

Margins under pressure, models in motion

# The State of Grocery Retail 2026

Europe





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For the European grocery sector, 2025 was a year of stabilization. Compared to 2024, shoppers' spending patterns remained largely unchanged, while grocers continued to contend with cost pressure. In early 2026, 64 percent of grocery CEOs anticipate that market conditions will improve or remain similar compared to 2025. Nevertheless, the environment is still challenging. Margin pressure remains the primary concern, competition stays intense, and growth prospects continue to look muted in the medium term.

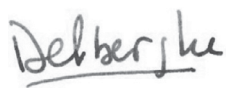
Looking ahead to 2026, grocery executives face both opportunities and challenges. As input costs showed early signs of easing at the beginning of 2026, how will grocers respond to the challenges posed by ongoing geopolitical disruptions? What is the right balance between recovering margins and delivering value to shoppers? And how can grocers use data, AI, and technology to drive measurable business impact—especially as agentic AI is beginning to reshape the way consumers shop and grocers run their business?

Recent developments in early 2026, including escalating tensions in the Middle East, underscore the fragility of the current stabilization. As seen in recent years, geopolitical shocks can rapidly propagate through higher oil and energy prices, translating into higher inflation, negative consumer sentiment, and shifts in shopping behavior. They can also disrupt supply chains and increase input costs, adding complexity to grocers' decision-making. These developments occurred after the analysis underpinning this report and therefore are not reflected in the report. While we believe most trends will hold up despite these developments, inflation might be higher and consumer sentiment worse in 2026 than we anticipated.

This report builds on a rich fact base. We surveyed over 35 grocery executives and more than 15,000 consumers across 14 European countries. We also analyzed market data and grocers' corporate moves in these countries. All research on which this report is based was conducted in early 2026.

To take into account the rapidly growing relevance of AI, this year's report highlights four AI opportunities that we believe will define the midterm future of grocery retail: embracing agentic commerce, rewiring the organization with agentic AI, taking store automation to the next level with physical AI, and ensuring sufficient returns on technology investments.

Once again, we have combined EuroCommerce's policy and sector knowledge with McKinsey's global expertise and analytical rigor. We hope this report offers actionable insights and perspectives to help European grocers navigate ongoing uncertainty and seize the most attractive pockets of growth.



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## State of Grocery Retail Europe 2026

# Margins under pressure, models in motion

The year 2025 was characterized by low-growth stabilization under sustained profitability pressure. In Europe,<sup>1</sup> grocery sales grew by 3.4 percent—consumer prices continued to increase moderately by 2.9 percent, while volume grew by 0.6 percent, with marginal downtrading at –0.1 percent.<sup>2</sup> While cost and margin pressure remained the top concern for CEOs, overall executive sentiment improved, with a majority expecting market conditions to remain stable or improve. Consumer behavior also showed emerging markers of stabilization, with only limited shifts in spending patterns compared to 2024—private label continued to gain relevance, reaching a 40 percent share, while growth of online shopping decelerated.

For 2026, the grocery consumer environment is expected to be relatively stable compared to 2025, on average, and may be impacted by the conflict in the Middle East. However, while the market is stable on the whole, there are substantial shifts between income groups and countries, indicating changing consumer needs. Market growth remains structurally low, but we expect a slight increase in volumes across Europe for 2026. Grocers are expected to keep strengthening their private label propositions, selectively pursuing growth opportunities beyond the core, building scale through M&A and alliances, and improving AI and technology execution. Taken together, these moves signal that while grocery remains under pressure, renewed momentum is visible.

*by Christel Delberghe, Vera Jotanovic, Dirk Vissers, Alexandre Kleis, Daniel Läubli, Franck Laizet, and Simon Wintels*



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# Market dynamics in 2025

Grocery sales in Europe<sup>3</sup> grew by 3.4 percent in 2025, driven by 2.9 percent food price inflation, volume growth of 0.6 percent, and a marginal downtrading effect of -0.1 percent (Exhibit 1). As a result, grocery sales increased in real terms (adjusted for inflation) for the second year in a row. However, inflation-adjusted sales remained around 3.3 percent below 2019 levels. This gap was due to a 4.9 percent decline in inflation-adjusted prices per item, offset by a 1.7 percent increase in volume.

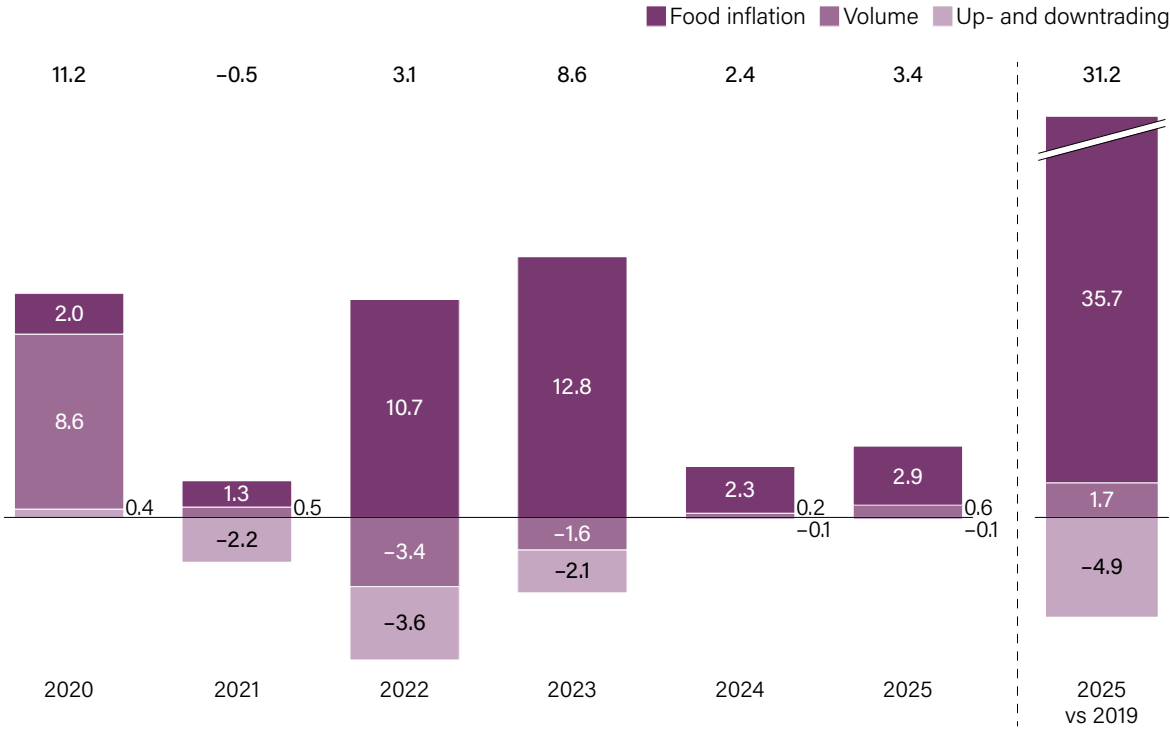
With an overall downtrading effect of only -0.1 percent in 2025, the market stabilized after several years of continued downtrading since 2022.

Since 2019, discounters and private labels have significantly increased their market share. This trend continued in 2025, albeit at a slower pace than in 2023, and was broadly in line with the longer-term trajectory. In Europe, the private label share grew by a further 0.4 percentage points from 2024 to 2025, reaching 40.0 percent of total sales in 2025. Discounters gained 2.5 percentage points of market share between 2019 and 2024, followed by a further 0.3 percentage point increase from 2024 to 2025, bringing their total share to 22.4 percent.<sup>4</sup>

Exhibit 1

## Grocery sales in Europe grew by 3.4 percent in 2025.

Retail sales vs previous year and vs 2019, by year, Europe,<sup>1</sup> %



<sup>1</sup>Belgium, Czech Republic, France, Germany, Italy, Netherlands, Poland, Portugal, Spain, Sweden, and UK. Source: Europanel

# 2026: Renewed momentum

On average, we expect the slow recovery of consumer sentiment we have seen in the last two years to continue in 2026. As a result, we anticipate a slight acceleration of volume growth and potentially the first occurrence of uptrading in many years. However, the average hides considerable divergence between both customer segments and countries.

This divergence between countries is not only apparent in market data; it can also be seen in our CEO survey. The grocery CEOs participating in the survey were more polarized in their views of 2026 than they were of 2025. This year, 25 percent expect market conditions to improve (in comparison to 16 percent in 2025) and 36 percent expect conditions to worsen (versus 29 percent). In Western Europe, only 11 percent of CEOs expect conditions to improve, while 53 percent believe they will remain the same. And in Central and Eastern Europe, 22 percent expect an improvement and 33 percent think conditions will stay constant. In Northern Europe, CEOs are more optimistic: 63 percent of them anticipate that conditions will improve (Exhibit 2).

The 2026 grocery CEO agenda reflects evolving grocery market conditions and the momentum of the AI revolution (Exhibit 3). While increasing cost and margin pressure remained in the top spot in the ranking of the most important topics for 2026, adopting AI and automation came second, up four places from

2025. Strengthening the private label offering stayed important to European grocery CEOs at third position, while unlocking new pockets of growth gained relevance (ranked fourth, up three positions from 2025). Downtrading of consumers dropped to the fifth rank (down three positions from 2025).

Our consumer research across 14 countries indicates that European consumers are at a crossroads, with varying behavior and intent toward grocery shopping across countries. On average, consumers' intent to save money is declining slightly (46 percent concerned about prices in 2026 versus 48 percent in 2025), as is intent to buy healthy products, although there are differences between countries (Exhibit 4). Consumers in some countries, such as Germany, have a growing intent to save money, while consumers are increasingly willing to pay higher prices for healthier products in the Netherlands, Poland, and Spain. At the same time, net intent to trade up to higher quality increased by one percentage point since 2025.

Based on our 2026 CEO survey, consumer surveys, and further research, we have identified eight trends and four AI opportunities that we expect to shape the grocery retail sector in 2026. In the next sections, we look at the anticipated longer-term trends and short-term developments—and the strategies that could help grocers strengthen their positions in the coming years.

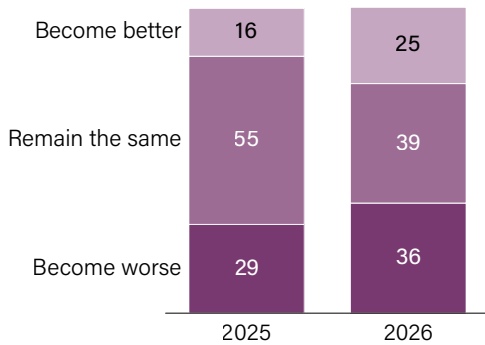


# CEO survey results

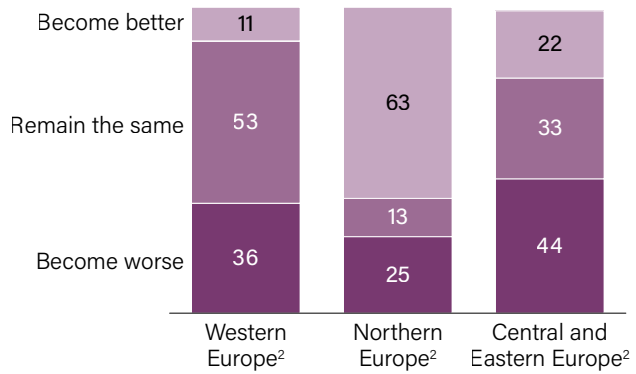
Exhibit 2

## There is increased CEO polarization regarding market conditions, with optimism varying by region.

European grocery CEOs' sentiment<sup>1</sup> toward market conditions, 2025 vs 2026, %



European grocery CEOs' sentiment<sup>1</sup> toward market conditions, 2026, split by region, %



Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>Question: Thinking ahead, how do you see the market conditions for the grocery retail industry evolve in 2026, compared to the average of 2025?

