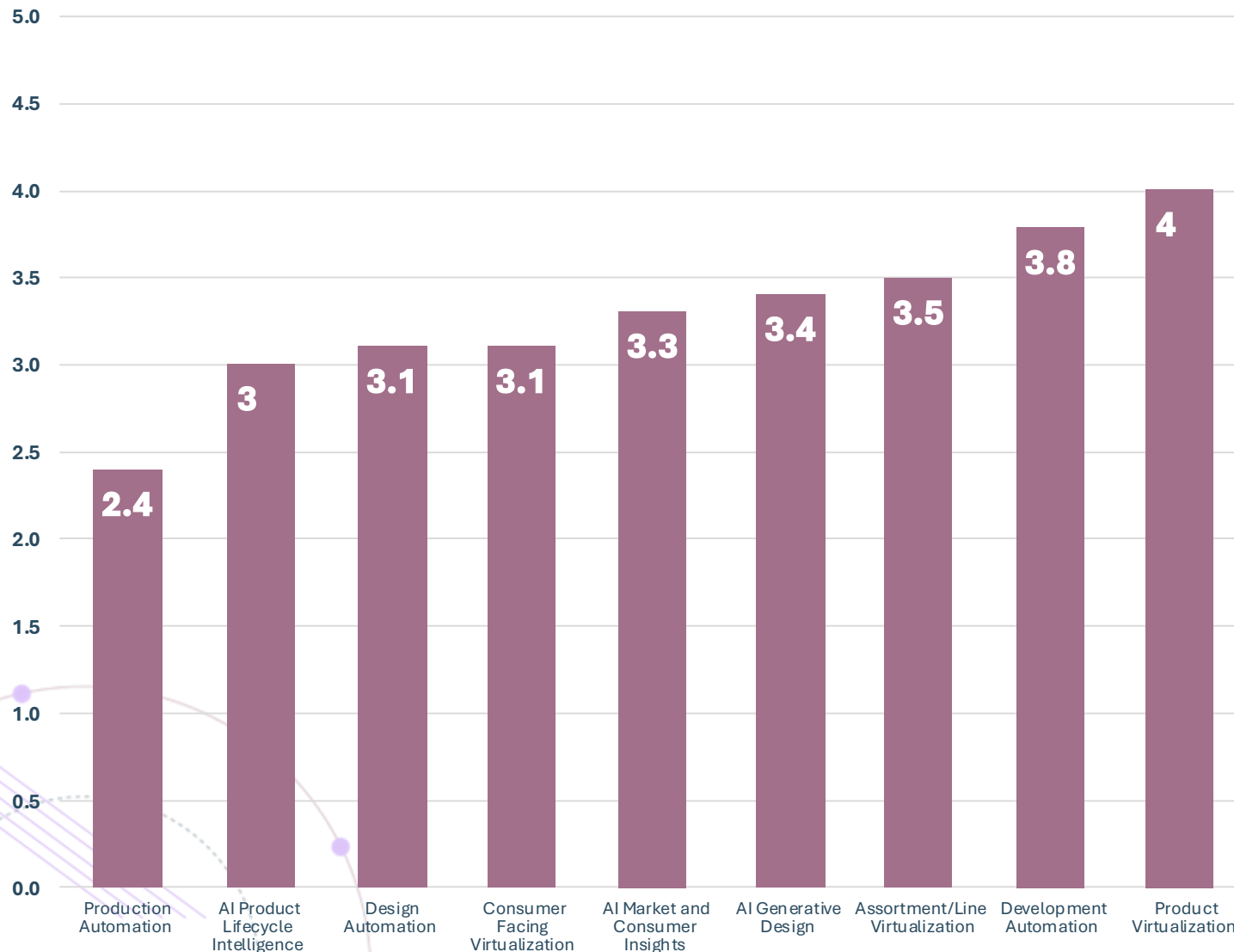
Prioritization of Capabilities

Our insights span across People, Process, and Tech, indicating that digital maturity requires a three-pronged effort.

For each capability, please rate its importance to your future operating model on a scale of 1 to 5.

