



IN 2026, GROCERY RETAIL MUST CONVERT BUZZWORDS INTO EMBEDDED BUSINESS STRATEGIES

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As we move into 2026, the grocery retail sector in the United States continues to face a gradual yet tangible decline, with the total number of supermarkets and grocery stores dropping by 0.9% from the previous year to 62,383. This trend underscores the difficulties traditional brick-and-mortar retailers encounter in adapting to the quickly changing retail landscape.

Disruption is now a routine part of the industry, fueled by evolving consumer expectations, economic fluctuations, increasingly complex supply chains, and the rise of new technologies and channels such as AI, Agentic Commerce, and the metaverse.

In a mid-term election year often characterized by economic fluctuations, the period after the mid-term election may see a slight economic improvement as uncertainties diminish and clearer government policy directions emerge. Nonetheless, the global economic environment presents its own set of challenges. For instance, demographic uncertainties in China and sluggish growth in Europe contribute to worldwide economic instability.

Simultaneously, despite the stock market's proximity to record highs in the United States, concerns linger about the Federal Reserve's future interest rate decisions.

Further complicating the economic outlook are widespread tariffs, especially those targeting our largest trading partners. Although these tariffs are meant to protect American industries such as steel, aluminum, and electric vehicles by making foreign goods less competitive, they also raise prices for American consumers.

Nevertheless, many of our trading partners have shown resilience by diversifying their markets and increasing foreign direct investment in regions such as Southeast Asia, Mexico, and Africa -- effectively bypassing some of the effects of these tariffs.

Looking ahead, interest rates are expected to remain elevated, with occasional reductions to boost economic growth. Companies should consider expanding into new markets and diversifying their risk profiles to lessen dependence on traditional economic powerhouses. While there is some short-term optimism, longer-term economic challenges are anticipated.

The International Monetary Fund (IMF) projects U.S. economic growth of 2.4%–2.8% in 2026, up from 2.2% in 2025. This indicates a potentially difficult economic path but highlights the need for adaptable strategies in both the grocery retail sector and the wider economy.

Given the recent administrative changes that bring both challenges and opportunities, retailers and manufacturers may need to implement a range of strategic measures to adapt and succeed. Below are some specific actions and initiatives that could be effective.

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Getting Back to the Basics of Retailing (create value for every dollar shoppers spend):

In a time when retail is increasingly disrupted by online and omnichannel shopping -- and, of course, by emerging Agentic Commerce -- physical stores must refine the shopping experience to meet modern consumers' expectations. To overcome the current challenges shoppers face, retailers need to return to the fundamentals of retailing while adapting to today's environment.

Firstly, streamlining in-store navigation is essential. Many shoppers struggle to find items, leading to frustration and lost sales. Retailers can improve this by using clearer, more intuitive signage and designing layouts that are logical and customer-friendly. Digital solutions, such as mobile apps with store maps and item locators, can seamlessly connect the physical and digital experiences, helping customers navigate their shopping more efficiently.

Secondly, to address bloated assortments, retailers and manufacturers must curate their offerings more strategically. Presenting shoppers with too many options can ironically cause decision paralysis. By narrowing product lines to emphasize both popular and niche high-demand items, retailers and manufacturers can improve their shopping experience.

Achieving this requires comprehensive data analysis to understand consumer preferences and market trends, ensuring that every product on the shelf justifies its place by satisfying customer needs.

The problem of excessive promotions and confusing pricing calls for a more transparent approach. Both retailers and manufacturers should streamline their promotional tactics by emphasizing meaningful discounts and clearly communicating the actual advantages of their offers. Pricing must be simple and transparent, enabling shoppers to make quick, informed choices. This might include clearer unit pricing and consistent costs across various platforms to build trust and facilitate product comparisons.

Addressing the decline in service quality is crucial. The personalized expertise that once defined retail shopping has lessened due to less experienced staff. Implementing comprehensive training programs that emphasize both product knowledge and customer service can rejuvenate the in-store experience. Providing employees with the necessary knowledge and tools to connect with shoppers effectively can help create a more personalized and satisfying shopping environment.

In conclusion, to retain shoppers in stores, retailers should adopt strategies aligned with the modern consumer's desire for simplicity, clarity, and engagement. Focusing on intuitive store navigation, curated selections, transparent promotions, clear pricing, and enhanced customer service can create a compelling shopping experience that appeals to today's buyers.

Implementing these measures will not only address current challenges but also foster loyalty and prepare retailers for future sector shifts.

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Enhancing Digital Content and Shopper Engagement Capabilities: In both e-commerce and Agentic Commerce contexts, improving digital content is essential, as consumers rely heavily on online narratives about products and brands during the purchasing process. This shift emphasizes the importance of strategic digital content that highlights authenticity and relatability, with user-generated content (UGC) playing a vital role. Including UGC, such as reviews, photos, and videos, on product pages links product features to real-world use, fostering a more trustworthy and engaging experience. UGC builds trust, enriches the customer journey with authentic insights from other buyers, and increases product appeal. Furthermore, it improves conversion rates and encourages larger purchases by instilling confidence in customers to buy more expensive or unfamiliar items.

Innovating in Seamless Shopper Fulfillment and Delivery: As the e-commerce and Agentic Commerce technologies advance, consumer expectations around fulfillment and delivery continue to grow. The push for faster, more adaptable delivery options is relentless, driving retailers and manufacturers to adopt innovative fulfillment strategies. By utilizing advanced technologies such as scalable automation, robotic picking systems, and drone deliveries, companies can greatly improve supply chain efficiency. These innovations not only optimize operations but also enhance customer satisfaction by enabling quicker, more reliable product deliveries. Therefore, investing in these cutting-edge technologies can provide retailers and manufacturers with a significant competitive advantage and increased market share in the dynamic online retail landscape.

