

READINESS REPORT

kyndryl

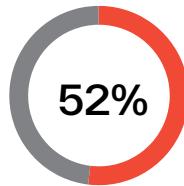
*Retail
Readiness
Report*

2025

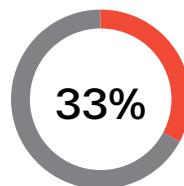
Introduction

In 2025, the retail industry found itself at a complex inflection point. While the global retail market is estimated to hover around \$30 trillion, with e-commerce accounting for roughly 20% of that total, the vast majority of sales still flow through physical stores. At the same time, retailers face mounting pressure from higher costs, supply-chain disruption, cyber-attacks, labor shortages and increasingly sophisticated consumer expectations.

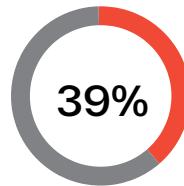
Against this backdrop, technology becomes an enabler. Some 48% of retail leaders report making upgrades to their IT infrastructure, according to the Kyndryl Readiness Report. And that investment in digital transformation is significant during a time when nearly a quarter of those same leaders say technical debt holds their organizations back. But despite the scale of



Retail leaders who say they arrived at their current cloud environment by accident rather than by design (vs. 56% all-industry average)



Retail leaders report an average increase of 33% in their AI investments in the past 12 months (same as all-industry average)



Retail leaders who say their organization's culture stifles innovation (same as all-industry average)

investment, many are struggling to translate it into operational agility, profitable growth or seamless omnichannel execution.

The result is an industry suspended between ambition and execution — eager to modernize, yet burdened by complexity. Retailers have spent years layering new technologies atop legacy systems, but many are realizing that progress now depends less on adding capability and more on clarifying purpose. The coming year will challenge them to reconcile digital ambition with operational discipline, to turn data into foresight and to make technology not just an investment, but an instrument of confidence.

In the coming year, Kyndryl forecasts:



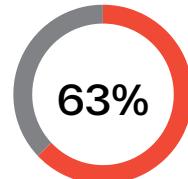
For retailers, 2026 will be about getting back to basics. After years of chasing digital expansion, retailers will shift gears to fundamentals. With more than 80% of sales still happening in brick-and-mortar stores, leaders are realizing that omnichannel success depends on operational discipline. Retailers will place renewed emphasis on inventory precision, SKU rationalization and store-level agility: fewer but better products, right inventory in the right location and forecasting that reflects how customers shop. Retailers that simplify will outperform those that sprawl.



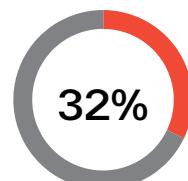
The omnichannel reckoning will rejigger Frankenstein systems. The era of “Frankenstein retail” is ending. Only 15% of retailers believe they use their omnichannel systems to full potential — the rest are weighed down by mismatched digital add-ons and manual workflows. In 2026, the industry will pivot from bolt-on complexity to true unification, using intelligent forecasting and integrated data to balance in-store, online, and third-party fulfillment. The physical store will remain the nerve center of commerce — but its digital coordination will strive to catch up with its physical footprint.



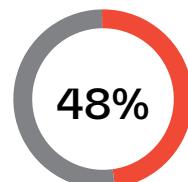
Agentic AI will unify a landscape riddled with data silos. Everyone in retail wants “agentic,” but few know how to get there. The biggest barrier isn’t technology — it’s trust and structure. Years of siloed workflows and undocumented processes have bred fear and indifference toward automation. In 2026, leaders will confront that cultural inertia head-on. Retailers will begin embedding agentic AI frameworks — systems that act with autonomy but within clear governance — to connect buyers, analysts and store managers through shared data. Success will hinge on retraining organizations to let technology do its job — augmenting judgment, not replacing it. The retailers that master this people-machine collaboration will gain the speed and confidence to outpace the rest.



Retail leaders who say they feel more pressure to prove ROI on their AI investments vs. a year ago (vs. 61% all-industry average)



Retail mission-critical networks, storage, and servers are at end-of-service, according to Kyndryl Bridge (vs. 25% all-industry average)

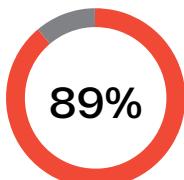


Retail leaders who say innovation is delayed by foundational tech-stack issues (vs. 57% all-industry average)

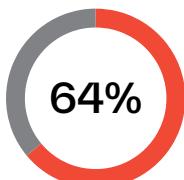
Deeper dives

AI and geopolitics are upending longstanding business and tech conventions. Organizations need to solve for five tech and talent challenges or be left behind.

As part of the broader 2025 Kyndryl Readiness Report, the following insights were surfaced from 114 Retail leaders, with data from Kyndryl Bridge, the company’s AI powered business platform. Here’s what it found:

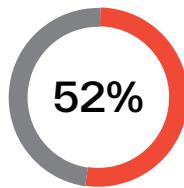


Retail leaders who think AI will completely transform job roles and responsibilities at their organizations in the next 12 months (vs. 87% all-industry average)

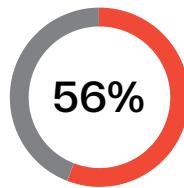


Retail leaders who say they’ve made changes to their cloud strategies in response to geopolitical pressures, including data sovereignty regulations (vs. 65% all-industry average)

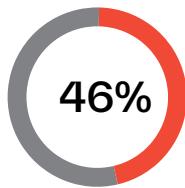
Cloud has unlocked enormous value for businesses worldwide, but legacy systems, fragmented regulations and geopolitical pressures are forcing organizations to rethink how and where their data lives. As they balance agility, innovation and compliance, companies are shifting from rapid adoption to purposeful optimization — designing cloud strategies that are resilient, agile and ready for a more competitive and regulated world.



