Supply chains face a new margin mandate in consumer and retail

New survey finds leaders focused on building more autonomous, visible, and commercially connected supply chains as pressures continue to rise.

KPMG 2026 US Supply Chain Survey: Consumer and Retail

Consumer and retail supply chain leaders push to accelerate modernization

Consumer and retail leaders are managing an increasingly complex mix of cost, demand, and fulfillment pressures. Tariffs, input costs, supplier volatility, geopolitical uncertainty, and logistics disruptions are raising costs and risks. At the same time, shifting consumer behavior, promotion-driven demand, and omnichannel fulfillment expectations are making service and inventory decisions harder to manage.

That pressure comes through in the KPMG 2026 US Supply Chain Survey. Consumer and retail respondents show one of the strongest modernization postures in the survey: More than 9 in 10 expect their operations to reach at least a moderate level of autonomy by 2027, and 73 percent are planning comprehensive operating model transformation. The message is less about technology ambition alone and more about whether the organization can turn signals into decisions quickly enough to protect margin, service, and growth.

In a sector where cost discipline remains the baseline, supply chain performance is becoming even more connected to commercial outcomes. Leaders are managing a faster-moving matrix of pricing, promotions, availability, service levels, inventory decisions, and customer experience. Improved visibility stands out as a key theme, with respondents focused on stronger connections across demand, supply, inventory, and fulfillment so they can protect margin and respond quickly when conditions change.

The findings point to five connected priorities for consumer and retail leaders:

- Make margin decisions faster by connecting pricing, promotions, service, sourcing, inventory, and fulfillment trade-offs.
- Treat resilience as a commercial capability across supplier, cyber, geopolitical, and operational risks.
- Scale AI and autonomy where they improve daily planning, exception management, and execution decisions.
- Redesign the operating model around signal ownership, decision rights, escalation paths, and cross-functional accountability.
- Strengthen talent and capabilities to convert better visibility into coordinated action, especially in demand planning, customer service, logistics, and inventory execution.

Together, the findings suggest that the next phase of modernization will be judged less by individual technology deployments and more by the speed, quality, and confidence of end-to-end decision-making.

92%

plan to be at or above a moderate level of autonomy by 2027

About the survey

KPMG, LLP (KPMG) surveyed 462 US supply chain leaders at companies with $1B or more in annual revenue as part of the 2026 US Supply Chain Survey. This consumer and retail industry review includes data from 52 respondents across segments, including consumer packaged goods, apparel, food and beverage, e-commerce, nonfood retail, consumer electronics, and related consumer and retail categories.

Cost, pricing, and margin pressure

Cost volatility raises the stakes for margin decisions

Cost volatility is moving through consumer and retail supply chains faster than traditional planning cycles can comfortably absorb. Tariff shifts, supplier disruption, transportation constraints, and fluctuating input prices are forcing leaders to decide, often in compressed windows, what can be absorbed, what can be offset operationally, and what must move through pricing, assortment, service levels, or customer offers.

The survey shows a pricing-forward response, but the more important insight is orchestration. Leaders are not pulling one lever; they are combining pricing changes, surcharge mechanisms, supplier diversification, hedging, network reconfiguration, service level adjustments, and assortment choices. For consumer and retail leaders, the question is whether those moves are coordinated through an enterprise margin lens or via disconnected functional responses.

That makes supply chain visibility a margin capability, not just an operational metric. Leaders need clearer views of where pressure is building, which options are realistic, and how each choice could affect price, availability, service, working capital, and customer expectations. The goal is to act before disruption turns into lost sales, service failures, or higher cost to serve.

The CSCO's takeaway: Leaders need faster, tech-enabled ways to see pressure, evaluate trade-offs, and decide what should change across pricing, sourcing, fulfillment, service, and customer commitments.

64% are increasing end-customer pricing directly to pass through tariff-driven costs

How companies are passing tariff-driven costs to customers

Increase end-customer pricing directly — 64%

Implement surcharges or "tariff recovery fees" — 60%

Adjust service levels or bundled offerings — 52%

Near-term measures to mitigate tariff-related costs

Adjust pricing structure/pass increased costs to customers — 48%

Diversify supplier base or shift to alternative markets — 31%

Explore financial hedging or tariff-mitigation strategies — 31%

Reconfigure supply chain networks — 31%

Risk and resilience

Resilience becomes a central part of the margin agenda

The same volatility driving pricing and cost decisions is redefining resilience. Consumer and retail respondents identify cybersecurity, supplier financial health, and geopolitical risk as their top supply chain concerns. That three-way tie matters: It shows that risk is no longer isolated to continuity planning. It can affect product availability, fulfillment performance, cost exposure, service reliability, data integrity, and margin at the same time.

