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The New Growth Frontier:

How agentic commerce and AI tilt the scales toward challenger brands



Executive summary

1

Scale is no longer destiny, as share has shifted to niche brands over the last three years.

2

Challengers are winning in categories built for AI discovery and innovation.

3

Consumers are increasingly willing to pay more for innovative products—particularly if they save time and money.

4

Agentic commerce and LLM advertising are poised to introduce a new wave of innovation explosion, with an advantage to challenger brands.

5

Innovation capability has become the defining characteristic of growth for brands—and AI is poised to accelerate this.

6

The time to reset playbooks for innovation, search, and discovery is now.

How AI Is Driving 'Growth Engines' for Small Businesses in 2026

The Citation Economy: Why AI Rewards Brands with a Distribution Strategy

Small Businesses Are Harnessing AI to Innovate and Compete

Why LLM Advertising Could Change The Search Industry

How AI in CPG gets products to market faster

Unified Platforms and Agentic AI Will Define E-Commerce in 2026

How LLM SEO Is Changing Search Visibility for Modern Brands

Walmart's head of ecommerce named new CEO for Walmart U.S.

2026: The Year Retail Stops Searching and Starts Thinking

Agentic commerce and A.I.-led discovery are dismantling traditional search and reshaping how consumers find, evaluate and buy products.

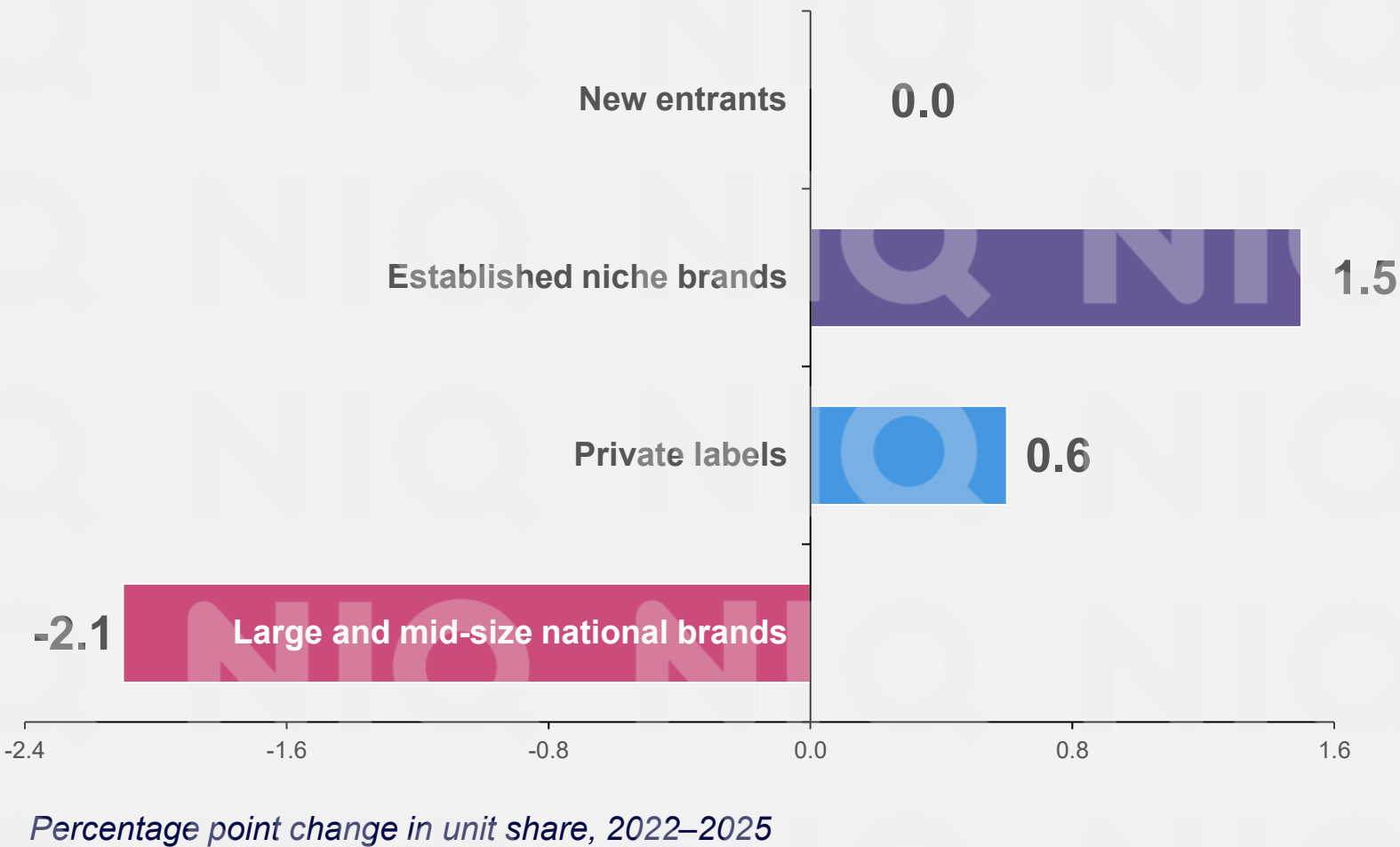
The New E-Commerce Playbook For 2026: Trust, Profitability And AI