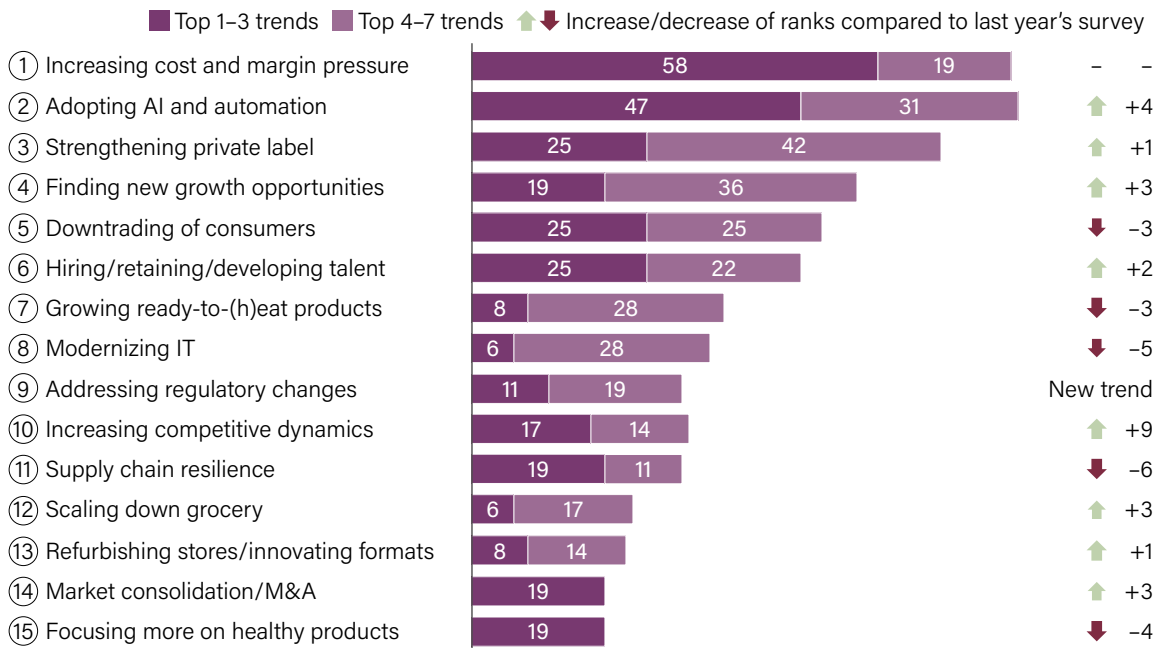
<sup>2</sup>Western Europe (incl Belgium, France, Germany, Ireland, Italy, Netherlands, Spain, Switzerland, and UK), Northern Europe (incl Denmark, Finland, and Sweden), Central and Eastern Europe (incl Bulgaria, Croatia, Poland, Romania, and Ukraine).

Source: CEO Survey 2026 (n = 36); CEO Survey 2025 (n = 31)

Exhibit 3

## Margin pressure remained the top priority for CEOs; AI and automation adoption and private label gained importance.

Top 15 trends mentioned by CEOs for the grocery industry in 2026,<sup>1</sup> %



<sup>1</sup>Question: Looking to the near future, what do you think will be the "top of mind" focus areas that will shape the grocery retail industry in the next 1 to 3 years?

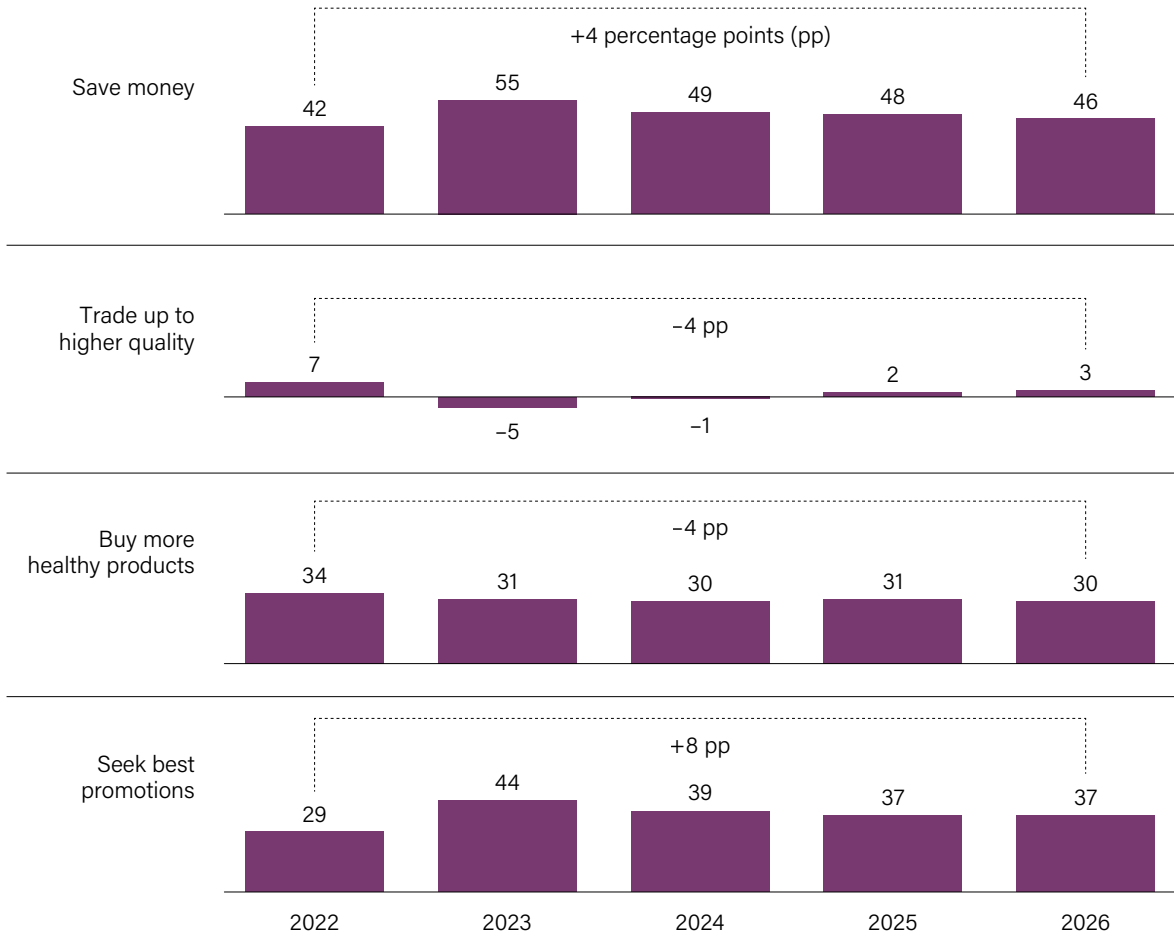
Source: CEO Survey 2026 (n = 36); CEO Survey 2025 (n = 31)

# Consumer survey data

Exhibit 4

**Our consumer survey shows increased focus on quality, decreased focus on saving money and healthy products in 2026 compared to 2025.**

Net intent of European consumers,<sup>1</sup> %



<sup>1</sup>Net intent represents the share of consumers who want to do more of the activity minus the share of consumers who want to do less of the activity. Question: Think about 2026. Are you planning to do more, less, or about the same of the following?  
Source: McKinsey Consumer Survey 2022 (n = 10,601), 2023 (n = 9,717), 2024 (n = 9,583), 2025 (n = 9,522), and 2026 (n = 9,542), France, Germany, Italy, Netherlands, Poland, Spain, Sweden, UK; sample to match general population age 18 and above



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# Key trends and AI opportunities

Eight trends and four AI opportunities characterize the European grocery retail market in 2026.

## Meeting evolving customer needs

- 1. A polarized consumer recovery**  
**-9 pp decline**  
in shoppers actively seeking ways to save money since 2023
- 2. Convenience over cooking**  
**2 pp faster growth**  
in foodservice (vs grocery) brings growth opportunities in convenience and ready-to-(h)eat
- 3. Online diverges, loyalty fragments**  
**6.8% online sales growth**  
in 2025, decelerating from 7.8% in 2024

## Addressing the growth and productivity challenge

- 4. Fighting persistent structural costs**  
**#1 concern**  
77% of CEOs surveyed name cost and margin pressure as their top of mind focus area
- 5. Growth beyond the basket**  
**0.2% volume, compounded annual growth rate (CAGR)**  
through 2030 has grocers looking for top-line growth beyond the core
- 6. Making scale an advantage**  
**+47% increase in M&A activity**  
from 2022, with pan-European synergies becoming a reality

## Building differentiation

- 7. From labels to brands**  
**40% private label share**  
with ~90% of consumers planning to continue buying private labels at the same or higher levels
- 8. Resetting the CPG-retailer relationship**  
**46% net intent of European customers to save money**  
when shopping, reinforcing margin pressure

## Turning AI into an advantage

- 9. The agentic consumer**
- 10. The agentic organization**
- 11. Physical AI—the next frontier?**
- 12. The technology ROI question**

## 1. A polarized consumer recovery

Price pressure is easing on average, but income and generational divides are widening. Low-income households look for even more promotions, while high-income households are trading up.

Price and promotion pressure is gradually easing from 2023, marking the third consecutive year of slight improvement. The share of shoppers actively seeking ways to save money decreased from 55 percent in 2023 to 46 percent in 2026, and promotion seeking from 44 percent to 37 percent. But these developments are not consistent across income groups. Medium- and high-income consumers have continually become less focused on price and promotions over the past four years. Among low-income consumers, price-saving intent stayed stable from 2025 to 2026, while intent to seek promotions increased (Exhibit 5).

At the same time, premium options are gaining relevance, with the strongest trade-up intent since 2023. Net intent to purchase premium or high-quality food has increased by one percentage point since 2025 and rebounded significantly from -5 percent in 2023 to 3 percent in 2026. Millennials showed the strongest uplift

among generations (up five percentage points versus 2025), while high-income consumers had the highest increase among income groups (up two percentage points versus 2025).

Convenience food is also showing a slight increase in popularity (up two percentage points in comparison to 2025), driven by Gen Z and millennials. Intent to purchase ready-to-eat meals and food-to-go grew slightly (by two percentage points versus 2025).

