Cost Management Barometer 2026

Retail Edition

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Cost Management Barometer 2026 –

Retail Edition

CEO and CFO perspectives are critical in shaping strategic direction in the retail sector, amid ongoing uncertainty.

As volatility increases, balancing cost optimization and operational resilience has become the key to growth in 2026.

This sector specific edition of the Cost Management Barometer captures insights from senior decision-makers across retail organizations in EMEA, revealing their top concerns, strategic priorities, and planned actions for the year ahead.

Executive Summary

The retail sector has entered 2026 with confidence, but the tone has shifted. Whilst the sector remains the most growth-oriented of the three main industries in the dataset, the scale of optimism is more disciplined than last year. Leaders are no longer assuming that demand, pricing and operational resilience will move in their favour all at the same time.

2026 is a year of controlled ambition. Retail leaders still expect progress, but it requires a more practical leadership agenda: protect margin, improve execution, fund technology and automation, strengthen workforce capability, and use cost intelligence to make better decisions before pressure reaches the P&L.

Methodology

The 2026 Cost Management Barometer – Retail Edition has been created from the dataset of 1,000 senior decision-makers, isolating the results from a sub-set of 330 retail leaders.

The research was conducted in Q1 2026 and captures the priorities, concerns, and strategic outlook of the manufacturing sector for the year ahead.

Respondent Profile:

The survey targeted executives responsible for financial, operational, and procurement decisions within organizations of various sizes and sub-sectors – including industrial, consumer goods, packaging, automotive, and more.

Geographic Scope:

While global in perspective, this edition places particular emphasis on the EMEA region (Europe, Middle East, and Africa) ensuring insights are relevant across both mature and emerging markets.

Data Collection:

Responses were collected via a structured online questionnaire designed to gather both quantitative benchmarks and qualitative context on sector-specific cost strategies.

Data Integrity:

All data was anonymized and aggregated to protect confidentiality and ensure a reliable, unbiased reflection of prevailing trends across key sectors.

The findings offer a clear view into the realities and ambitions of organizations navigating rising costs, operational complexity, and the growing pressure to transform sustainability and strategically.

Key Findings

- Confidence has cooled, but has not disappeared. Retail has the highest revenue growth expectations compared to the other sectors within our data, with 49.1% forecasting growth. The difference from 2025 is that growth now comes with more caution, more parity, and more scrutiny.
- Profit confidence rests on internal levers. 63% of retail leaders expect EBITDA to increase, but more of that confidence sits in slight improvement rather than major uplift. Margin gains will need to be engineered through pricing discipline, productivity, procurement and cost-to-serve control.
- The strategic agenda is deliberately diversified. Leaders are taking a more balanced approach to performance, recognizing that long-term resilience depends not just on reducing cost, but on strengthening capability and continuing to innovate. Manufacturers are pursuing efficiency, transformation, talent and growth in parallel.
- People and technology sit at the centre of the agenda. Retailers are prioritising the capabilities needed to compete, with workforce development leading the agenda at 43.6%, closely followed by technology and cost optimization. Leaders need to equip their people and modernise their operations while maintaining tight control of expenditure.
- Pricing power is no longer automatic. Retailers have experienced a significant loss in pricing confidence in 2026, dropping from 96% in 2025 to 63.9% this year. Customers demand a clear rationale for higher prices, making robust cost evidence, customer segmentation and carefully targeted pricing strategies essential.
- Investment is focused on measurable business impact. Investment is being directed towards initiatives with tangible operational and commercial outcomes, including sustainability and supply chain optimization at 37.9%, and sales, marketing and AI & automation at 35.2%. Retail leaders are favouring projects that can strengthen resilience, improve productivity and support revenue growth rather than innovation for its own sake.
- Tariffs are being treated as a strategic variable. 68.8% expect a positive impact, but 25.2% now expect a negative impact. Retail leaders see opportunity, but far less certainty than last year.

What CEOs And CFOs should do next

In 2026, the question for retail leaders is not simply whether demand will return or prices will hold. It is whether the business can turn controlled confidence into margin quality, cash discipline and operational resilience.

CEO/CFO takeaways:

- Turn growth forecasts into margin bridges. Track revenue, gross margin, working capital and cost-to-serve together, not as separate conversations.
- Protect pricing with evidence. Use elasticity, competitor pricing, service performance and category value to support price moves.
- Treat workforce, technology and supply chain as one execution problem. Skills gaps, systems limitations and network pressure now interact directly.
- Use cost optimization to fund the operating model. Free capital from supplier contracts, logistics, energy, packaging, services and indirect spend, then reinvest where payback is clear.
- Plan strategically for tariffs. Model exposure by supplier, product category, lane and customer segment before policy shifts become margin events.

Insight 01.

Growth optimism leads, but the mood of retailers is measured

The retail sector is still the most growth-oriented industry group in the 2026 dataset, but expectations are far more balanced than last year. The sector is not stepping back from growth; it is putting stricter commercial guardrails around it.

- **49.1%** forecast growth
- **34.8%** expect parity
- **16.1%** forecast decline

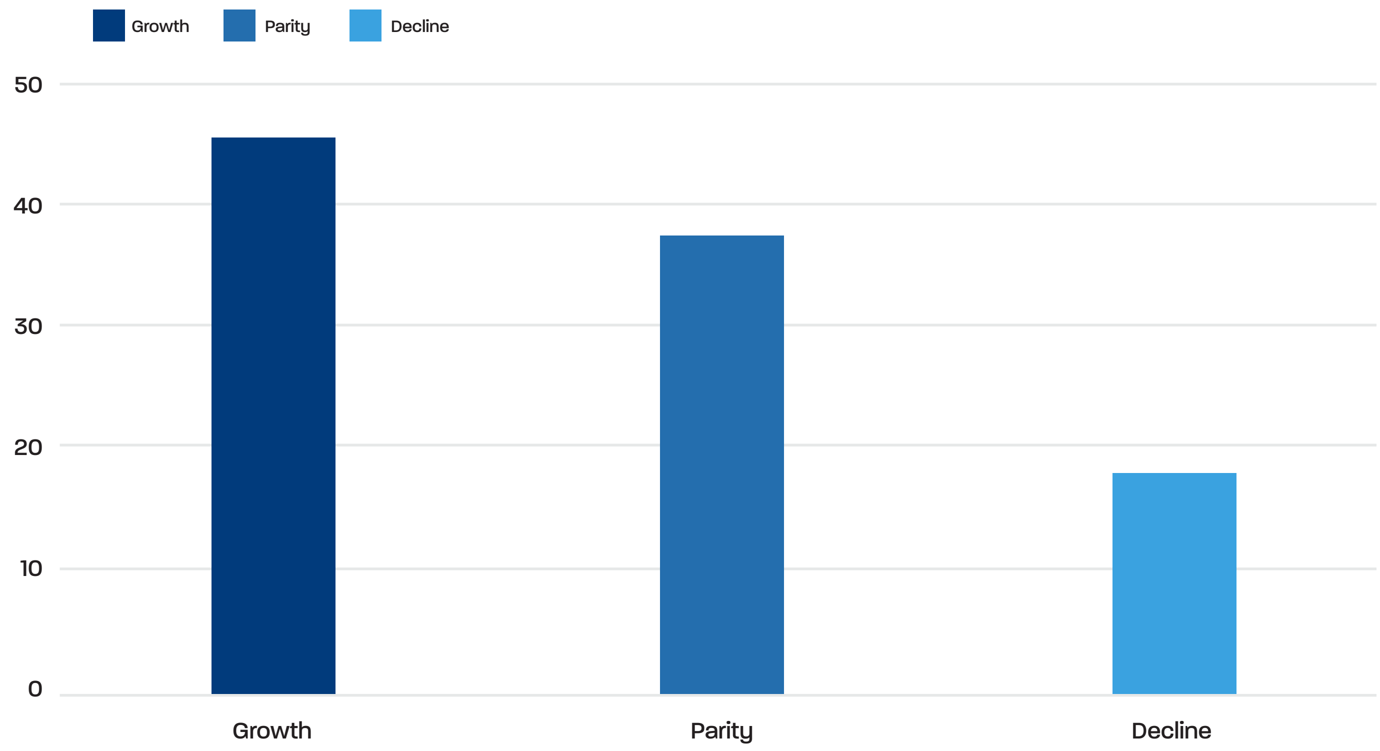
Insight 01. Growth optimism leads, but the mood of retailers is measured