Leaders are responding by treating resilience as a more continuous management capability. The priority is not simply building buffers; it is improving visibility into suppliers, costs, demand, inventory, and fulfillment options, then connecting that visibility to faster planning cycles and clearer response paths. For consumer and retail companies, that can mean protecting priority products, maintaining availability, adjusting fulfillment paths, reallocating inventory, or changing offers before risk reaches the customer.

The practical shift is that resilience needs to support commercial responsiveness. Supply chain teams need earlier risk signals, clearer margin and service implications, and predefined decision protocols that allow the business to act with confidence when conditions change.

The CSCO's takeaway: Improved resilience strategies should prioritize how leaders protect both continuity and commercial performance, with better visibility, faster escalation, and clearer decisions when risk signals change.

98%

are currently innovating or planning innovation in risk management and resilience within the next three years

Top perceived supply chain risks

37% Cybersecurity threats

37% Financial health of suppliers

37% Geopolitical risks

Top strategies to mitigate geopolitical risks

48%
Investing in predictive analytics for better risk assessment

40%
Enhancing supply chain visibility

37%
Solidifying relationships with existing critical suppliers

Digital, AI, and autonomy

Autonomy ambitions put scale in focus

Consumer and retail respondents report strong digital confidence, with 83 percent saying their supply chain operations are completely digitalized. The next move is autonomy, with 92 percent expecting their operations to reach at least a moderate level of autonomy by 2027. That ambition should be framed carefully: The value is not autonomy for its own sake, but better decision speed in planning, exception management, replenishment, allocation, fulfillment, and supplier response.

The opportunity is practical. AI and advanced analytics can help teams detect demand changes, evaluate inventory and fulfillment options, model margin and service trade-offs, and respond faster when pricing, supply, or service conditions shift. The caution is equally important: As agentic AI expands across retail operations, leaders will need stronger governance, controls, and performance metrics to help ensure automation improves decisions rather than simply adding complexity. That aligns with the survey findings that supply chain teams are still working through governance, ROI, technology selection, and training.

For consumer and retail companies, digital maturity has to translate into better decisions across complex, multichannel operations. The test is whether data and tools can surface the right information to the right teams quickly enough to improve availability, service, cost, and customer commitments.

The CSCO's takeaway: Scale automation where it can improve daily decisions across demand, inventory, fulfillment, service, and cost, while maintaining trusted data, governance, and human oversight.

83% say their supply chain operations are completely digitalized

Autonomy ambitions

31% Moderately autonomous

40% Largely autonomous

19% Almost fully autonomous

92% expect their operations to be at least moderately autonomous by 2027

How companies plan to overcome AI/GenAI deployment challenges

Developing a comprehensive AI/GenAI strategy	33%
Partnering with AI technology providers	29%
Investing in employee training and development	29%

Operating model

Modernization depends on better visibility

Consumer and retail leaders are pursuing operating model change because the current environment requires faster cross-functional decisions. Nearly three-quarters are planning a comprehensive supply chain transformation, but the leadership issue is not reorganization alone. It is how signals from consumers, channels, suppliers, logistics partners, and stores move into decisions across pricing, sourcing, inventory, allocation, service, and customer commitments.

Visibility is central to that shift. The survey shows leaders investing in demand planning and risk capabilities, while also pointing to visibility gaps across talent and geopolitical risk response. For consumer and retail leaders, a modernized model should better connect data from suppliers, channels, stores, e-commerce, warehouses, logistics partners, and commercial teams in ways that support faster action.

The differentiator is clarity: who sees the signal, who owns the response, what thresholds trigger escalation, what options are available, and how trade-offs are measured. Visibility only creates value when it changes what the business can do next.

The CSCO's takeaway: Redesign the operating model around decisions that create value: demand planning and allocation, inventory positioning, service commitments, supplier response, fulfillment choices, and cost-to-serve and margin trade-offs.