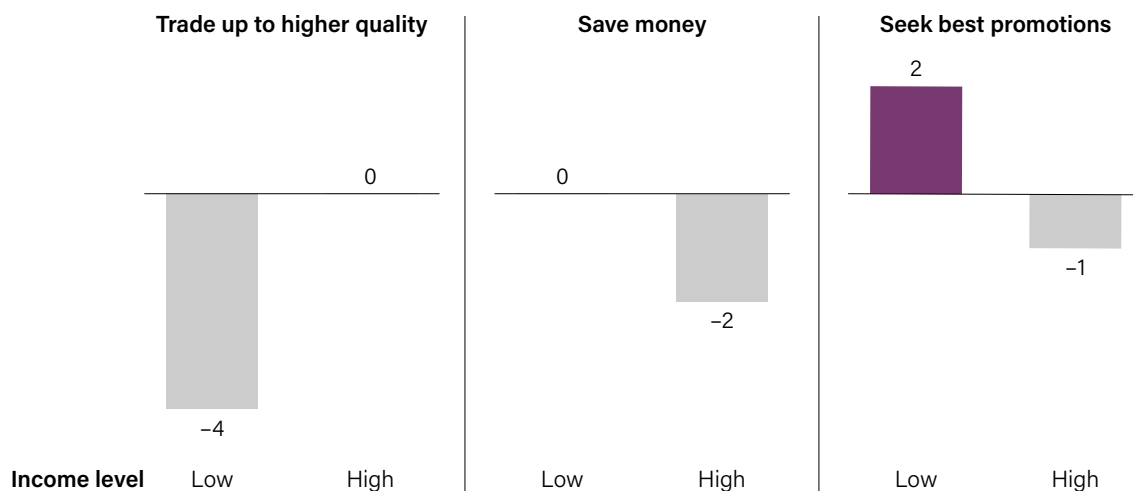
Gen Z (up eight percentage points to 11 percent) and millennials (an increase of four percentage points to 0 percent) are driving the shift toward convenience, whereas Gen X (no change at -5 percent) and baby boomers (down one percentage point to -25 percent) are moving in the opposite direction, with a reduced intent to buy ready-to-eat meals.

The demand for healthier products remains stable, but the willingness to pay for these options is increasingly polarized among generations. Gen Z (18 percent, up one percentage versus 2025) and millennials (3 percent, a four percentage point increase) are both willing to trade up for health, while Gen X (down 2 percent) and baby boomers (a 9 percent decrease) remain less willing to pay a premium for healthy options.

Exhibit 5

### Lower-income consumers show decreased intent to purchase high-quality food.

Net intent of European consumers,<sup>1</sup> 2025-26 change, percentage points



<sup>1</sup>Net intent represents the share of consumers who want to do more of the activity minus the share of consumers who want to do less of the activity. Question: Think about 2026. Are you planning to do more, less, or about the same of the following? Source: McKinsey Consumer Survey 2025 (n = 14,543) and 2026 (n = 14,563), Belgium, Czech Republic, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Romania, Spain, Sweden, UK; sample to match general population age 18 and above

## 2. Convenience over cooking

A generational shift is fueling foodservice growth—82 percent of Gen Z eat ready-to-(h)eat once a month or more. Grocers have reacted by adding foodservice offerings. The industry lines between convenience and foodservice are becoming increasingly blurred.

*Foodservice growth is outpacing grocery sales, expanding at 6.8 percent between 2022 and 2025 (CAGR), compared to 4.8 percent for grocery over the same period.<sup>5</sup> This divergence has accelerated since the COVID-19 pandemic and reflects a long-term shift away from home cooking.*

*Growth is increasingly driven by the younger cohorts and is expected to continue.* Forty-seven percent of Gen Z and 40 percent of millennials consume food-to-go at least weekly (Exhibit 6). Purchase intent for ready-to-(h)eat increased by seven and two percentage points for these two groups, respectively, compared to 2025. Also, reported intent to cook from scratch decreased among younger consumers between 2025 and 2026 (down four percentage points for Gen Z; down one percentage point for Gen X and baby boomers).

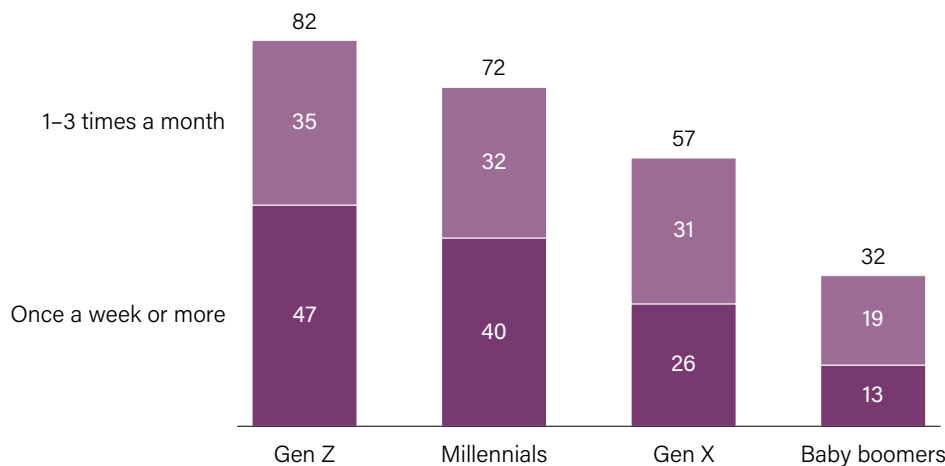
*Within grocery retail, products for immediate consumption are growing faster than overall grocery at about 7 percent.<sup>6</sup> Despite these positive dynamics, growth is shifting from volume-led to price-led, with increases in price per unit being the primary driver of spending increases (negative volume growth). Grocers are capturing a small share but growing rapidly in food for immediate consumption; the rest goes to foodservice. The grocers' share has increased by one percentage point in the past two years (12.6 percent in the second quarter of 2025 versus 11.6 percent in the second quarter of 2023).<sup>7</sup>*

*To capture a larger share of the growth of consumption away from home, many grocers are exploring integrated foodservice and coffee concepts. Also, they are extending their ready-to-(h)eat offerings and are integrating served food counters with hot convenience food into their store formats—increasingly blurring the industry lines between foodservice and grocery. In parallel, retailers are rethinking store layouts to make foodservice and ready-to-(h)eat options more visible and easier to access.*

### Exhibit 6

## Grab-and-go meals are popular, particularly among Gen Z and millennials.

Consumption of grab-and-go fresh meals<sup>1</sup> by European consumers, 2026, % of respondents



<sup>1</sup>Question: How frequently do you do the following . . . ?

Source: McKinsey Consumer Survey 2026 (n = 15,566), Belgium, Czech Republic, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, UK; sample to match general population age 18 and above

### 3. Online diverges, loyalty fragments

Online growth has been uneven across Europe. The channel gains relevance in many but not all markets. Consumers are shopping online at different grocery banners than they shop at offline.

Online growth remains strong, but continues to diverge. Overall online sales in Europe grew by 6.8 percent between 2024 and 2025, yet decreased from the 7.8 percent growth between 2023 and 2024. Profitability is improving, with online operations beginning to break even on a fully allocated cost basis. Ahold Delhaize, for instance, achieved e-commerce profitability in 2025.<sup>8</sup> That said, online growth is not consistent across Europe—in Portugal and Sweden, the online channel is losing relevance. The net intent of consumers to buy more groceries online is still positive in many countries, but often significantly lower than it was last year.

Adoption also varies significantly by geography and population, ranging from more than 20 percent in selected affluent urban areas to less than 5 percent in rural regions.<sup>9</sup> According to our consumer survey, 12 percent of shoppers used scheduled delivery weekly,

and 69 percent did so less than once monthly. About half of all Europeans did not shop for groceries online at all.

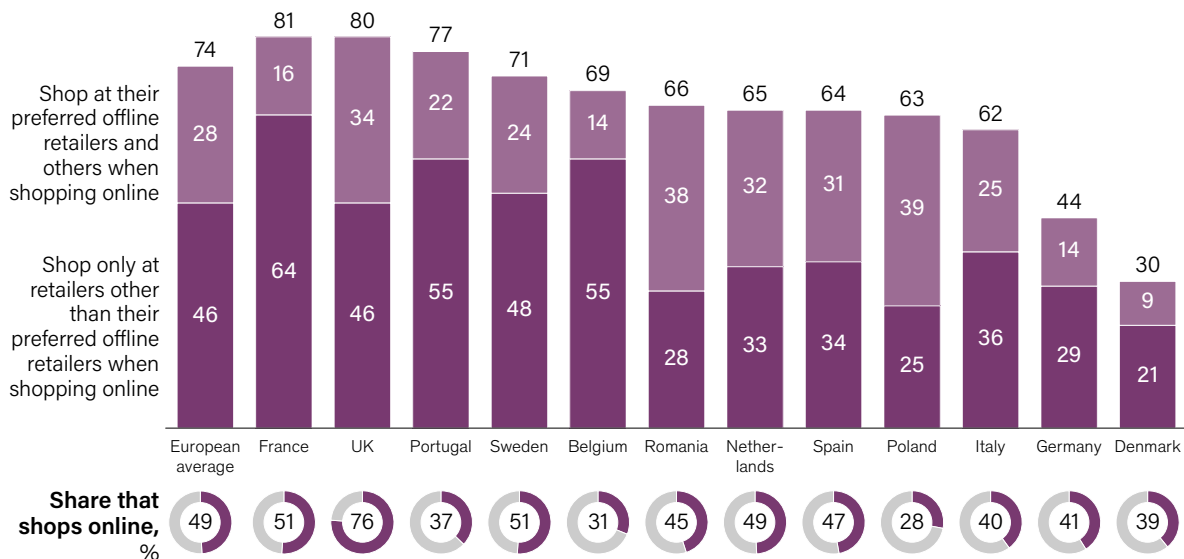
Despite grocers' efforts to create omnichannel experiences and operations, the online channel remains separate in the minds of shoppers. Of those shoppers in Europe overall, nearly half do so at retailers that are different from those they buy from offline. Nearly one-third of online shoppers prefer the same grocer online as they do offline (Exhibit 7).

The separation of online and offline in the minds of consumers is also reflected in customer satisfaction scores. For online stores across Europe, offering great value for money most strongly correlates with a high customer satisfaction score, followed by high product quality and the ease of use of a retailer's app or website. In contrast, for offline stores, consumers consistently look for convenient locations, low prices, and promotions. Out of the 40 retailers with both an online and offline presence that we analyzed, 30 obtained higher customer satisfaction scores in the online channel, indicating that online is perceived to offer a better shopping experience than a brick-and-mortar store.

Exhibit 7

#### Online grocery behavior remains fragmented across countries, with limited online shopping loyalty to an offline retailer.

Share of European online consumers that use different retailers online than offline,<sup>1</sup> %<sup>2</sup>



Note: Figures may not sum to listed total, because of rounding.

<sup>1</sup>Question: How frequently do you shop at the following grocery retailers? And overall, how frequently do you shop for food the following way?

<sup>2</sup>Based on subset of respondents that shop online.