What this tells us

Nearly half of retail leaders expect revenue growth in 2026, although data shows clear cooling from last year's expectation. Leaders are planning for a year ahead where growth is possible but not guaranteed. The priority is not just to sell more, but to grow profitability and avoid volume that stretches margin, stock, labour or service capacity.

Leaders are placing guardrails around growth plans, stress-testing assumptions, and prioritising predictability over risk-heavy expansion. Sustainable growth in 2026 will come from smarter cost structures, not aggressive volume chasing.

Q1. What revenue trend is your business forecasting to achieve in 2026 compared to 2025?



CEO/CFO takeaway:

Growth is possible, but many leaders are planning for a year ahead where it is not guaranteed.

- Build margin brides around each growth plan, including channel, product mix, promotion and fulfilment cost.
- Re-forecast quarterly using demand signals, customer behaviour, inventory position and supplier cost movements.
- Prioritize profitable growth over volume for volume's sake.

Insight 02.

Margin confidence remains, but the easy upside has gone

63% of retail leaders expect EBITDA to increase in 2026, although most of those leaders are only expecting marginal change.

The retail sector remains positive on profitability, but not exuberant:

- Increase slightly — **37.3%**
- Increase significantly — **25.8%**
- Stay the same — **27%**
- Decrease (net) — **10%**

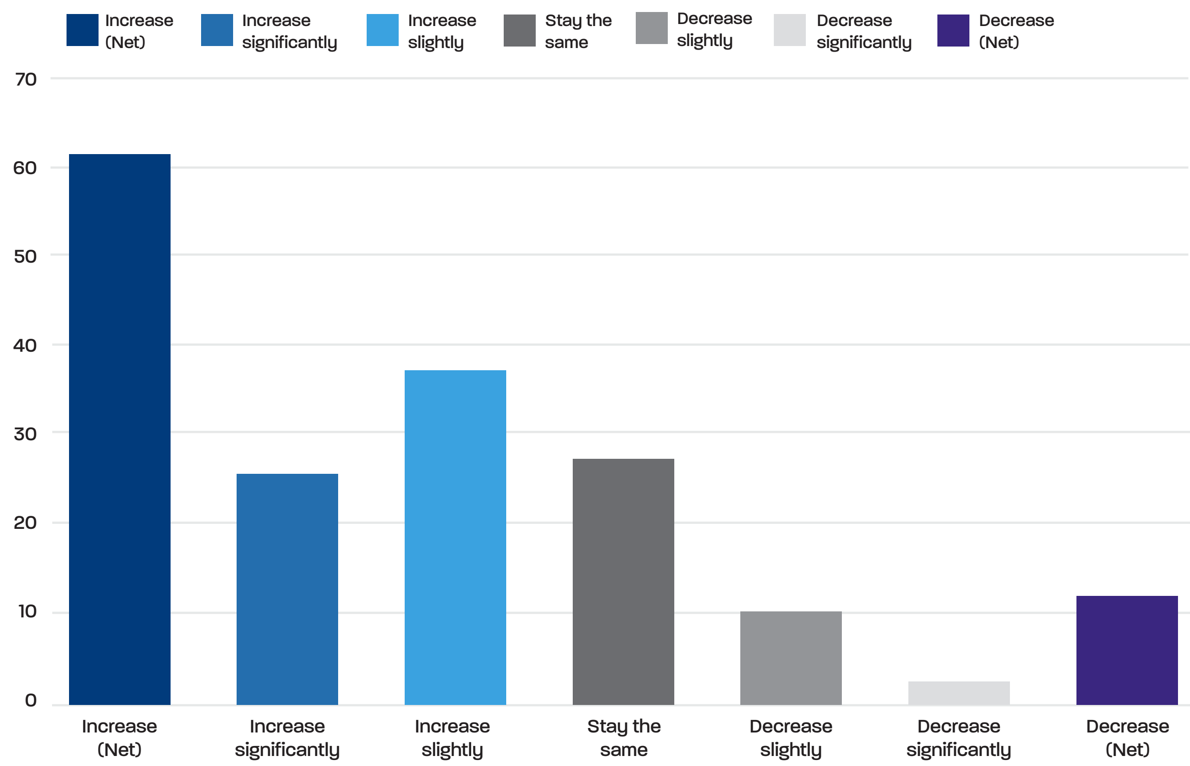
Insight 02. Margin confidence remains, but the easy upside has gone

What this tells us

The margin story is now about internal control. Profit improvement will come from procurement discipline, price architecture, labour productivity, shrink reduction, energy management, supplier terms and better cost-to-serve decisions.

Margin control is no longer episodic, instead it is a permanent leadership capability requiring ongoing governance and insight. Success in 2026 will be defined less by market exposure and more by an organization's ability to institutionalize margin management as a core strategic discipline.

Q2. Are you predicting your EBITDA to increase or decrease in 2026 compared to 2025 (i.e. your business' profit as a net percentage of its revenue)?



CEO/CFO takeaway:

EBITDA confidence is being built through internal levers and improvement should be treated as an execution programme, not an assumption.

- Review cost-to-serve by channel, customer segment and product category to identify low-margin growth.
- Put monthly governance around the cost categories that move margin fastest, including logistics, packaging, labour, energy, merchant services and facilities.

Insight 03.

Retail leaders are backing people and technology alongside cost

The 2026 agenda is led by workforce development, technology upgrades and cost optimization, showing a sector focused on capability as much as efficiency.