1 = Not important

5 = Highest strategic priority



Visual Decision Making is Top Priority

- Core problem is fragmented, late, or untrustworthy decision inputs
- Product and assortment virtualization enable shared context and earlier alignment
- Isolated wins until decision review and integration gaps are addressed

Automation Is About Friction Removal

- Leaders prioritize automation where it eliminates manual work
- Automation for development and design outpace automation for production
- Bigger automation bets are deferred until standards, integration, and adoption are ready

AI Enthusiasm High, Readiness Mixed

- AI is valued as an insight accelerator, not yet a way to run work at scale
- AI impact grows as data integration and operating models mature



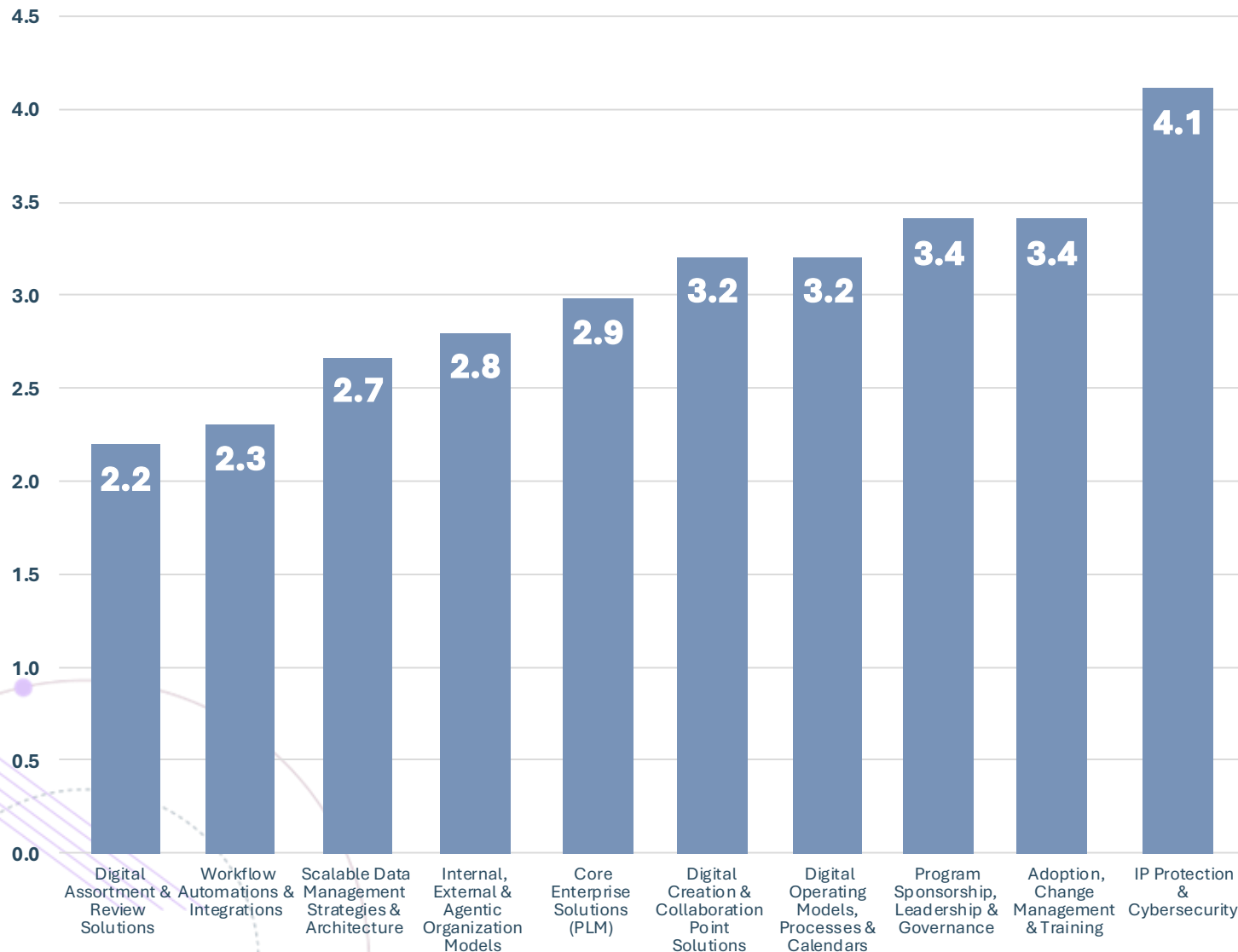
Maturity in Key Foundations

Strong maturity in both human and digital foundations is essential to the success of digital transformation.

Please rate the maturity of each human foundation or technology foundation within your organization on a scale of 1 to 5.