Source: McKinsey Consumer Survey 2026 (n = 15,566), Belgium (4 multichannel retailers considered), Czech Republic (0), Denmark (1), France (6), Germany (1), Italy (4), Netherlands (4), Norway (0), Poland (3), Portugal (9), Romania (1), Spain (6), Sweden (5), UK (7); sample to match general population age 18 and above

## 4. Fighting persistent structural costs

European grocery retail operates under structurally higher cost levels than in the past, and sustained capital intensity. Selling, general, and administrative (SG&A) expenses remain elevated but have begun to stabilize, while earnings before interest and taxes (EBIT) margins continue to be under pressure.

SG&A expenses reached their highest levels in 2024 and remained elevated in 2025. After a dip to 19.0 percent of revenue in 2022 (the average across nine major European retailers), SG&A reached 19.7 percent in 2025, according to our analysis. This increase is widespread across major grocery retailers in European markets, indicating structural cost inflation rather than isolated inefficiencies (Exhibit 8).

Cost pressure in European grocery retail remains structurally elevated, with EBIT margins stable at 2.8 percent in 2024 and 2025. While grocery retailer margins were flat year over year, this stabilization marks a pause rather than a recovery, given that margins have continually decreased in previous years, costs have remained high, and volume has stayed flat. This is

reflected in our CEO survey this year. Cost and margin pressure remained the number one concern for grocery CEOs for the fifth consecutive year.

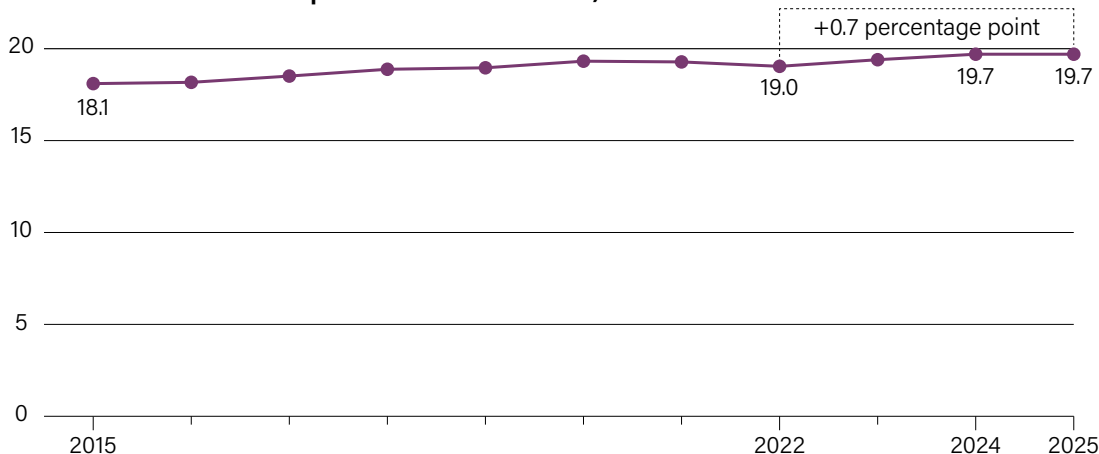
Labor cost inflation has become a structural pressure point, consistently outpacing food inflation across most European markets. While European consumer prices rose moderately (2.4 percent year over year, December 2025),<sup>10</sup> labor costs increased significantly faster than food prices in many countries. In Germany, for instance, wages rose 4.0 percent, while food inflation sat at 2.2 percent. Across Europe, labor costs increased by 5.1 percent on average, compared to 4.0 percent food inflation, with several markets showing a two to three percentage point gap between labor cost increases and food price inflation.<sup>11</sup>

While operational cost remains on a high level, capital expenditure (capex) increases. In addition to traditional investments into store expansion and refurbishments, increasing investments into IT, AI, and automation increases capital expenditure (capex) requirements for grocers. Our analysis of company reports shows that the capex-to-revenue ratio grew slightly from 2.8 percent in 2024 to 2.9 percent in 2025,<sup>12</sup> with several retailers investing up to 6.0 percent of sales in capex.

Exhibit 8

### SG&A ratios reached their highest levels in 2024 and remained elevated in 2025.

SG&A ratio as share of European retailers' revenue,<sup>1</sup> %



<sup>1</sup>Based on simple average of 9 grocery retailers: Ahold Delhaize, Axfood, Colruyt, Coop (CH), Dino, ELO (Auchan), Esselunga, ICA, and Jerónimo Martins.

## 5. Growth beyond the basket

European grocers face a structurally tougher growth environment than in previous years. While volume growth has become positive again, it remains low, and footprint expansion is no longer a reliable scaling lever for many grocers. Competition for market share is intensifying, making value pools beyond retail increasingly important.

*Structural volume stagnation limits the potential for top-line growth.* Volume is projected to stay muted and only increase by approximately 0.2 percent CAGR through 2030 (Exhibit 9). The main reasons for the low volume growth are a moderate population growth and a shift of calories to foodservice; inflation therefore remains the main driver of market growth. Premiumization could drive some additional growth. Although the adoption of glucagon-like peptide-1 (GLP-1<sup>13</sup>) drugs is increasing, their total impact on grocery in Europe is expected to remain below a 1 percent decline in revenues.

*Footprint expansion no longer delivers substantial growth.* Since 2019, grocery selling space in the

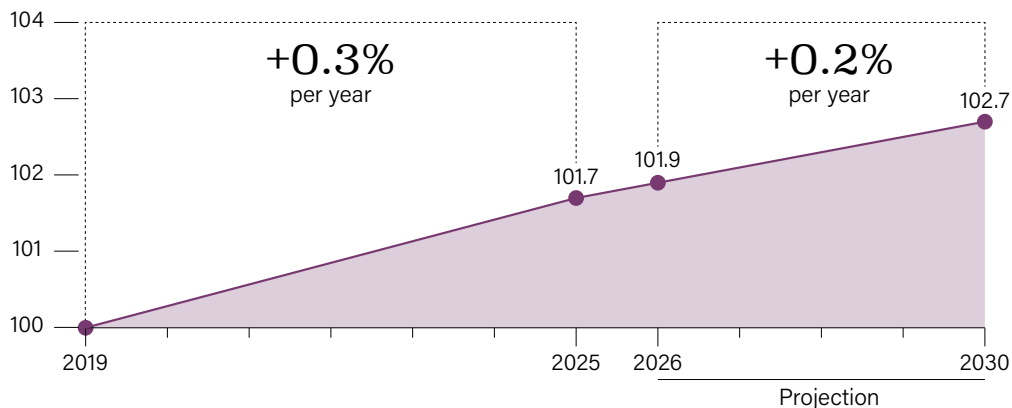
EU-11 countries expanded by about 4.6 percent, while volume (including online) grew by only approximately 1.7 percent. In effect, productivity in volume per square meter continually decreased, creating additional cost pressure and reducing the ROI for new stores. As a result, most grocers can no longer rely on footprint expansion as a growth driver, making same-store sales and online important sources of growth.

*Limited growth in the core business increases the relevance of adjacent value pools.* Among the various business models beyond traditional retail, retail media (in-store advertising, apps, and websites) stands out as the most consistently scalable adjacency. Other adjacencies—such as pharmacy, financial services, and logistics-as-a-service—have delivered mixed results so far. Pharmacy, for example, has proven successful in several markets. Financial services and other adjacencies, however, have been promising for only a few companies, while many others have exited these businesses. Retail media remains structurally attractive and scalable, with monetizing first-party data and on-site traffic as its primary business model. Retail media is among the fastest-growing profit pools in grocery, with projected growth of around 20 percent (CAGR, 2025 to 2028,<sup>14</sup> and EBIT margins reaching about 70 percent).

Exhibit 9

### Grocery volume growth is expected to stagnate, increasing at 0.2 percent CAGR until 2030.

Grocery volume growth, Europe,<sup>1</sup> index (2019 = 100)



<sup>1</sup>Belgium, Czech Republic, France, Germany, Italy, Netherlands, Poland, Portugal, Spain, Sweden, and UK.  
Source: Europanel

## 6. Making scale an advantage

More M&A activity, both nationally and internationally, is expected as scale is becoming essential for sustained competitiveness and as capturing cross-country synergies becomes more feasible.

*As strong private label propositions and investments in technology gain importance, scale is becoming a decisive competitive advantage.* Large grocers benefit from economies of scale in their private label production and can spread rising technology and automation costs more effectively across higher volumes. As a result, competitive strength is increasingly dependent on structural scale advantages.

*Retailers are looking to create pan-European synergies and move beyond domestic scale.* Carrefour is one of the grocers that exemplifies this shift. It is further developing the group's European purchasing platform, Eureka, and accelerating its digital transformation.<sup>15</sup> Leading European discounters use pan-European buying and standardized assortments to negotiate better terms and streamline operations. As supplier networks globalize and cost pressure rises, these

models show how grocers can use cross-border consolidation to achieve margin gains and increase efficiency.

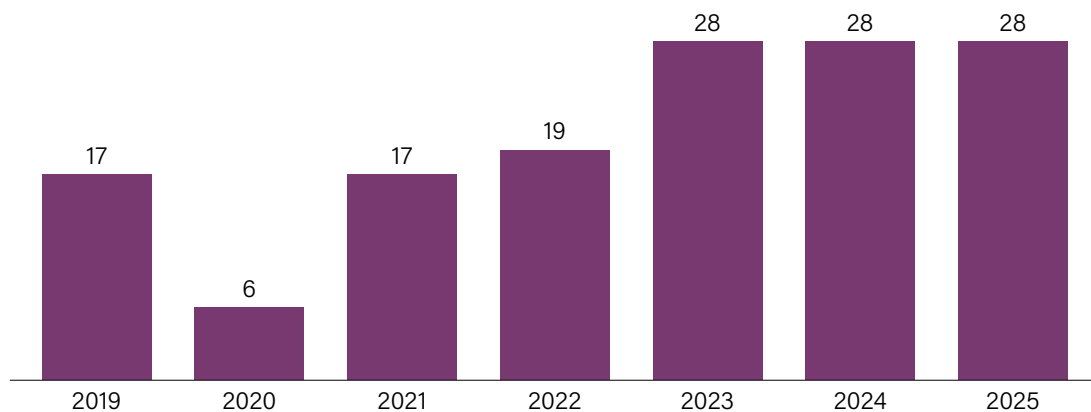
*Driven by these factors, more M&A activity can be expected nationally and internationally.* In 2025, deal activity remained high, with 28 grocery retail M&A transactions announced or completed across Europe, up from 19 deals in 2022, an increase of 47 percent (Exhibit 10).<sup>16</sup> Around 65 percent of deals were driven by local and national companies, using M&A to strengthen domestic scale. Only about 35 percent of deals in 2025 were carried out by pan-European companies. They focused primarily on portfolio optimization rather than expansion. Looking ahead, M&A activity is expected to accelerate, driven by strong competition and a higher importance of scale benefits because of an anticipated further increase in IT costs and growing private label penetration.

*Alliances remain an important complement to M&A and continue to move to European price negotiations.* Buying groups increasingly focus on negotiating harmonized net prices across European markets. However, success of alliances is not granted, with retailers joining or leaving alliances as their strategic needs evolve.