Top retail priorities:

- Workforce Development: **43.6%**
- Technology Upgrades: **40%**
- Cost Optimization: **39.7%**
- Product Innovation: **35.5%**
- Market Expansion: **30%**

Insight 03. Retail leaders are backing people and technology alongside cost

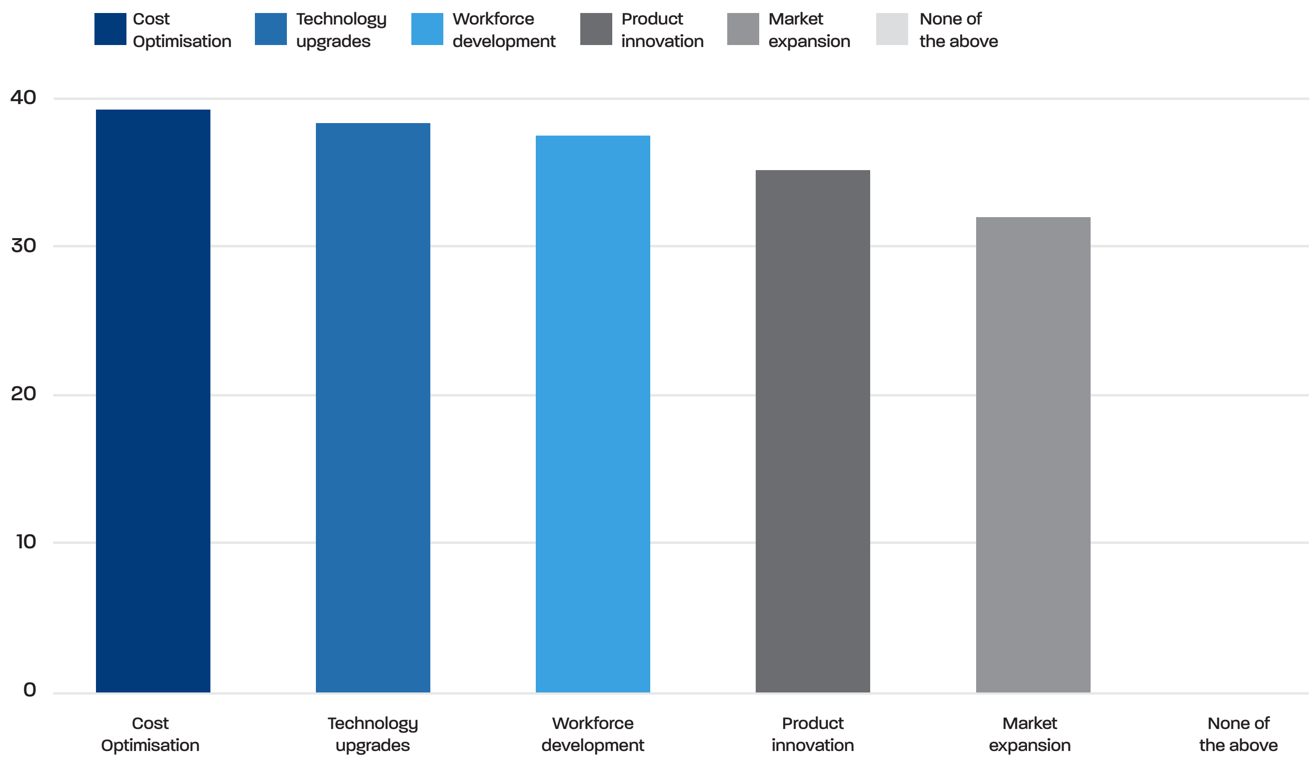
What this tells us

The near-equal weighting between the top three priorities shows the importance that the retail sector places on productivity, with people, processes and systems needing to seamlessly work together. By focusing on a deliberately diversified strategy, rather than leaning on a single transformational lever, the sector is able to maintain flexibility in such a rapidly evolving market and hedge against uncertainty.

No single initiative is likely to gain competitive advantage. For example, focusing solely on cost optimization may improve short-term efficiency but risks neglecting innovation and talent development, which are essential for long-term growth.

Ultimately, the data highlights a strategic mindset that values resilience and adaptability over single-minded pursuit. Teams are faced with the demanding challenge of no longer choosing one priority, but sequencing several without spreading capital and management attention too thin.

Q3. Which of the following initiatives, if any, is your business prioritising in 2026? (Select up to 3)



CEO/CFO takeaway:

Senior retail leaders need to sequence people, technology and cost optimization together, because focuses on a single lever will weaken resilience over time.

- Connect technology upgrades to operational outcomes such as availability, stock visibility, labour planning, pricing control and fulfilment productivity.
- Protect capability while removing avoidable cost.

Insight 04.

Pricing power still exists, but it now has to be earned

The retail sector is passing through cost increases with confidence with two-thirds of respondents expecting to raise prices. However, this confidence is far less automatic than it was in 2025.

The data shows the hesitance of the sector:

- Likely (net): **63.9%**
- Highly likely: **26.4%**
- Somewhat likely: **37.6%**
- Neutral: **27.6%**
- Unlikely (net): **8.5%**

Insight 04. Pricing power still exists, but it is far less automatic

What this tells us

Pricing remains a viable but increasingly conditional lever. Neutrality is rising and compared to the confidence shown in last year's Retail Edition of the Cost Management Barometer, this is a notable shift.

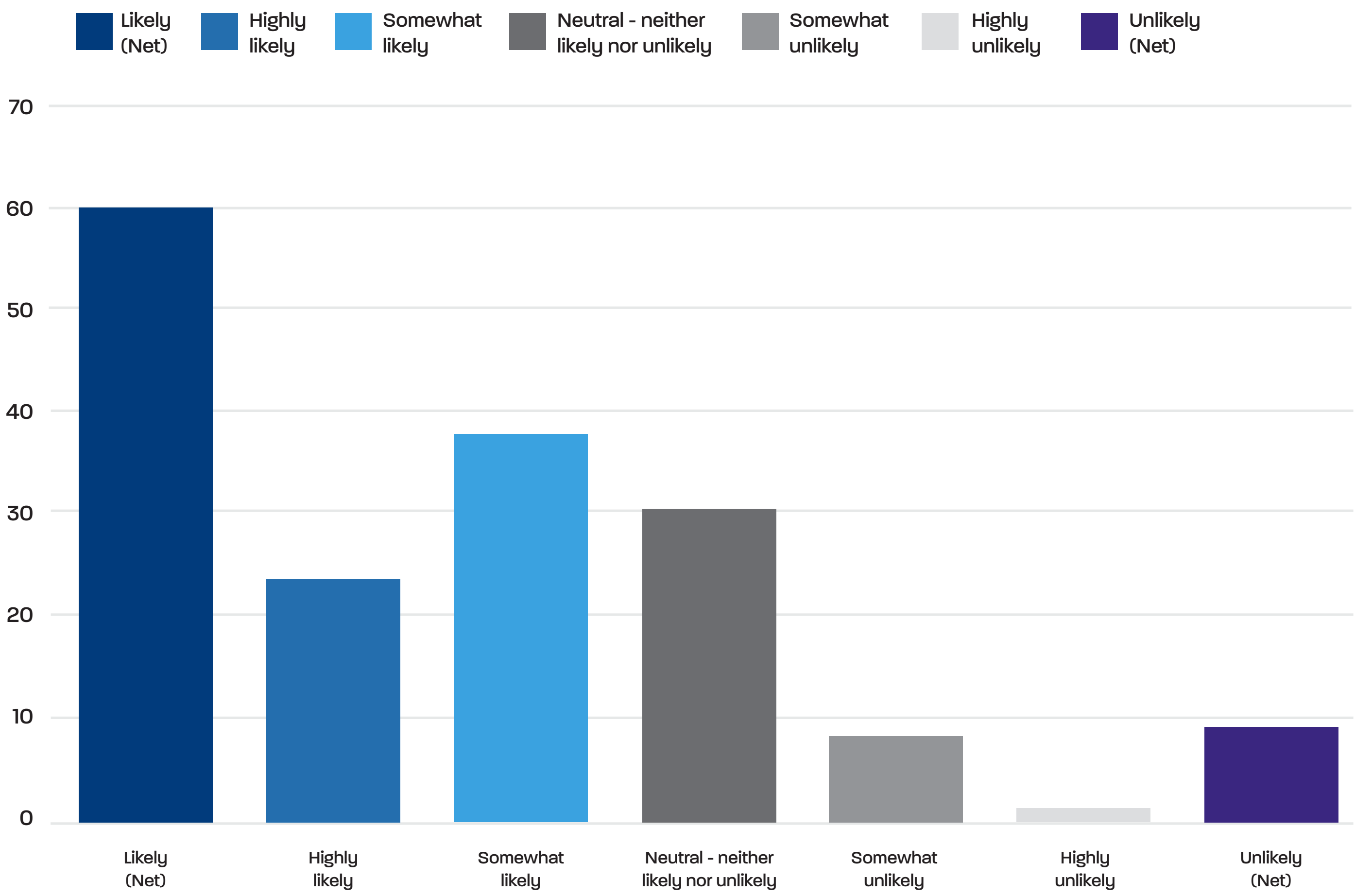
Customers are more sensitive; competition is sharper and price perception matters. Pricing power can still protect margin, but only when supported by evidence, value, and careful segmentation.