Retail leaders who say they arrived at their current cloud environment by accident rather than by design (vs. 56% all-industry average)



Retail leaders who say they have inaccessible data in environments that were never properly decommissioned (same as all-industry average)

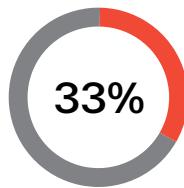


Retail leaders who say they are reevaluating their data governance policies (vs. 44% all-industry average)

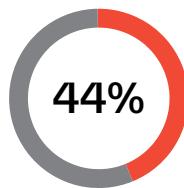
People and culture are at the center of organizations as they adopt and realize efficiencies driven by AI implementation. Technology does not exist in a vacuum, and for organizations to benefit from new capabilities, they also need to mature their people and processes to adopt them. Workforce trust in new technologies and processes makes a significant difference between organizations that are ready and those that lag behind.

The challenge is urgent: nearly 9 in 10 leaders across all industries believe AI will completely transform roles and responsibilities at their organizations within the next year. Yet, many worry their workforce may lack the skills, both technical and human, needed to fully seize these opportunities.

Retail organizations anticipate complete role transformation due to AI, though many workers are not currently leveraging the technology.



Retail leaders who expressed concern around upskilling and reskilling employees who have job aspects replaced with AI (vs. 38% all-industry average)

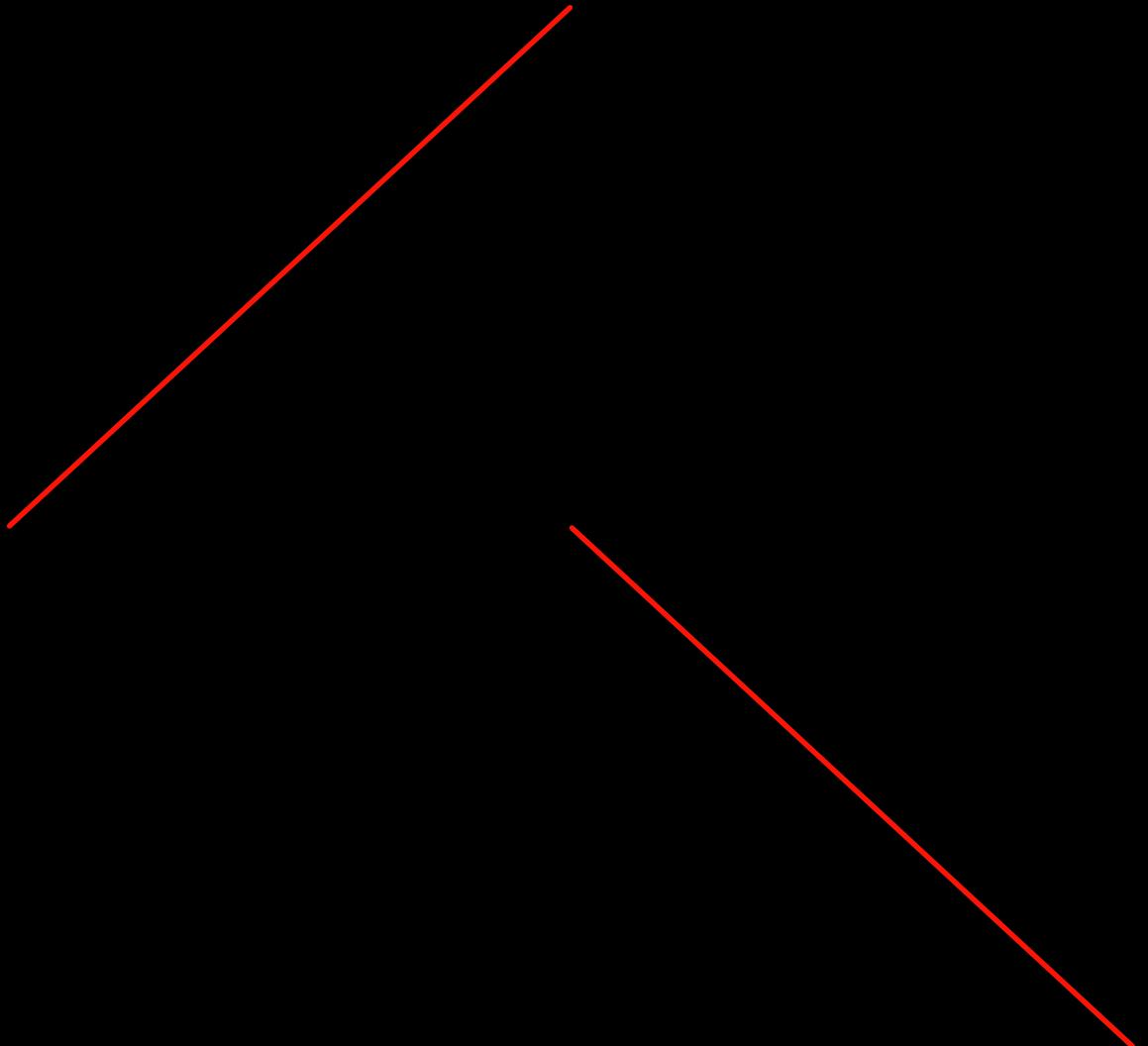


Retail leaders who worry about their workforces having the right tech skills to make the most of AI opportunities (vs. 41% all-industry average)



Retail leaders who say their organization promotes continuous learning (vs. 94% all-industry average)

Source: [2025 Kyndryl Readiness Report survey](#)

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This report was not printed.

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