Exhibit 10

### The spike in M&A activity was sustained in 2025.

Evolution of M&A deals in grocery in Europe,<sup>1</sup> number of M&A deals



<sup>1</sup>Based on "Europe" classification in Pitchbook.  
Source: Pitchbook 2026

## 7. From labels to brands

Private label growth in Europe has continued, reaching a value share of 40 percent across the EU-11 in 2025.<sup>17</sup> The growth is driven by volume and a shift to higher quality. Private labels increasingly drive innovation and evolve into brands in their own right.

*The share of private labels continued to grow by 0.4 percentage points in 2025, reaching 40 percent across the EU-11.<sup>18</sup> In eight of the EU-11 countries analyzed, private label value penetration increased. Spain and the Netherlands experienced particularly strong uplifts by 1.3 and 0.8 percentage points, respectively. The growth was driven by higher average prices, while volume went up in some markets and down in others.*

*Private labels are no longer solely competing with manufacturer brands on price. Increasingly, private label growth is driven by the diversity of assortment offered, including budget, premium, free-from, organic, local, or other forms of consumer-driven innovation. In the*

United Kingdom, for example, premium private labels represented the fastest-growing private label tier in the past year, expanding by around 9 percent annually.<sup>19</sup>

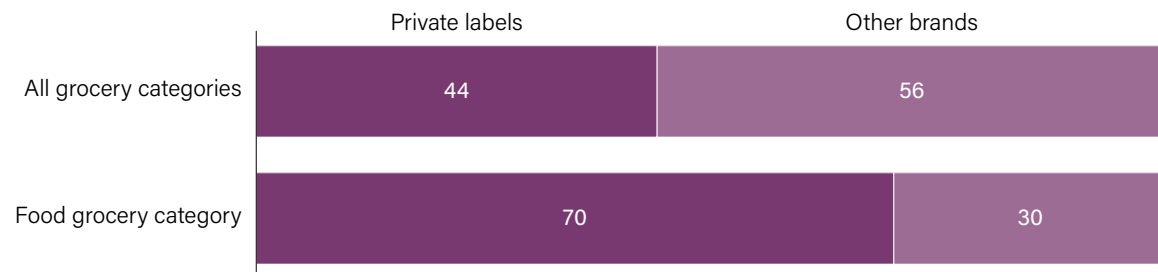
*Private labels are also setting the pace for innovation. In multiple categories, private labels are innovating faster than manufacturers. The private label share of total innovation activity—measured by the number of new product launches, new varieties, and range extensions—sits at 44 percent in Western Europe across all grocery product categories, and as high as 70 percent for food categories (Exhibit 11).*

*Retailers that double down on private labels are well positioned to capture significant market share gains. Our analysis of 120 grocers in Europe shows that the share of private labels or brands (or both) and their perceived quality have been the most important drivers of market share gains in the past six years. Leaders in the private brand space had a two- to three-times greater probability of gaining market share than all other grocers in their countries. Private label and private brand shelf space was a more important driver of market share gains than price.*

Exhibit 11

**Private labels are leading in product innovation, accounting for up to 70 percent of all new launches and varieties in the food category.**

Share of new product launches/new varieties, Europe, %



Source: NielsenIQ (NIQ)

## 8. Resetting the CPG–retailer relationship

Shrinking margins, private label growth, and an increasingly differentiated small brands landscape are putting pressure on the relationship between consumer packaged goods (CPG) companies and retailers, leaving both parties worse off than in the past.

*Flat volumes and shrinking margins are continuing to put pressure on CPG–retailer relationships. Retailers face cost pressure, flat volumes, and high price sensitivity (46 percent of European consumers seek additional savings),<sup>20</sup> while CPGs contend with low or negative volume growth in many categories, low innovation productivity (more than 75 percent of innovations fail),<sup>21</sup> and rising promotional demands. Moreover, recent shareholder returns for both CPGs and grocers have been among the lowest of all industries, further adding to the pressure.<sup>22</sup>*

*Grocers are expanding their private label offerings not just to satisfy consumer demand, but also to increase differentiation from their competitors. Our research shows that the quality and number of available private*

*label products have become key criteria for consumers to choose a store. When it comes to branded products, store choice is determined primarily by where these can be found at the lowest price. Consequently, grocers are trying to expand their private label offering and offer attractive prices for branded products.*

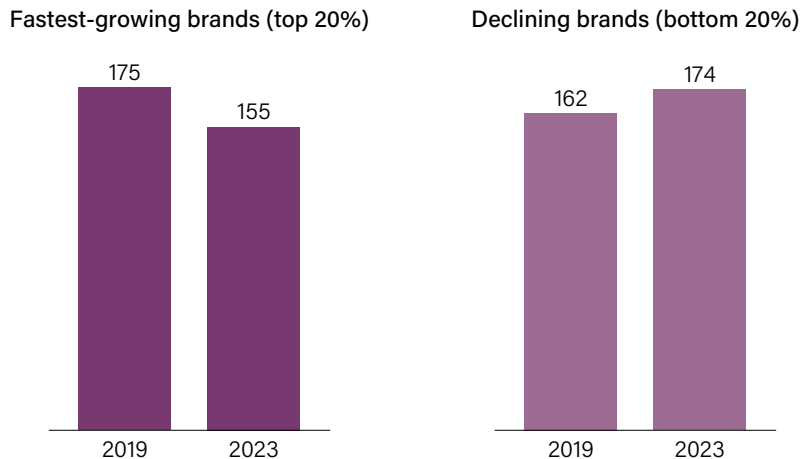
*Large CPGs lose to private labels on price and to smaller brands on functionality and innovation. Our research reveals that customers typically switch away from large brands either to private labels for lower prices or to smaller brands that offer new functionalities and innovations. Brands that allowed the price gap with private labels to widen lost market share, while brands that reduced the price gap gained share (Exhibit 12).*

*As a result of these dynamics, negotiations between branded manufacturers and grocers are increasingly difficult and are often focused on price alone, leaving both parties with lower overall value creation in a zero-sum game over margin. To turn the relationship again toward joint creation of growth, CPGs and grocers could move beyond transactional negotiations toward strategic category partnerships with joint innovation, exclusive products, more comprehensive data sharing, supply chain collaboration, and retail media collaboration.*

Exhibit 12

### Brands gained market share when the private label price gap narrowed.

Brands price premium vs private label, Europe, index (private label price = 100)



Source: Europanel data, 9000 brands in 16 countries



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# Turning AI into an advantage

AI benefits are not yet being realized. In our 2026 Grocery CEO Survey, 47 percent of respondents name adopting AI and automation as one of their top three priorities, second to cost and margin pressure, signaling that AI has moved from experimentation to strategic relevance. Yet, despite the recognition of the importance of AI, tangible value creation remains limited and skepticism persists. Seventy percent of CEOs report no measurable EBIT impact from AI so far, or say it is too early to tell. Only 3 percent report an EBIT increase of more than 5 percent from AI. Looking ahead, expectations remain cautious: 56 percent of respondents think it is too early to estimate future impact, and only a small minority foresees an EBIT increase of more than 10 percent in the next three years.

This gap between perceived importance and proven impact reflects that the grocery sector's AI journey is still nascent. While around 30 percent of respondents report some initial profit and loss (P&L) impact—below 5 percent—organizational readiness is still maturing: 83 percent of grocers are in the emerging or developing stages regarding their AI strategy. Not a single respondent reports that they have achieved full, enterprise-wide embedding of AI. More advanced applications are even further from full implementation—

only 8 percent of CEOs report established agentic AI use cases, and no organization has scaled agent deployment across functions.

It is this gap between perceived importance and realized value that guides our focus. AI is reshaping grocery across three distinct layers:

- Demand (agentic commerce): redefining how consumers discover, select, and purchase
- Decisioning (the agentic organization): rewiring core processes from periodic planning to continual, data-driven execution
- Execution (physical AI): automating the physical flow of goods across the value chain

Underpinning these three layers is technology ROI, serving as the enabling discipline that ensures investments translate into measurable business value.

Taken together, these changes reflect where value will be created next and where decisive grocers could drive competitive advantages in an industry that is still characterized by skepticism and hesitation regarding AI. We believe leaders must move beyond understanding “what’s happening” to making critical strategic choices—now.



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## 9. The agentic consumer

Agentic commerce provides opportunities for grocers both within and beyond their digital ecosystems.

Younger generations lead the adoption of agentic commerce as a new form of shopping. Agentic commerce is a new digital shopping model enabled by AI-powered agents. These agents support and optimize purchasing decisions on behalf of shoppers. In future, agents could also execute purchases for shoppers. By 2030, an estimated \$3 trillion to \$5 trillion of global B2C retail spending could be performed by AI agents,<sup>23</sup> as shoppers become increasingly comfortable with letting agents act on their behalf. Early signs of this shift are visible. About 12 percent of consumers have already used AI in their grocery shopping journey.<sup>24</sup> Of these early adopters, 40 percent use AI to create meal plans, 37 percent use it to research specific products, and 36 percent find the best prices or recipes aligned to their dietary preferences with it. Younger shoppers lead the way: 28 percent of Gen Z shoppers intend to use more AI for grocery shopping, compared to 21 percent of millennials, 13 percent of Gen X, and 6 percent of baby boomers (Exhibit 13).

As a sector, grocery retail is expected to follow on the adoption of agentic commerce, rather than lead. Agentic commerce has the potential to change the way grocers

offer products, communicate value for money, and advertise. That said, implementation could be delayed by the complexity of grocery shopping with its high frequency, diverse baskets, large number of low-price items, and last-mile challenges. As a result, grocery retail is likely to follow fashion and electronics with agentic AI, as it has with online shopping.

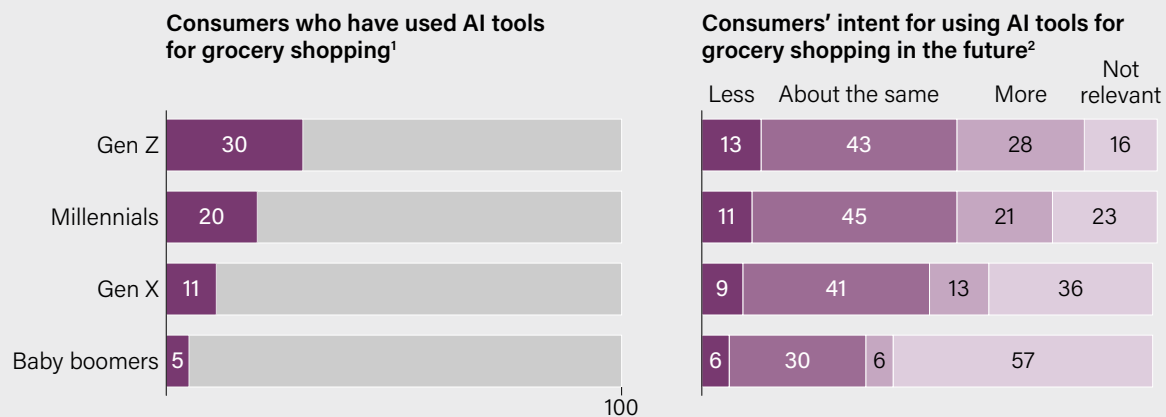
Current applications range from generic suggestions to preference-based baskets. Various levels of applications offer customers different services according to preference. These range from assembling weekly shopping lists to comparing prices and promotions to building ready-to-buy baskets. In the future, agents could be granted greater autonomy to execute orders on behalf of customers, differentiating between best-value and best-quality options depending on the occasion and individual priorities.