CEO/CFO takeaway:

Pricing remains viable but is now more disciplined than discretionary.

- Use elasticity, basket behaviour and competitor pricing to decide where to pass pricing through fully, partially, or not at all.
- Equip commercial and store teams with clear value messages and cost evidence.

Q4. How likely or unlikely do you expect the ability to pass on any cost increases to your customers through your pricing to be in the next 12 months?



Insight 05.

A balanced strategic agenda

Similar to 2025, no single theme dominates the retail sectors strategic priorities in 2026. Growth, cost management, revenue management, supply chain optimization, technology and sustainability are all tightly grouped.

- Growth or expansion: **37.3%**
- Cost management: **36.7%**
- Revenue management: **34.8%**
- Supply chain optimization: **34.5%**
- Improved technology: **34.2%**
- Sustainable objectives: **33%**

Insight 05. A balanced strategic agenda

What this tells us

The spread of near-equally weighted priorities for the retail sector is striking, with only 4.3% between the top and bottom rankings. Leadership teams are trying to move several levers at once, indicating that they are all interconnected and critical for scaling success.

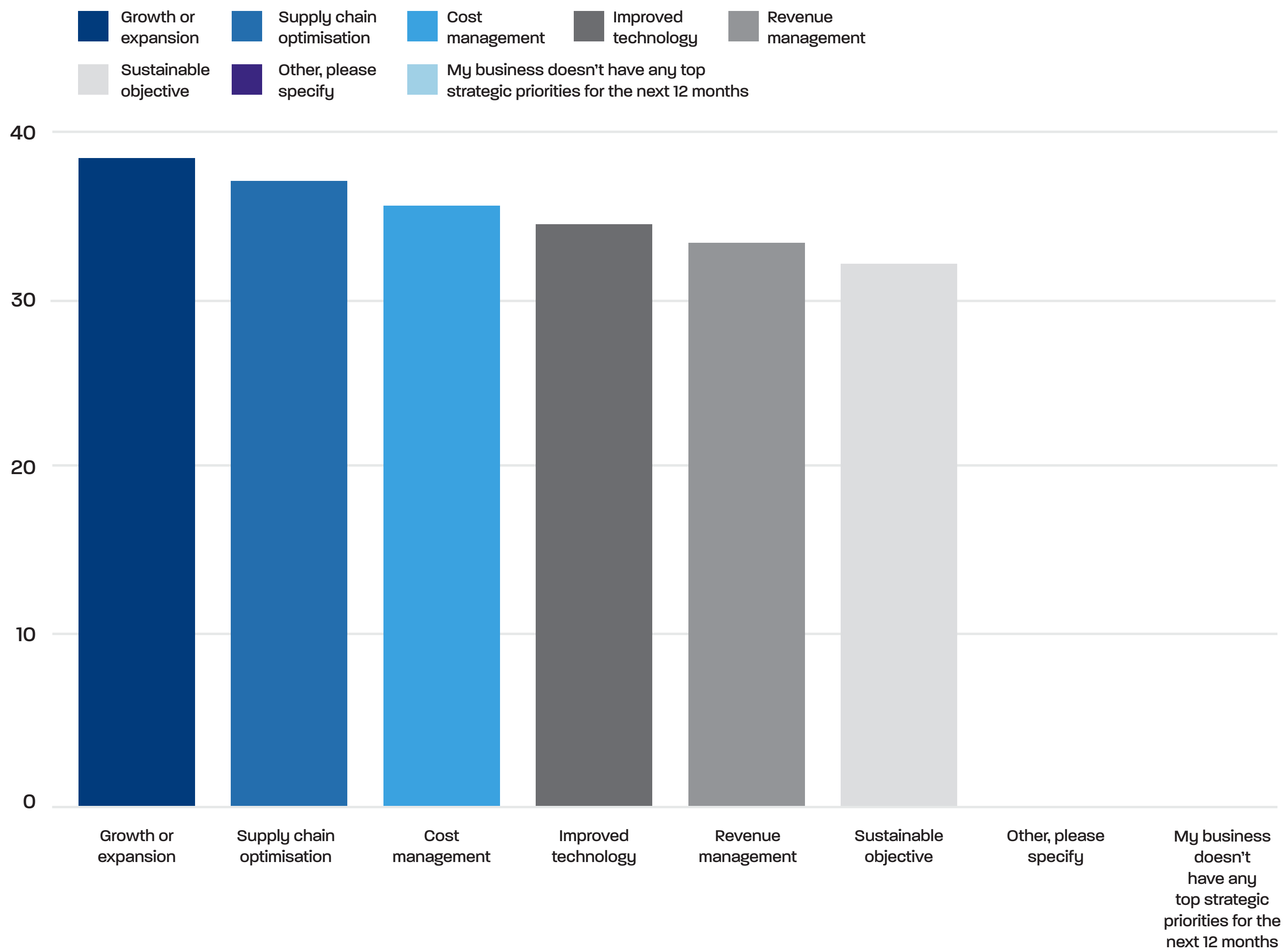
However, retail leaders cannot afford unfocused transformation portfolios. Each priority needs a clear owner, with hard payback logic and fast decision-making capabilities. If they get it right, they will be running on all cylinders at once.