Establishing 360° Shopper Feedback Capability: Creating and implementing a comprehensive capability for direct shopper feedback is essential for delivering exceptional customer experiences. Both supermarkets and e-commerce platforms (retailers and manufacturers) should leverage customer ratings, reviews, and social listening tools to gauge and respond to customer sentiment continuously. A proactive social media approach that engages with feedback, addresses concerns promptly, and encourages customers to share their experiences can significantly improve customer relationships and brand loyalty. This approach not only helps tailor products and services to meet customer expectations but also strengthens consumer confidence in the brand.

Personalizing Ongoing Customer Engagement Strategies and Tactics: Personalization in customer communications is becoming increasingly important in the digital era. Consumers are more willing to share personal information when it leads to more customized services, tailored product suggestions, and exclusive offers that address their individual preferences. The success of personalization efforts—and the smooth implementation of these strategies—is crucial in persuading consumers to share their data with retailers. Using advanced algorithms and AI-powered tools to create personalized shopping experiences can boost engagement, improve customer satisfaction, and ultimately drive higher sales.

In the evolving landscape of retail and technology, integrating artificial intelligence (AI) can transform consumer interactions and business operations. However, this shift relies heavily on the availability and proper use of shopper data.

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While AI can personalize and improve the shopping experience through tailored recommendations and more efficient services, consumers are becoming more cautious about sharing their personal information. Their willingness to disclose sensitive data largely depends on the value they perceive from the exchange. This growing concern highlights the need for robust electronic data privacy laws that not only address current issues but also adapt to future technological developments.

As AI and Agentic Commerce advance, and the potential for misusing shopper data grows, there may be an urgent need for next-generation privacy laws to protect consumers in a digital age driven by data. Such regulations should balance innovation with the protection of consumer rights, ensuring AI benefits are achieved without sacrificing individual privacy.

Transforming Brand-Retailer Relationships Through an Increased Focus on Value

Creation: In today's competitive retail landscape, both online and brick-and-mortar, the importance of relationships between manufacturers and retailers has never been greater. As physical stores contend with limited shelf space and online channels face increasingly divided consumer attention, the need for brands to develop stronger, more collaborative partnerships with retailers becomes essential. Such collaboration not only improves product placement but also enhances the overall shopping experience, leading to increased sales and stronger brand loyalty.

To succeed, brands must supply retailers with comprehensive, well-organized data that is easy to access. This information should enable retailers to understand product details, customer preferences, and market trends. By providing such data, brands empower retailers to make strategic decisions regarding product placement, promotional efforts, and inventory control, especially in an environment where speed and accuracy are essential for maintaining a competitive edge at the shelf.

Furthermore, collaboration goes beyond simple data sharing. Recognizing the daily pressures and challenges retailers face is key to building a supportive, mutually beneficial partnership. For instance, during new product launches, brands can assist retailers with joint marketing efforts, sharing the responsibility of capturing consumer interest and informing customers about product advantages. Additionally, developing powerful user-generated content, such as reviews and testimonials, can be strategically used to boost the credibility and attractiveness of both the brand and the retailer.

Successful brand-retailer dynamics result in a symbiotic relationship where both parties thrive: retailers benefit from increased traffic and sales, while brands enjoy enhanced visibility and consumer loyalty.

In an era where consumer preferences can shift rapidly and the retail landscape is continuously evolving, maintaining strong brand-retailer relationships is not just beneficial but essential for sustained success.

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Summarizing Growth in 2026: In the competitive grocery retail sector, the most successful companies are those that don't just react to changes but proactively anticipate and influence them through innovation. Technology and shifting consumer preferences, especially with the rise of online shopping and the increasing demand for convenience, have significantly impacted this industry. Leading retailers have effectively merged digital technology with their brick-and-mortar stores to offer a hybrid shopping experience that appeals to both tech-savvy and traditional customers.

Examples include mobile apps for streamlined shopping, personalized deals driven by consumer data analytics, and efficient online ordering systems with curbside pickup, all of which enhance the overall consumer experience.

Additionally, value addition remains a vital focus area. Successful grocery stores extend beyond merely offering products; they create experiences and cultivate a sense of community. This is evident in stores that feature in-house bakeries, cafes, and even cooking classes, transforming them from simple purchasing points into destinations. By providing a unique in-store experience and exclusive, high-quality products, retailers can stand out in a competitive market.

Furthermore, a commitment to sustainability and local sourcing has become increasingly important to consumers. Retailers that prioritize responsible sourcing and eco-friendly practices are more likely to foster stronger customer relationships, thereby enhancing value.

Understanding and adapting to customer needs is increasingly vital. The COVID-19 pandemic continues to accelerate trends such as online grocery shopping and the growth of health and wellness products. Retailers who swiftly respond to these changes and offer relevant services have maintained their competitive edge.

Whether through optimizing supply chain logistics, expanding health-conscious product lines, or strengthening store safety protocols, the ability to pivot and innovate in response to customer demands remains essential.

In summary, the changing grocery industry requires ongoing innovation and a strong emphasis on enhancing the consumer experience. By leveraging technology, designing distinctive in-store environments, promoting sustainability, and swiftly responding to consumer trends, grocery retailers can stay relevant and foster customer loyalty in a fast-evolving market.