Opportunities for grocers arise both within and beyond their digital ecosystems. But grocers have several strategic choices to make, including deciding on owning the customer interface versus participating in third-party agent ecosystems. They need to determine if they want to share data openly for a more seamless customer experience versus keeping data as a proprietary advantage. And they need to decide on their level of risk appetite, trading off speed of scaling against risk.

Exhibit 13

### AI adoption for grocery shopping is driven by younger, higher-income, and urban consumers.

Current use and intention to use AI for grocery shopping, European consumers, 2026, % of respondents



Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>Question: Have you ever used ChatGPT or another AI tool like that to get advice or search for information in any of the following areas? Shopping for groceries. Based on AI users, 12% of total survey sample (n = 1,903) who responded that they do use gen AI for grocery shopping.

<sup>2</sup>Net intent represents the share of consumers who want to do more of the activity minus the share of consumers who want to do less of the activity.

Question: Thinking about the future, will you use ChatGPT or another gen AI tool like that to get advice on grocery shopping?

Source: McKinsey Consumer Survey 2026 (n = 15,566), Belgium, Czech Republic, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, UK; sample to match general population age 18 and above

# 10. The agentic organization

AI agents have the potential to advance operational excellence, lift best practices, and reduce cost across a grocer's operations.

*Agentic AI can automate complex or resource-intensive activities, unlocking new efficiencies.* With natural language interfaces, AI agents can handle routine tasks, complementing the work of administrative staff, knowledge workers, and employees in stores and supply chains. This allows employees to focus on strategic activities requiring creativity and judgment. AI agents bring consistency and reliability, working continually, and applying best practices uniformly. Our analysis shows that 40 to 50 percent of routine activities in grocery headquarters could be automated by AI agents, enhancing productivity and enabling teams to drive innovation and growth.

*Agentic AI brings not only greater efficiency, but also more reliable and consistent execution, and opens up new opportunities for grocers.* An AI agent can execute tasks consistently at best-practice level across all teams and ensure that processes are executed in a consistent manner—so that, for example, promotion planning follows the same logic across categories, or supplier performance reviews are conducted using consistent metrics. Agents can also absorb large volumes of information from different systems and synthesize them quickly, for example, combining sales data, supply chain information, and market data to generate recommendations for district and store managers. These capabilities can help improve outcomes with richer insights and greater consistency. In addition, agents can execute tasks that were previously too expensive or time consuming, such as making personalized calls to customers or automating certain negotiation steps with long-tail suppliers.

*While the potential is substantial, so is the effort required to capture it.* Only about one-third of grocery CEOs say that they have achieved meaningful P&L impacts

from AI so far, according to our CEO survey. One key challenge is that all straightforward activities have already been automated with regular IT tools. The tasks that are currently still handled by humans are often fragmented, involve many exceptions, require access to different IT systems, depend on creativity, or include human interactions. This complexity means that thousands of agents may be required to reach the full automation potential at grocery headquarters.

*Nevertheless, several grocers are already experiencing early benefits from agentic AI.* Examples include automated negotiations, category and store performance management, data entry, solving exceptions in ordering processes, and managing supplier deliveries' delays by identifying alternative solutions (such as other sources or routing). Such cases demonstrate the potential of agentic AI, and help early adopters get a better sense of what it takes to generate value.

*To capture the full benefit of agentic AI, grocers need to adapt elements of their operating model, supported by comprehensive training, change management initiatives, and revised governance.* Automating existing processes is an important first step, but additional value could emerge if some processes are rethought over time to reflect AI agents' capabilities. Agentic AI may also influence roles and how teams are structured. In some cases, team leaders might increasingly supervise both employees and AI agents, coordinating how work is distributed between them. At the same time, teams supported by AI agents could gain productivity or respond quicker to operational issues. This, for example, could give category teams broader responsibility and increase the number of categories they manage.

*Given the magnitude of the transformation that agentic AI requires, it could take several years for grocers to capture the full potential.* That said, early movers could create competitive advantage by testing and learning, as happened with advanced analytics in the past.

# 11. Physical AI—the next frontier?

Context-aware robots could unlock a new automation wave. While the near-term focus is on warehouses and backrooms, deployment on the shop floor may soon be ready to scale.

*Robots are evolving from machines that follow fixed scripts to become context aware, enabling automation in more complex environments.* Robotics is a fast-growing market, with projected revenues in the magnitude of about \$70 billion by 2040.<sup>25</sup> Thanks to gen AI, a new generation of robots can sense issues and act on them.<sup>26</sup> Robots are no longer limited to performing standardized tasks in controlled settings, allowing them to handle labor-intensive tasks and enabling workers to focus on more strategic and value-added activities.

*Currently, applications are still focused on warehouses and backrooms.* The jury is still out on whether AI-powered robots can work safely and reliably under the challenging conditions typical of grocery, such as stores with tight spaces, changing layouts, and employees moving around in unpredictable ways. As a result, near-term value is mostly concentrated on repetitive tasks in structured environments, such as distribution centers and backrooms. For example, a Belgian e-grocery distribution center is experimenting with autonomous robots that bring totes to picking stations, aiming for a productivity uplift of about 35 percent. In the future, robots could also locate lost items, resolve picking mistakes, and sort items under variable conditions.

*Pioneering grocers are testing use cases on the shop floor.* Examples of potential applications include

counting inventory, identifying missing products on shelves, and replenishing shelves autonomously. Take, for instance, a major Japanese convenience retailer that has piloted in-store robots to clean and restock shelves, aiming for a workload reduction for workers of about 30 percent. AI-powered robots could soon also perform some consumer-facing roles, provided safety concerns are resolved and consumer acceptance grows.

*The strategic question is shifting from which robot to buy to how to design the right ecosystem, scaling path and change management.* Relevant decisions for retailers include what to build versus what to buy, what data to share, and what intellectual property to retain. It will become critical to cultivate a portfolio of partners, including start-ups, and use external capabilities where they are commoditized. At the same time, sensitive information must be protected. Effective scaling will require prioritizing the highest-value use cases and building the enabling foundation: reliable data (such as consistent product identifiers, clean inventory signals, and well-labeled exceptions), interoperable infrastructure, and revised hybrid human-robot operating models.

*At this point, physical AI in retail is still an early-stage concept, and broad deployment across store networks will likely take a decade.* Over the next couple of years, the focus typically will be on structured scouting and experimentation—testing solutions in controlled store and warehouse environments, building learning advantages, and making modular, low-regret investments until unit economics and reliability are proven at scale.

## 12. The technology ROI question

Despite increasing technology spending, measuring tech ROI remains a challenge. With the next wave of agentic technology investments around the corner, now is the time to create clarity.

*While IT spending is growing, grocers struggle to measure tangible business value from these expenses. According to our analysis, enterprise IT technology expenses have increased at 8 percent annually between 2021 and 2025, close to double the industry growth rate, and further increases are expected. Productivity gains and value realization, however, are lagging behind. Challenges include large existing tech debt, complex and costly environments, and a focus on short-term experimentation rather than value-driven, long-term adoption. AI adoption requires a technology upgrade, but new technology does not automatically translate into value. Companies can struggle with building the foundations (for example, robust IT and data infrastructure) and relevant capabilities (such as qualified specialists) in their efforts to scale use cases.<sup>27</sup>*

*The way agents interact with systems necessitates upgrades in existing technology. Agents don't use the same interfaces as employees. Rather, they work seamlessly with multimodal data residing in different systems. They are able to make direct updates, thereby changing the role of traditional systems of record. And while most systems are built for human-system interactions, agentic interactions with systems are*

*different—agents can launch thousands of other agents to update critical information, such as product master data, within seconds, triggering potential overloads in traditional systems.*

*Fortunately, agentic technology can also help improve IT engineering productivity. Leading grocers are changing the way software is developed. They use hundreds of agents that produce code overnight. This code is then reviewed by a small team during the day, increasing tech productivity by a factor of 20.<sup>28</sup>*

*Growing investments in AI make it increasingly important for grocers to measure and manage tech ROI. Technology spending tends to be scattered across P&L and the balance sheet, internally and externally, as well as across departments. Most grocers fall into one of three tiers when it comes to measuring tech ROI. Tier 1 includes getting transparency on spending across capital expenditure and operating expenditure, as well as differentiating between insourced and outsourced spending and between direct and shadow spending (tech-related costs in other departments). Those in Tier 2 use clearly defined input and output metrics in a broader set of areas, including engineering productivity; cost savings; delivery consistency; and quality, velocity, security, and compliance. Grocers in Tier 3 take a total cost-of-ownership perspective, shifting from project-based ROI to portfolio-based logic, incorporating time-to-value, and capturing learning benefits, not just cost efficiency. They pursue an outcome-driven prioritization of tech demand and are moving toward a continual reprioritization, rather than annual budgeting cycles (Exhibit 14).*

Exhibit 14

### Capturing tech ROI requires building transparency on spend and key operational metrics.

#### Progression toward capturing tech ROI, key operating metrics by tier

Tier 1	Tier 2	Tier 3
<ul style="list-style-type: none"> <li>Spend transparency (capital expenditures, operating expenditures, insourced, and shadow)</li> </ul>	<ul style="list-style-type: none"> <li>Input and output metrics (productivity, cost, quality, and velocity)</li> </ul>	<ul style="list-style-type: none"> <li>Total cost of ownership</li> <li>Outcome-driven prioritization</li> <li>Frequent reprioritization</li> </ul>



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# Implications for grocers

**European grocery is entering a period of constrained growth, calling for a dual agenda: strengthening the economics of the core, while scaling selected adjacencies that use existing assets.**

## Reinforce the core to protect share and margin

Because of structurally low volume growth and sustained cost pressure, grocers cannot rely on market growth to restore margins. They need to look for cost optimization and more differentiation to drive same-store sales. Restoring operating leverage requires simplifying structures, optimizing workforce planning, reducing SG&A complexity, and scaling productivity programs with clear accountability. Online channels could be strengthened by moving from growth-led to profit-led development by improving picking productivity, availability, substitution effectiveness, and delivery cost-to-serve.

Cost of goods represents the largest structural margin lever. To reduce costs, grocers could further expand their private brands, engage in more disciplined joint category management with CPGs, and strive for greater procurement scale. Ideally, core growth is productivity driven, coming from higher revenue density rather than footprint expansion.

## Expand into scalable profit pools beyond the core

Even a stronger core will not offset flat structural volume growth. Retailers could consider unlocking incremental EBIT pools that do not rely on price increases or additional selling space.

Retail media remains the most scalable opportunity, as it monetizes existing traffic and first-party data with limited capital intensity and structurally high margins. To scale it, retailers could standardize commercial products, build dedicated sales capabilities, integrate retail media into joint business planning, and implement closed-loop measurement.