CEO/CFO takeaway:

With so many priorities, leaders need to ensure their strategic agenda needs to protect margin, improve resilience and unlock profitable growth.

- Treat cost, revenue, supply chain and sustainability as linked decisions rather than separate workstreams.
- Use clear decision rights and payback milestones to avoid spreading capital and attention too thin.

Q5. What, if anything, are your top strategic priorities for the next 12 months? (select up to 3)



Insight 06.

Funding is moving towards sustainability, resilience and automation

The retail sector is funding a mix of initiatives, with no clear stand-out winner. Sustainability initiatives, supply chain optimization, sales and marketing, and AI and automation all attracted significant attention.

- Sustainability initiatives: **37.9%**
- Supply chain optimization: **37.9%**
- Sales and marketing: **35.2%**
- AI and automation: **35.2%**
- Vertical integration: **29.1%**
- Acquisition: **28.2%**

Insight 06. Funding is moving towards sustainability, resilience and automation

What this tells us

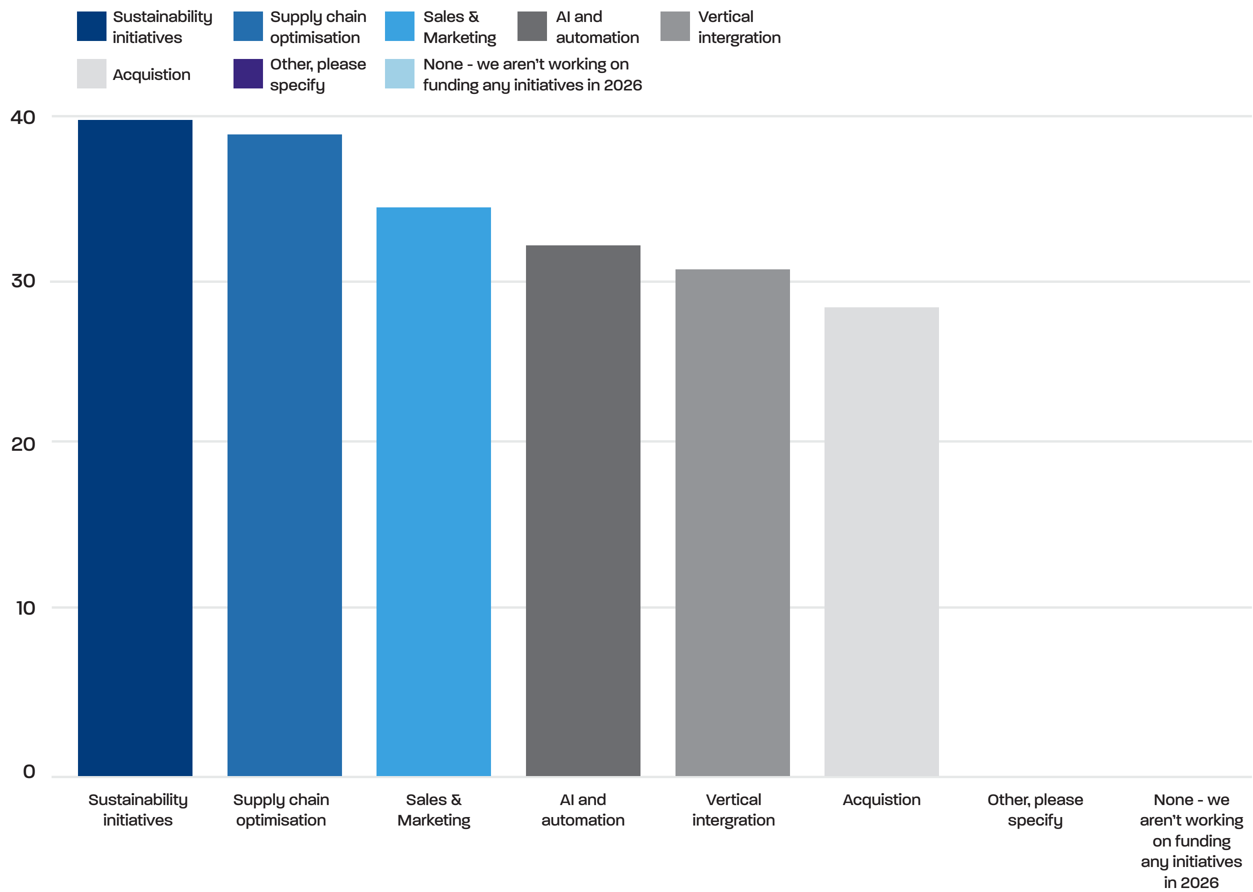
The funding picture for the retail sector is broad, but pragmatic. Sustainability and supply chain optimization jointly lead, closely followed by sales, marketing, AI and automation. Retail leaders are investing where they can improve resilience, efficiency and commercial performance.

Sustainability is no longer a reporting or brand issue. It has become a forefront initiative tied to energy, packaging, waste, compliance, transport and supplier decisions.

However, funding intentions are not limited to sustainability initiatives alone. For retail leaders, they are equally prioritizing supply chain optimization – a decision that makes clear business sense due to the increasing volatility of recent years. Optimizing the supply chain to be more resilient against volatile current events protects business continuity.

Other planned investments are evenly distributed across sales & marketing and AI & automation, with only a slightly reduced focus on vertical integration and acquisition, displaying the need for diversified funding, rather than concentrating on a single area.

Q6. What initiatives, if any, are you working on funding in 2026? (select all that apply)



CEO/CFO takeaway:

Every funded initiative should be tied to operating outcomes and a realistic payback horizon.

- Prioritize AI and automation where it reduces labour variance, improves forecasting or supports pricing and promotion decisions.
- Use cost optimization to release internal funding before increasing external dependency.

Insight 07.

Skill gaps and technology limitations are increasing pressure

The retail sector is facing pressure from a set of tightly packed obstacles. Workforce gaps, technology limitations, supply chain issues sit at the top, with rising costs not far behind.