1 = Lagging / not yet established

5 = World-class / fully embedded and optimized



Human Foundations Lead Technology

- Sponsorship, governance, and change leadership are well established
- Many organizations have formal AI or digital enablement structures in place
- OCM is treated as first-order transformation requirement

Core Systems Aren't Decision-Ready

- PLM and data platforms are widely deployed, but under-utilized
- Data fragmentation and limited integration reduce confidence at decision moments
- Teams still leave core systems to make decisions

Lack of Integration is the Bottleneck

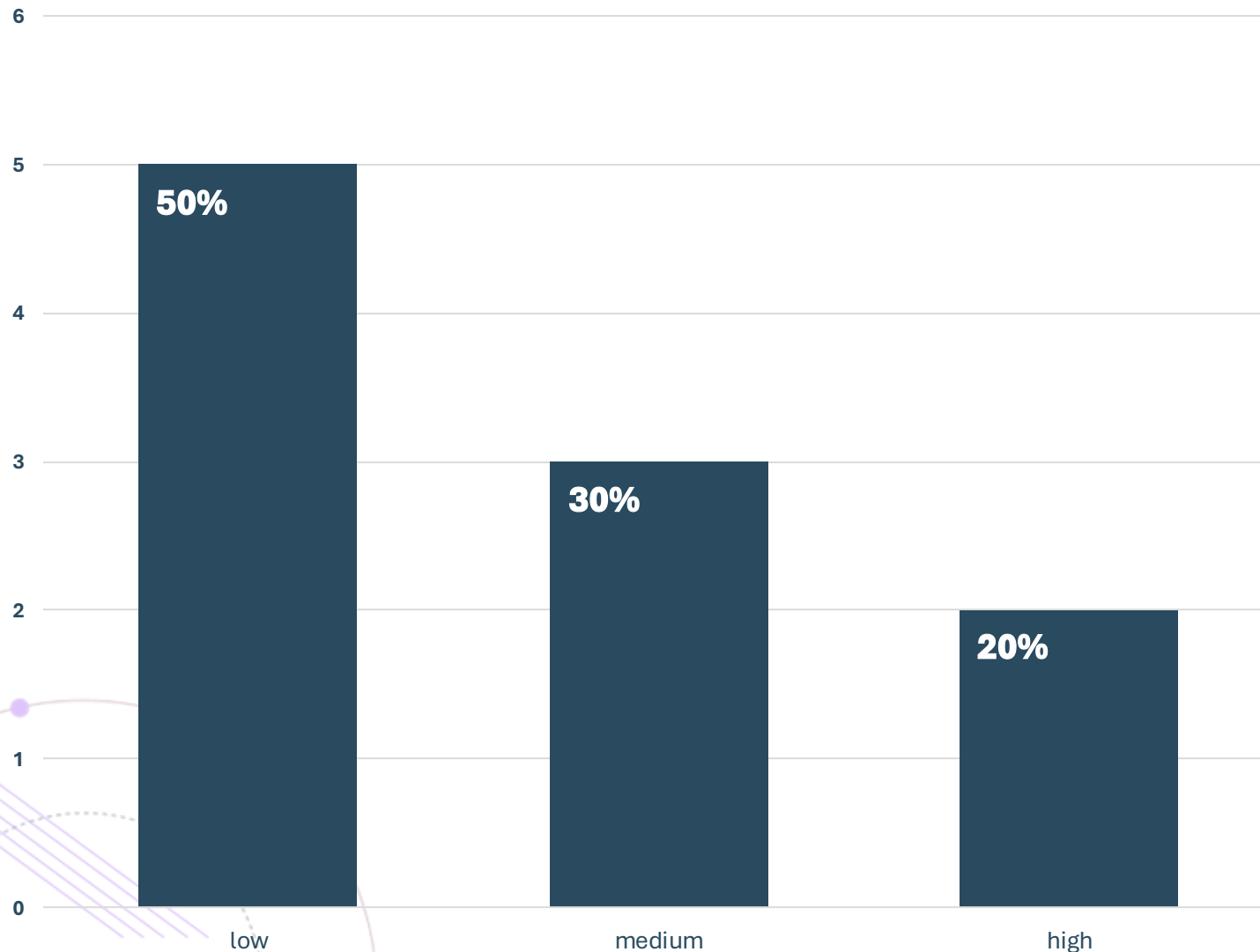
- Assortment review, automation, and integrations remain manual
- Teams rely on slides, spreadsheets, and email to bridge system gaps
- Decisions are made without a full, shared view of the data



Prioritizing Agentic Operating Models

AI agents are not yet a near-term priority, with most participants answering Low/Medium.

How would you rate the priority level of deploying AI agents within your product creation functions?



Assistive AI Prioritized Over Agentic

- Current AI use focuses on summaries, analysis, and content generation
- Teams prefer to keep humans in the decision loop
- Trust, data readiness, and workflow integration come first

Agentic Models Seen as Next Step

- Agentic capabilities are something to layer on after assistive uses prove reliable
- Adoption is expected to progress from assistive to limited autonomy, not jump to full independence

Agents Orchestrate, Humans Decide

- When agentic models mature, participants expect the greatest impact in coordinating work across systems
- Early promise lies in managing handoffs, surfacing exceptions, and sequencing work, not replacing human judgment