Other adjacencies, such as health services or innovations, could be pursued selectively—only if the underlying business models are repeatable and scalable. The objective is to generate incremental profit streams that fund competitiveness in the core without adding structural complexity.



## Monetize polarized consumer demand through sharper cohort strategies

Demand remains uneven, but distinct growth pockets are emerging. Trade-up intent has rebounded to its highest level since 2023, driven by millennials and higher-income consumers, and premium private label is now the fastest-growing tier in several markets. Retailers could improve their mix with premium private brands and differentiated fresh offerings, while maintaining entry-price credibility for price-sensitive shoppers.

Foodservice continues to outpace grocery as younger cohorts shift toward ready-to-eat and food-to-go occasions. Retailers could participate in this growth by scaling visible, competitively priced convenience propositions that combine quality, health, and value.

As online structurally outpaces offline and reaches profitability at scale, banner loyalty becomes more fluid. Leading in the online channel landscape requires a differentiated digital proposition centered on convenience, assortment, and perceived value—not price alone.

## Maximize AI benefits externally and internally: Secure the consumer interface while rewiring the organization

AI now sits high on CEO agendas, yet value realization remains limited. Retailers that shift from experimentation to scaled deployment tied to measurable outcomes may stand to gain significant rewards.

Externally, agentic commerce will increasingly influence search, comparison, and basket decisions. Retailers need structured product data, real-time price and availability feeds, and a robust substitution logic to remain competitive when third-party agents compare offers. Clean data becomes the digital equivalent of shelf space in a brick-and-mortar store.

Internally, the larger opportunity lies in process rewiring. Agentic AI can continually optimize pricing, promotions, assortments, and replenishment. To unlock value, retailers could redesign workflows, integrate agents into core systems, and enforce disciplined ROI measurement so that AI expands margin and productivity. Additionally, as AI automates routine tasks, allowing employees to focus on more strategic activities, companies could invest in reskilling and upskilling their workforce to ensure employees can collaborate effectively with AI technologies and take on new roles.

Technology investment will continue to rise—retailers will need transparency on tech spending, disciplined prioritization, and outcome-based measurement to ensure AI drives EBIT, not complexity.



# Food and grocery market KPIs in 2025

Exhibit 15

		Northern and Western Europe						Southern Europe			Central and Eastern Europe		
		European average <sup>1</sup>	Germany	UK	Netherlands	France	Belgium	Sweden	Spain	Italy	Portugal	Czech Republic	Poland
<b>Food market—segment growth</b>													
<b>Grocery retail value growth<sup>2</sup></b>	vs 2024	3.4	2.7	4.3	2.3	2.1	2.1	2.7	3.1	5.3	5.2	3.7	5.6
	percent change vs 2019	31.2	29.7	33.4	27.0	22.0	30.2	32.1	29.5	35.9	36.7	36.3	55.2
<b>Modern grocery retail value growth<sup>3</sup></b>	vs 2024	3.6	2.8	5.2	2.4	2.0	2.4	1.7	3.6	4.7	5.1	5.0	5.9
	percent change vs 2019	35.7	35.5	34.7	27.2	22.0	29.6	33.2	39.6	46.3	39.0	42.4	71.8
<b>Other grocery formats value growth<sup>4</sup></b>	vs 2024	2.7	2.0	-0.1	2.0	3.1	1.0	N/A	1.3	8.2	6.0	-0.5	4.8
	percent change vs 2019	16.3	7.0	26.7	25.6	22.1	32.1	N/A	0.4	5.0	22.6	18.8	26.4
<b>Grocery retail deflated value growth<sup>5</sup></b>	vs 2024	0.5	0.0	0.1	-1.7	0.8	-0.6	-1.4	0.7	2.2	2.3	-0.5	1.0
	percent change vs 2019	-3.3	-7.8	-2.7	-4.9	-4.1	-2.2	-3.5	-6.2	4.7	1.3	-3.7	0.2
<b>Foodservice value growth<sup>6</sup></b>	vs 2024	4.3	1.8	7.2	4.9	4.4	3.3	4.1	3.1	1.8	2.8	6.2	11.9
	percent change vs 2019	34.5	10.7	41.7	44.2	41.5	52.3	31.8	18.7	23.8	33.0	47.9	106.7
<b>Modern retail—revenue breakdown</b>													
<b>Total<sup>7</sup></b>	vs 2024	3.6	2.8	5.2	2.4	2.0	2.4	1.7	3.6	4.7	5.1	5.0	5.9
	percent change vs 2019	35.7	35.5	34.7	27.2	22.0	29.6	33.2	39.6	46.3	39.0	42.4	71.8
<b>Hypermarkets<sup>7</sup></b>	vs 2024	1.1	1.2	3.8	N/A	0.9	-9.6	2.3	-2.3	1.7	N/A	3.5	2.6
	percent change vs 2019	11.7	16.2	10.2	N/A	11.8	-15.3	18.1	19.9	8.5	N/A	27.6	-7.2
<b>Supermarkets<sup>8</sup></b>	vs 2024	2.9	1.8	4.1	0.4	1.0	3.2	1.9	4.3	5.1	8.1	3.0	4.1
	percent change vs 2019	31.1	34.9	22.8	15.8	17.2	33.2	25.0	40.7	44.9	41.5	27.6	65.1
<b>Online<sup>9</sup></b>	vs 2024	6.8	11.8	8.1	6.1	7.0	5.5	-11.1	-1.7	5.1	-13.9	24.4	11.1
	percent change vs 2019	117.3	127.6	103.6	137.0	105.3	118.5	66.8	86.2	126.5	-1.6	172.5	182.3
<b>Discounters<sup>10</sup></b>	vs 2024	5.0	3.0	7.5	8.3	3.4	2.8	3.4	8.4	4.7	-4.3	4.0	6.9
	percent change vs 2019	49.7	36.1	79.2	46.1	23.5	28.4	64.4	51.7	67.6	35.0	55.3	102.5
<b>Modern retail—space breakdown</b>													
<b>Total<sup>11</sup></b>	vs 2024	0.9	0.2	1.1	0.4	-0.1	0.2	0.5	1.3	1.5	2.6	1.0	4.4
	percent change vs 2019	4.6	-2.4	3.9	6.7	1.3	2.5	6.2	7.2	8.1	20.9	9.9	29.6
<b>Hypermarkets<sup>11</sup></b>	vs 2024	-0.2	-0.2	-0.1	N/A	-0.5	-1.8	0.9	-0.5	0.6	-0.6	0.7	0.0
	percent change vs 2019	-6.7	-18.0	-1.1	N/A	-6.4	-1.8	7.3	4.4	-9.2	-3.4	4.4	-10.3
<b>Supermarkets<sup>12</sup></b>	vs 2024	0.9	-0.1	0.7	0.8	0.1	0.3	-0.2	0.9	1.2	3.9	1.0	7.7
	percent change vs 2019	3.7	-3.7	0.4	7.6	1.2	0.4	2.2	2.9	6.4	34.0	11.5	40.4
<b>Discounters<sup>13</sup></b>	vs 2024	2.9	0.4	3.8	0.2	2.9	1.4	2.6	7.5	2.7	4.2	1.9	5.2
	percent change vs 2019	19.7	6.0	27.8	6.4	8.8	7.9	25.9	51.7	25.6	-9.9	25.7	53.4
<b>Convenience<sup>14</sup></b>	vs 2024	1.4	5.4	1.4	-24.5	-2.2	-2.0	-0.8	0.9	1.2	0.8	0.8	4.1
	percent change vs 2019	19.2	36.1	4.7	-40.0	17.6	-0.3	-1.9	1.5	17.6	177.8	2.1	28.6
<b>Sales/m<sup>2</sup></b>	vs 2024	2.6	2.6	4.0	2.0	2.0	2.2	1.2	2.3	3.1	2.4	3.9	1.4
	percent change vs 2019	29.8	38.9	29.6	19.2	20.4	26.5	25.4	30.2	35.4	15.0	29.6	32.6

		Northern and Western Europe						Southern Europe			Central and Eastern Europe		
		European average <sup>1</sup>	Germany	UK	Netherlands	France	Belgium	Sweden	Spain	Italy	Portugal	Czech Republic	Poland
<b>Grocery retail—price and volume growth</b>													
<b>Volume<sup>15</sup></b>	vs 2024	0.6	0.0	-0.1	-0.5	0.5	0.7	-0.9	2.5	2.0	-0.5	-0.8	0.7
percent change	vs 2019	1.7	2.0	-0.1	-6.6	1.4	1.7	1.7	-0.6	8.6	-3.4	0.7	2.7
<b>Basket size volume<sup>16</sup></b>	vs 2024	-1.8	-2.3	-2.8	-1.7	-1.9	1.7	-2.2	-0.3	-3.1	1.5	-0.7	N/A
percent change	vs 2019	-1.4	-3.0	6.4	-5.7	-3.9	3.5	5.1	-2.2	-11.2	-16.4	0.1	N/A
<b>Frequency</b>	vs 2024	2.4	2.3	2.8	1.3	2.4	-1.0	1.3	2.8	5.3	-2.0	-0.1	N/A
percent change	vs 2019	3.6	5.1	-6.0	-1.0	5.5	-1.8	-3.2	1.6	22.3	15.6	0.6	N/A
<b>Food and beverage price changes</b>	vs 2024	2.9	2.6	4.2	4.0	1.3	2.7	4.2	2.5	3.0	2.9	4.3	4.5
percent change	vs 2019	35.7	40.8	37.1	33.5	27.2	33.1	36.9	38.0	29.8	35.0	41.4	54.9
<b>Up- or downtrading</b>	vs 2024	-0.1	0.1	0.2	-1.2	0.3	-1.3	-0.5	-1.8	0.2	2.8	0.3	0.3
percent change	vs 2019	-4.9	-9.6	-2.7	1.8	-5.4	-3.9	-5.2	-5.6	-3.6	4.8	-4.4	-2.4
<b>Other key grocery indicators</b>													
<b>Online channel market share</b>	percent, full year	6.7	4.7	11.6	8.4	10.6	3.7	4.8	2.6	3.5	1.8	6.0	2.0
<b>Private label value share<sup>17</sup></b>	percent, full year	40.0	37.4	51.8	48.5	39.3	40.3	27.3	45.2	32.9	47.7	30.1	23.5
<b>Private label value share<sup>17</sup></b>	vs 2024	0.4	0.7	0.4	0.8	-0.3	-0.1	-0.5	1.3	0.6	0.8	0.4	0.3
percent change	vs 2019	4.3	5.2	1.7	4.8	3.3	2.2	5.1	8.3	5.5	11.7	7.2	4.7
<b>Promo share</b>	percent, full year	24.7	24.5	27.2	25.7	14.9	20.2	35.6	13.5	32.8	22.2	56.7	37.3
<b>Promo share</b>	vs 2024	0.2	0.1	-1.4	0.4	0.3	2.6	1.6	-0.4	-0.4	-1.5	0.9	4.7
percent change	vs 2019	1.1	6.2	-4.8	3.5	0.2	-2.2	7.7	0.5	-8.4	-6.1	5.3	14.0
<b>Consumer confidence</b>	vs 2024	-0.9	0.8	-1.6	-3.1	-2.2	-3.2	-3.8	-0.1	0.0	0.8	4.0	-1.5
points change, full year	vs 2019	-6.8	-8.4	-6.7	-7.6	-7.8	-3.0	-2.9	-7.9	-3.9	-8.1	-9.5	-5.1