- Lack of skilled workforce: **37.3%**
- Technology limitations: **37%**
- Supply chain issues: **34.8%**
- Rising costs: **33%**
- Market demand: **30.9%**
- Competition: **30%**

Insight 07. Skill gaps and technology limitations are increasing pressure

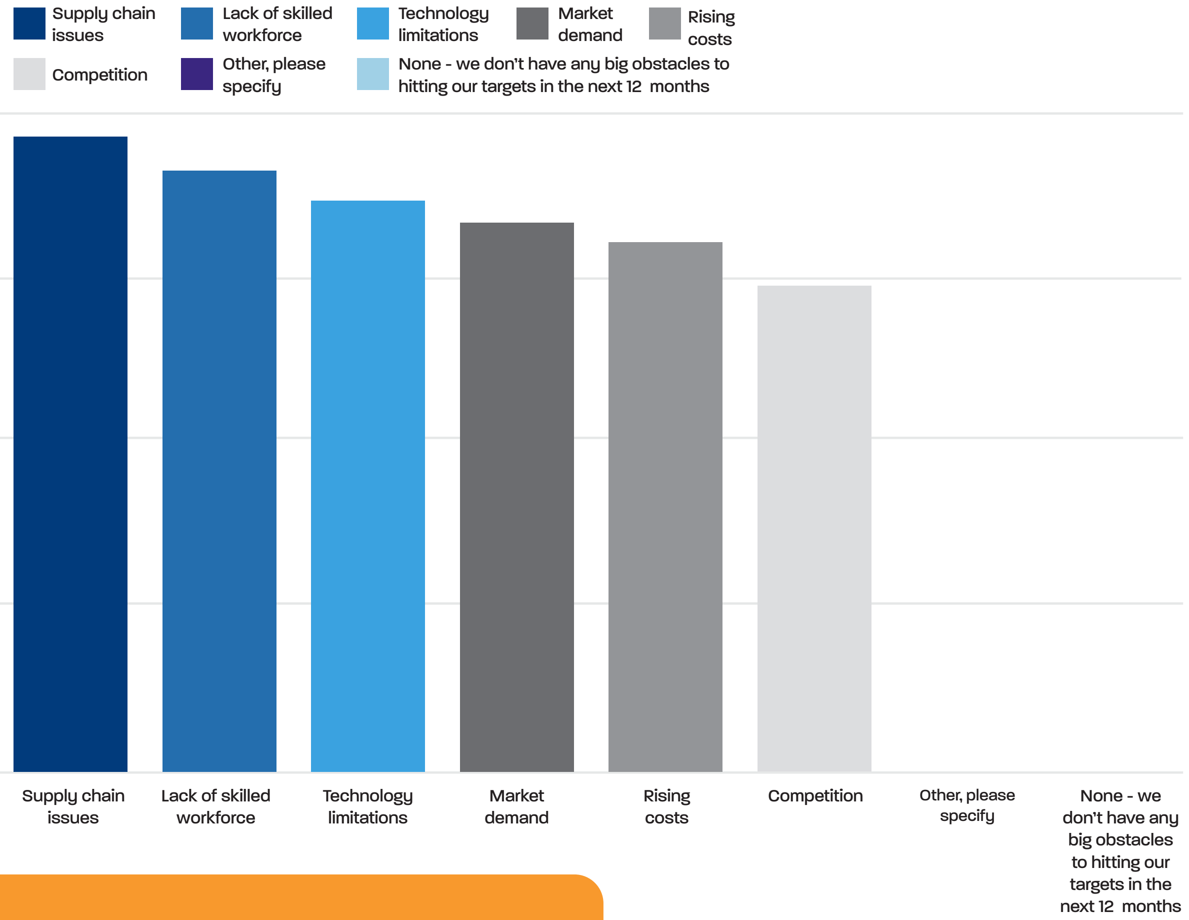
What this tells us

Organizations in 2026 are navigating a landscape defined by persistent pressure rather than isolated issues. Leaders in retail are not only struggling with labour availability and technology limitations, but also the knock-on effects to service, fulfilment, visibility, speed, cost and customer experience.

Across the board, the challenge isn't identifying problems, it's managing multiple pressures at once and deciding where to focus attention and resources. Once retail leaders have identified the obstacles they face, they then need to decide what carries the highest commercial risk and which interventions will alleviate pressure fastest.

Those who thrive will be those who can turn disruption into advantage: simplifying processes, reallocating resources strategically, and strengthening internal flexibility to respond quickly to whatever challenges arise next, whether operational, competitive, or strategic.

Q7. What , if any, are your company's biggest obstacles to hitting it's target in the next 12 months? (select up to 3)



CEO/CFO takeaway:

The biggest execution risks to retail sit across labour, technology and supplier networks.

- Use automation selectively to reduce manual work, improve planning and support frontline productivity.
- Prioritize supply chain visibility, supplier accountability and stock-flow discipline.

Insight 08.

Cost volatility has spread across the operating model

Leaders in the retail sector are dealing with systemic cost volatility. Increased supply chain and infrastructure costs stood out, although no single issue dominated.

The unexpected cost challenges of the past 12 months:

- Supply chain costs: **31.5%**
- Infrastructure costs: **29.7%**
- Material costs: **28.8%**
- Technological costs: **28.2%**
- Energy costs: **27.9%**
- Labour costs: **27.3%**
- Currency fluctuations: **23.9%**
- Service costs: **23.9%**

Insight 08. Cost volatility has spread across the operating model

What this tells us

The spread of cost challenges faced by the retail industry over the past twelve months shows us that traditional annual budgeting is not enough. Businesses need more frequent cost visibility, supplier benchmarking, contract governance and scenario planning across both direct and indirect spend.

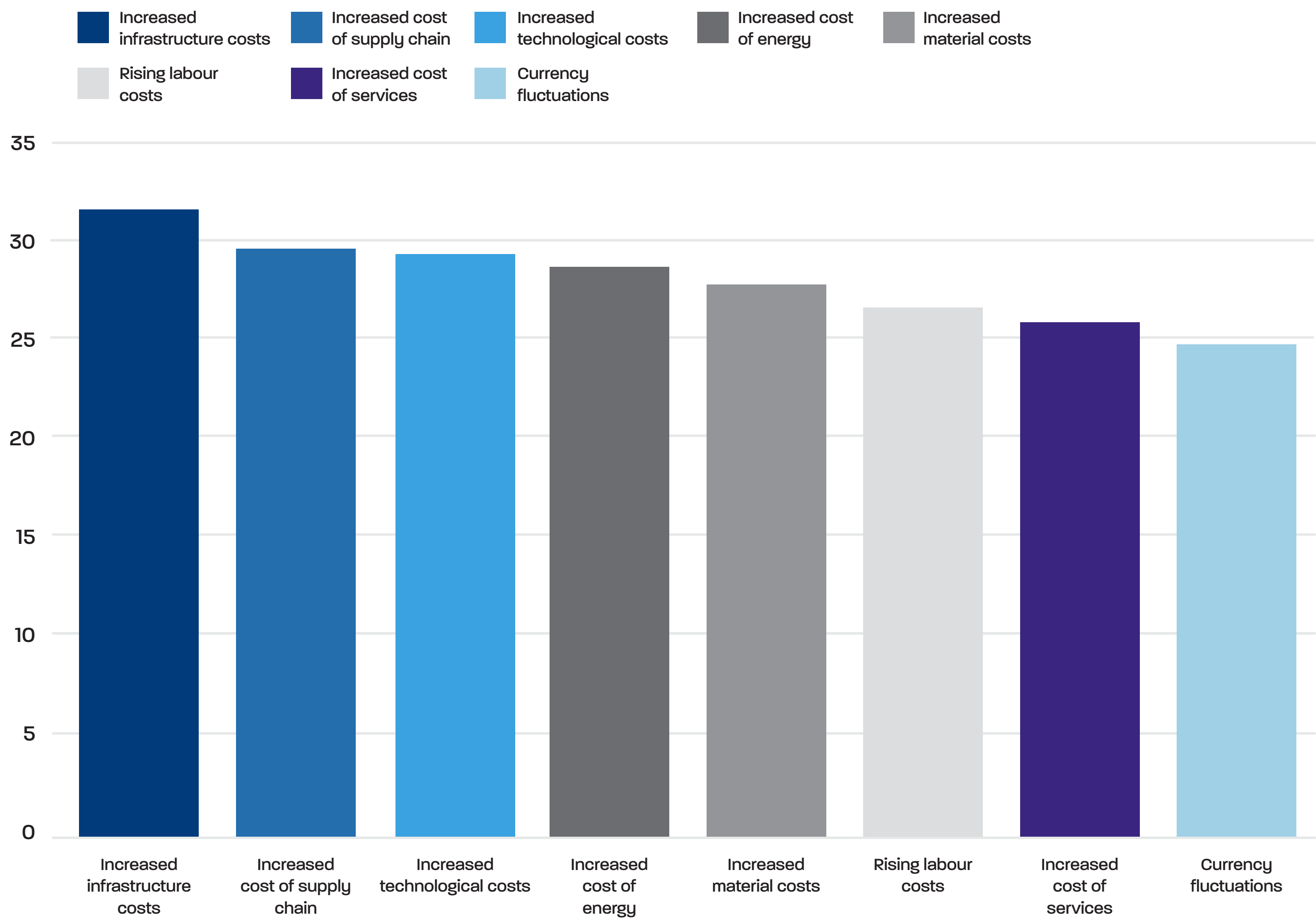
Cost resilience is now a core organizational capability, rather than a tactical afterthought.