73%

are planning a comprehensive operating model transformation within the next three years

Top reasons for operating model change

53%
Enhancing agility and flexibility

42%
Improving sustainability performance

42%
Increasing resilience to disruptions

Top near-term investment priorities

42%	Demand planning
40%	Risk management and resilience
38%	Inventory and warehouse management
38%	Supplier relationship management tools

Talent and capabilities

The talent gap shows up where visibility matters most

Nearly two-thirds of consumer and retail respondents say there's a talent gap within their procurement and supply chain function. The most affected areas are supply chain visibility, followed by demand planning, logistics and transportation, and customer service and experience. Those are not isolated skill gaps; they are points where better data has to become better decisions.

That pattern points to a capability challenge. Many consumer and retail companies have strong traditional supply chain operators, but modernization requires people who can interpret signals, challenge AI-enabled recommendations, work across functions, and understand how supply chain actions affect pricing, service, availability, working capital, cost, and customer commitments.

Recruitment remains part of the answer, but the survey also points to cultural resistance and limited upskilling as barriers. The stronger message for leaders is that workforce strategy must be tied to the operating model: new roles, decision rights, training, adoption metrics, and incentives that help teams trust and use new tools in daily execution.

The CSCO's takeaway: Treat talent as the adoption engine for modernization. Pair recruiting with role-specific upskilling, change management, and clearer decision rights so teams can turn new tools and better visibility into coordinated action.

63%

believe there is a talent gap within their organization's procurement and supply chain function

Where the talent gap is showing up

Supply chain visibility	48%
Demand planning	38%
Logistics and transportation	38%
Customer service and experience	38%

Top challenges in addressing the talent gap

Competition in the labor market	40%
Cultural resistance to change	33%
Minimal investment in upskilling	33%

The next supply chain advantage: Confidence under pressure

Consumer and retail supply chains are being pushed to make faster decisions across a wider set of commercial and operational choices. Cost volatility, supplier risk, shifting demand, cyber exposure, evolving trade policy, and omnichannel fulfillment pressures are increasing the stakes. Leaders are responding with stronger automation ambitions, greater investment in visibility, and a sharper focus on operating models that can keep pace with the market.

The survey points to a clear direction: Consumer and retail companies want supply chains that can sense pressure earlier, connect signals across the business, and help teams act with more confidence. That means linking technology, data, talent, and governance to the decisions that shape pricing, sourcing, inventory, fulfillment, service, and customer experience.

For CSCOs and their teams, the priority is to turn modernization into daily operating performance. The companies that do it well will not simply have more tools; they will have clearer signals, better decision rights, governed AI, stronger talent adoption, and faster response mechanisms that protect margin and customer commitments as conditions change.

The CSCO's takeaway: Consumer and retail leaders should focus modernization efforts on faster decisions, stronger visibility, and better execution across the commercial and operational choices that shape performance.

How KPMG helps consumer and retail leaders build decision-driven supply chains

Consumer and retail supply chains are being asked to support faster margin decisions, more resilient operations, and more connected omnichannel execution. KPMG LLP (KPMG) works with leaders to modernize the supply chain capabilities behind that mandate—connecting strategy, planning, procurement, data, AI, finance, risk, talent, and execution around the decisions that affect margin, service, availability, and customer experience. That work can include helping organizations to:

Diagnose where pressure is affecting margin and service

Identify the cost, pricing, sourcing, inventory, fulfillment, service, and customer commitment pressures that may be creating margin leakage, lost sales, excess cost to serve, or execution bottlenecks.

Redesign the operating model around decisions

Define the decision rights, escalation paths, roles, workflows, and shared success measures required to connect demand planning, merchandising, sourcing, procurement, inventory, fulfillment, stores, e-commerce, finance, and customer experience.

Strengthen risk visibility and response

Improve supplier risk management, geopolitical risk sensing, scenario planning, inventory strategies, and response playbooks so teams can act faster when disruption threatens availability, service, cost, or margin.