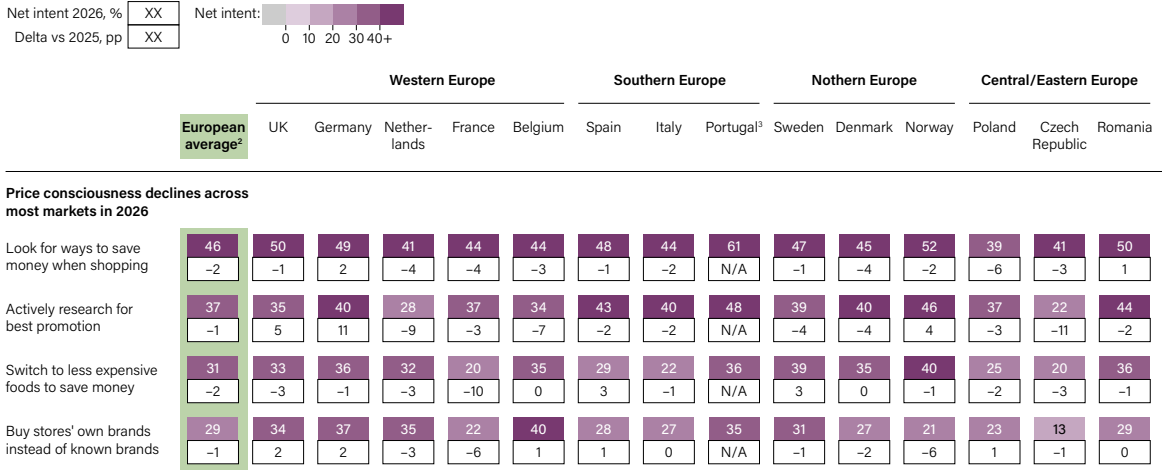
1. Weighted according to total grocery revenues for each country. If for a given KPI group the data is not available for some countries, these countries are excluded from the weighted average.  
2. Data measures the value of fast-moving consumer goods (FMCG) and fresh purchases that are taken home (excludes value of purchases that are consumed on the go, at work, etc).  
3. Consists of hypermarkets, supermarkets, online stores, and discounters. 4. Remaining store types not covered by "modern retail." Examples include small corner store, pharmacy, drugstore, and open market. 5. Inflation-adjusted grocery retail value growth. 6. Includes food and beverage service activities providing complete meals or drinks fit for immediate consumption (eg, traditional restaurants, self-service, or takeaway restaurants). 7. Large retail outlets under common ownership with sales area >2,500m<sup>2</sup> (according to Europanel). 8. Smaller retail outlets under common ownership, excluding discounters. Sales area from 450m<sup>2</sup> to 2,500m<sup>2</sup> (according to Europanel). 9. Any FMCG and fresh products bought on the internet and either delivered or collected. 10. Limited-range discount retailers such as ALDI, Biedronka, Dia, Eurospin, Lidl, Netto Marken-Discount, Norma, and Penny (according to Europanel). 11. Sales area between 3,000m<sup>2</sup> and 6,000m<sup>2</sup>; substantial nongrocery store offering (according to IGD). 12. Sales area ranging from 300m<sup>2</sup> to 6,000m<sup>2</sup>; store offering is predominantly food (according to IGD). 13. Sales area from 300m<sup>2</sup> to 1,500m<sup>2</sup> (potentially up to 6,000m<sup>2</sup>); narrow range (<4,000 SKUs) with a focus on everyday low prices. Offerings typically dominated by private label, and stores operate with low-cost business model (according to IGD). 14. Stores typically under 300m<sup>2</sup>, with convenience-focused ranges usually up to 6,000 SKUs and long opening hours (according to IGD). 15. Number of units sold. 16. Average number of units sold per basket. 17. Private label is defined as any brand/product that is owned and sold by an individual retailer and not sold by other retailers. This includes any product with the store name in the brand such as [Store name] Cornflakes and similar. It includes all "brands" sold by discounters or any other retailer that are owned and sold exclusively in their own stores. Fresh products sold with a retailer name/exclusive "brand" on the shopper package/receipt are included; loose, no-name fresh products are excluded.  
Source: CBS (Netherlands); Europanel; Eurostat; GfK; ONS (UK)

# Consumer survey results

Exhibit 16

## Shoppers focus less on saving money while they focus more on ready-to-(h)eat in 2026 than in 2025.

Net intent<sup>1</sup> of consumers toward grocery shopping in 2026 compared to 2025, and delta vs 2025, percentage points (pp)



### Price consciousness declines across most markets in 2026

### Consumer focus more on ready-to-(h)eat, with divergence on healthy eating and high-quality products across countries

Buy read-to-eat foods/meals <sup>4</sup>	-13 1	-5 2	-17 1	-4 7	-18 -3	-16 -5	-2 3	-9 2	-17 N/A	-12 -1	-18 -7	-21 7	0 8	-20 0	-18 1
Buy food-to-go and drinks for immediate consumption <sup>4</sup>	-9 4	-6 7	-14 3	1 6	-14 -4	-9 0	3 4	-1 8	1 N/A	-9 0	-19 -1	-20 2	-3 8	-16 3	-17 2
Cook from scratch <sup>4</sup>	36 2	35 1	32 -2	37 3	43 -1	40 4	39 3	29 4	45 N/A	35 -2	28 -2	38 3	35 -1	14 5	46 -2
Buy more frozen products <sup>4</sup>	8 3	18 4	5 4	14 5	11 1	8 -1	13 7	10 6	10 N/A	19 4	4 -1	18 7	6 2	-10 -3	-5 4
Focus on healthy eating and nutrition	29 -1	28 -3	27 0	29 -4	32 0	32 3	37 3	39 -2	37 N/A	20 -6	32 0	36 1	25 -2	7 -1	35 -3
Pay a higher price to get a healthier product	-1 0	-8 -2	-7 -2	-2 5	6 0	-6 1	8 5	15 1	-3 N/A	-8 -6	-2 -3	-9 0	8 4	-11 -1	8 3
Buy high-quality/premium products	2 -1	-4 -2	-14 -4	1 1	7 2	-6 0	21 2	7 1	-7 N/A	1 0	0 -8	0 2	13 7	-13 -2	16 -5
Buy high-quality fresh products	26 -2	23 -1	25 -2	23 -4	29 1	22 -3	31 0	35 -4	33 N/A	16 -2	21 -5	22 -1	32 -1	24 4	39 -3
Buy organic/bio products	-2 -1	-7 1	-1 -2	-2 -1	-1 2	-6 -1	2 0	13 1	-1 N/A	-6 0	-1 -8	-7 4	5 0	-15 -2	-4 -9

<sup>1</sup>Net intent represents the share of consumers who want to do more of the activity minus the share of consumers who want to do less of the activity. Question: Think about 2026. Are you planning to do more, less, or about the same of the following?

<sup>2</sup>EU-13 countries covered in surveys 2025 (n = 14,543) and 2026 (n = 14,563): Belgium, Czech Republic, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Romania, Spain, Sweden, UK.

<sup>3</sup>New market added in 2026.

<sup>4</sup>Filtered for consumers that consume ready-to-eat foods/meals today.

Source: Consumer Surveys 2025 & 2026, sample to match general population 18+ years



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# Endnotes

- <sup>1</sup> Includes Belgium, Czech Republic, France, Germany, Italy, the Netherlands, Poland, Portugal, Spain, Sweden, and the United Kingdom.
- <sup>2</sup> Europanel; Eurostat.
- <sup>3</sup> Includes Belgium, Czech Republic, France, Germany, Italy, the Netherlands, Poland, Portugal, Spain, Sweden, and the United Kingdom.
- <sup>4</sup> Europanel.
- <sup>5</sup> Eurostat, October 2025.
- <sup>6</sup> Worldpanel, Q2 2025.
- <sup>7</sup> Out-of-home panel Q2 2025, Worldpanel by Numerator; In-home panel Q2 2025, Worldpanel by Numerator.
- <sup>8</sup> "Ahold Delhaize reports solid Q2 performance driven by sales growth; 2025 outlook reiterated," Ahold Delhaize press release, August 6, 2025.
- <sup>9</sup> Philip Brändlein, *Wie sich der wettlauf der lieferdienste entwickelt*, [How the race among delivery services is developing], *Lebensmittel Zeitung*, July 9, 2024.
- <sup>10</sup> Eurostat for full year 2024 and 2025.
- <sup>11</sup> "Annual revenue in labour costs at 3.3% in euro area," Eurostat, December 17, 2025; Harmonized Index of Consumer Prices (HICP), accessed February 2026.
- <sup>12</sup> S&P Global Market Intelligence; McKinsey Value Intelligence Platform.
- <sup>13</sup> GLP-1s are drugs that help people manage diabetes and lose weight.
- <sup>14</sup> eMarketer; IAB; GroupM; Magna Global, December 2023; MoffettNathanson.
- <sup>15</sup> "Carrefour and VusionGroup test a new generation of connected stores with EdgeSense," Vusion, June 12, 2025.
- <sup>16</sup> Pitchbook 2026.
- <sup>17</sup> Europanel.
- <sup>18</sup> Belgium, Czech Republic, France, Germany, Italy, the Netherlands, Poland, Portugal, Spain, Sweden, and the United Kingdom.
- <sup>19</sup> Worldpanel by Numerator.
- <sup>20</sup> McKinsey Consumer Survey 2026.
- <sup>21</sup> Jessica Moulton, Pavlos Exarchos, and Warren Teichner, "Rescuing the decade: A dual agenda for the consumer goods industry," McKinsey, June 11, 2024.
- <sup>22</sup> Jessica Moulton, Pavlos Exarchos, and Warren Teichner, "Rescuing the decade: A dual agenda for the consumer goods industry," McKinsey, June 11, 2024.
- <sup>23</sup> Katharina Schumacher, Roger Roberts, and Katherina Giebel, "The agentic commerce opportunity: How AI agents are ushering in a new era for consumers and merchants," QuantumBlack, AI by McKinsey, October 17, 2025.
- <sup>24</sup> McKinsey Consumer Survey 2026.
- <sup>25</sup> Considers developed markets (China, European Union, Japan, South Korea, and the United States) and total subverticals of distribution centers and retail; McKinsey Robotics Proprietary Model.
- <sup>26</sup> Patrick Stuff, "Robotics and generative AI," Polar Capital, April 2024.
- <sup>27</sup> Holger Harreis, Marcus Keutel, and Joe Boden, *Bits, bytes und butter*, [Bits, bites and butter], QuantumBlack, AI by McKinsey, September 26, 2025.
- <sup>28</sup> Holger Harreis, Marcus Keutel, and Joe Boden, *Bits, bytes und butter*, [Bits, bites and butter], QuantumBlack, AI by McKinsey, September 26, 2025.

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