CEO/CFO takeaway:

Organizations need continual visibility of cost exposure across the most volatile cost categories.

- Review supplier terms, indexation, rebates, minimum volumes and renewal dates before cost pressure lands.
- Use category-level visibility to identify hidden waste and fund transformation.

Q8. What unexpected cost challenges, if any, have your company from achieving its intended results in the past 12 months? (select all that apply)



Insight 09.

Business anxiety shifts from execution capability to structural resilience

Concern changes over time. In the next 12 months, workforce, sustainability and technology lead. By year two, supply chain becomes the top concern. By year three, profitability moves to the front.

The data tells all:

Top concern over next 12 months: Workforce and Sustainability - **20.3%**

Next 12 months runners-up: Technology - **20%**

Top concern over next 2 years: Supply Chain - **20.9%**

Next 2 year's runners-up: Sustainability - **18.5%**

Top concern over next 3 years: Profitability - **20.9%**

Next 3 year's runners-up: Supply Chain - **17.3%**

Insight 09. Business anxiety shifts from execution capability to structural resilience

What this tells us

Anxiety in business does not disappear, it changes shape. In the short term, the retail leaders are focused on the enablers of performance: people, systems and sustainability.

Over a longer horizon, concern shifts towards supply chain and profitability. This suggests leaders understand that today's execution problems can become tomorrow's structural margin issues if left unresolved.

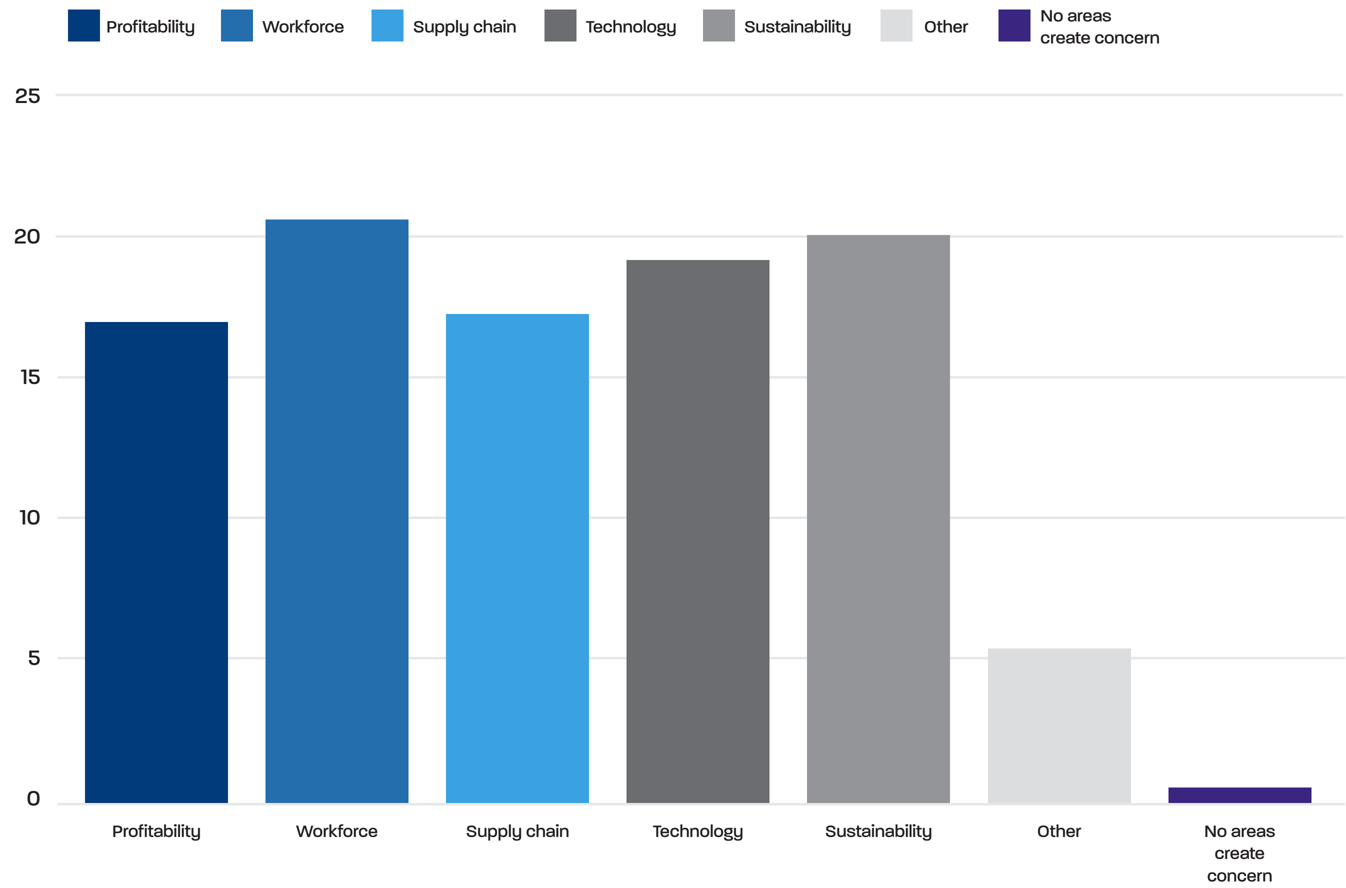
The key for executives is to think long and act smart. Success comes from balancing investment across technology, operational resilience, and profitability, rather than chasing a single fix.

CEO/CFO takeaway:

Business resilience needs to be made measurable to better track long-term structural concerns.