Scale digital and AI capabilities responsibly

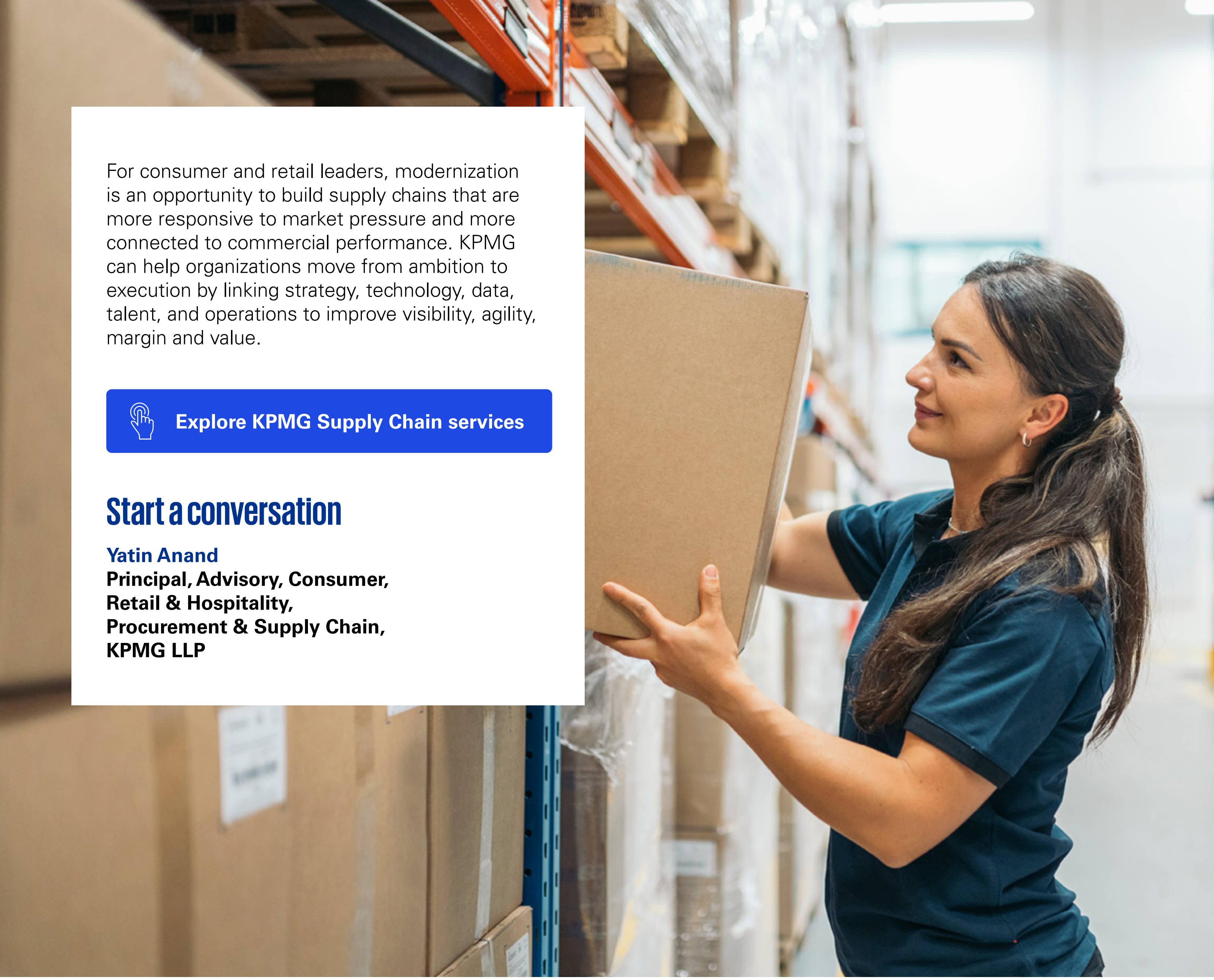
Prioritize use cases with the clearest operational value, define the data and governance conditions required to scale them, and connect digital or AI outputs to the workflows, controls, and people responsible for action.

Build talent and adoption into transformation

Align workforce strategy, role-specific upskilling, change management, and decision rights to the capabilities needed for more digital, visible, and autonomous supply chain operations.

Sustain performance after transformation

Establish the operating rhythms and metrics needed to monitor demand signals, supplier performance, inventory effectiveness, fulfillment execution, service levels, adoption, cost, risk, and decision effectiveness—and use those results to adjust models, workflows, and decision rules over time.



For consumer and retail leaders, modernization is an opportunity to build supply chains that are more responsive to market pressure and more connected to commercial performance. KPMG can help organizations move from ambition to execution by linking strategy, technology, data, talent, and operations to improve visibility, agility, margin and value.

Explore KPMG Supply Chain services

Start a conversation

Yatin Anand
Principal, Advisory, Consumer, Retail & Hospitality, Procurement & Supply Chain, KPMG LLP

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us: | **kpmg.com**