- Run 12-, 24-, and 36-month planning scenarios that connect labour, technology, supply chain, sustainability and profitability.
- Use the concern profile to guide investment sequencing, rather than reacting only to the loudest short-term issue.

Q9. What area of your company, if any, creates the most concern over the following time frames? Over the next 1 years



Insight 10.

Tariffs are a strategic variable

Retail leaders still lean positive on the topic of tariffs with over two-thirds of respondents expecting a net positive impact on their business, but the certainty seen in 2025 has reduced. Tariffs have become a strategic planning issue, not just a pricing or sourcing line item.

Anticipated overall impact of tariffs on business:

- Positive impact (NET): **68.8%**

o Significant: **24.5%**

o Moderate: **44.2%**

- No impact: **6.1%**

- Negative impact (NET): **22.7%**

o Significant: **2.4%**

o Moderate: **25.2%**

Insight 10. Tariffs are a strategic variable

What this tells us

Tariffs are less a cost issue and more a test of strategic positioning. The cooling confidence among retail leaders reflects the reality that tariffs rarely hit competitors evenly, and those with stronger supply chains or pricing power can gain, not lose.

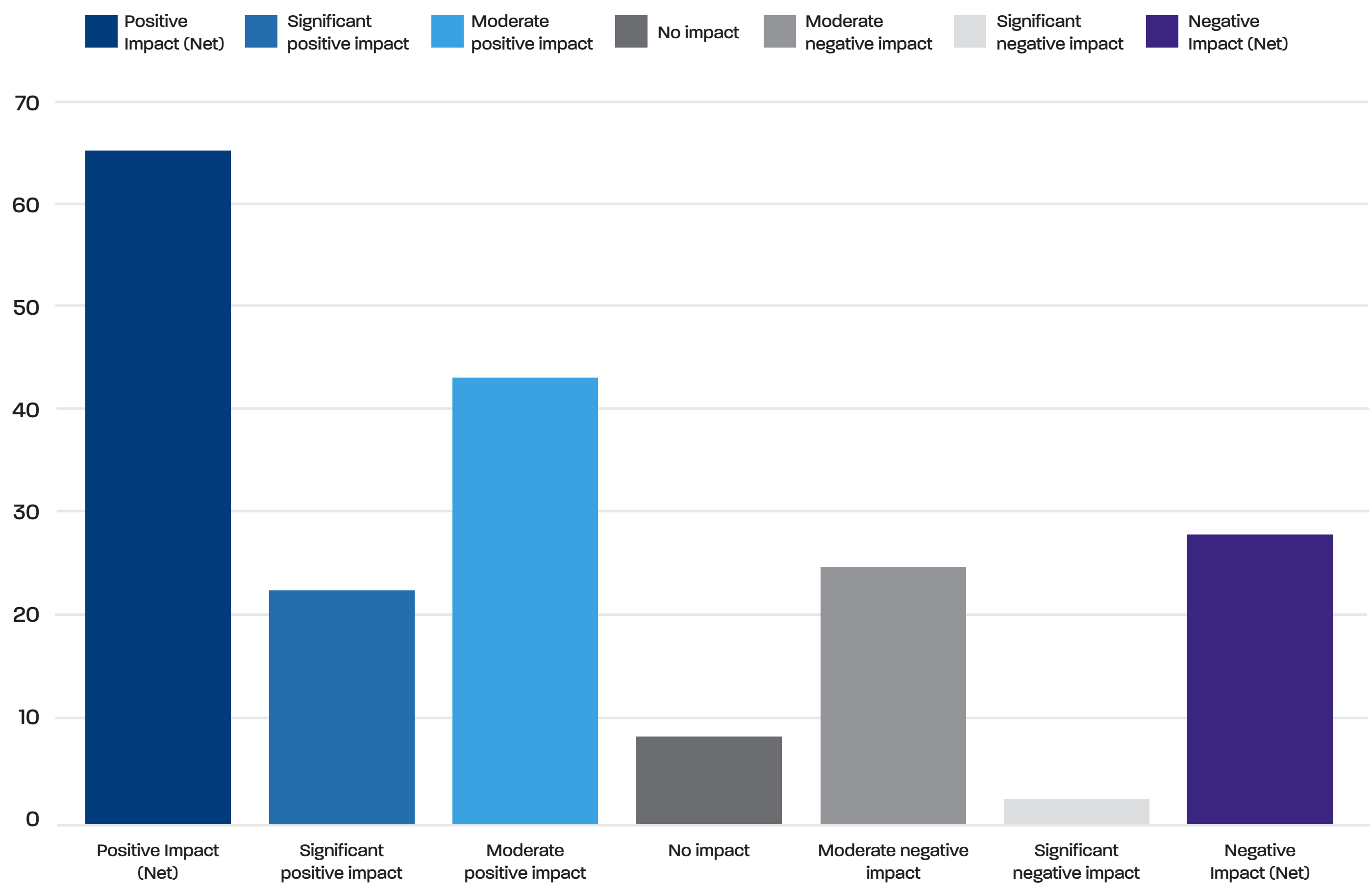
The implication is clear: tariffs can still create relative advantage, but only for businesses that understand exposure by supplier, product, lane, country and customer segment. For others, they may introduce cost, complexity and margin risk.

CEO/CFO takeaway:

Tariff planning should be treated as part of a wider procurement, pricing and competitive strategy.

- Model tariff exposure by supplier, SKU, category, lane and customer segment.
- Identify where to renegotiate, re-route, dual-source or adjust pack and price architecture.

Q10. What overall impact, if any, do you expect tariffs to have on your business in 2026?



Final Observations

This 2026 Retail edition points to a sector that remains confident but no longer assumes momentum will carry performance on its own. Growth is still expected. Margin improvement is still expected. Investment is still happening. But leadership teams are now approaching all three with more discipline, more realism and more reliance on internal control.

The insight from this year's Retail Edition of the Cost Management Barometer is clear:

- **Strategic cost leadership is replacing reactive cost control:** The strongest retail organizations will use cost optimization to protect margin, release cash and fund the capabilities that matter most.
- **Growth depends on margin quality and execution:** Retailers are still pursuing growth, but success will depend on product mix, channel economics, pricing discipline, working capital and service reliability.
- **Resilience has become a board-level capability:** Supply chain pressure, workforce gaps, technology limitations, cost volatility and tariffs now sit together. The organizations that outperform will be those that simplify complexity and respond faster.

Final Observations

In short, 2026 is not a year for retrenchment in the retail sector. It is a year for disciplined, intelligence-led leadership that turns cost control into capability, resilience and competitive strength.

ERA Group combines cost intelligence, market insight and strategic procurement expertise to support leadership teams in:

- Funding growth and transformation through disciplined, self-financed cost optimization
- Strengthening operational and supply chain resilience in a volatile cost environment
- Protecting margins while balancing investment across technology, talent and sustainability

In a year defined by strategic trade-offs rather than singular bets, traditional cost reduction is no longer enough. ERA Group delivers value through insight, helping organizations convert control into capability, navigate uncertainty with confidence, and lead decisively through 2026 and beyond.

Want to know more?
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value through **insight**™