Giants in Distress: How Challenger Brands Are Outsmarting Legacy FMCG

Trust In Agentic Commerce: Why Consumers Won't Hand Over The Cart So Easily

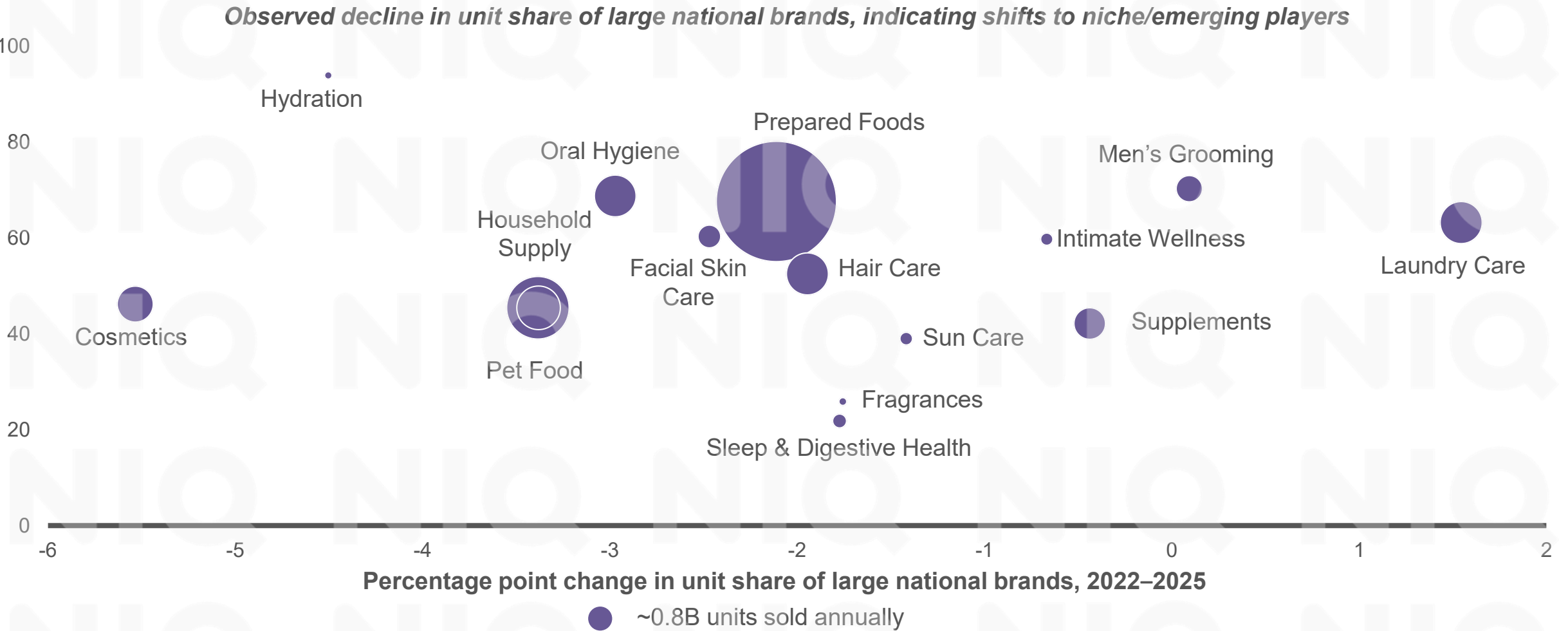
Scale is no longer destiny,
as share has shifted to
niche brands over the last
three years

Change in US market unit share by brand type—all categories
% of total units sold



Challengers are winning in categories where AI discovery and innovation are accelerating

US market unit share of large national brands—by category (% of total units sold)

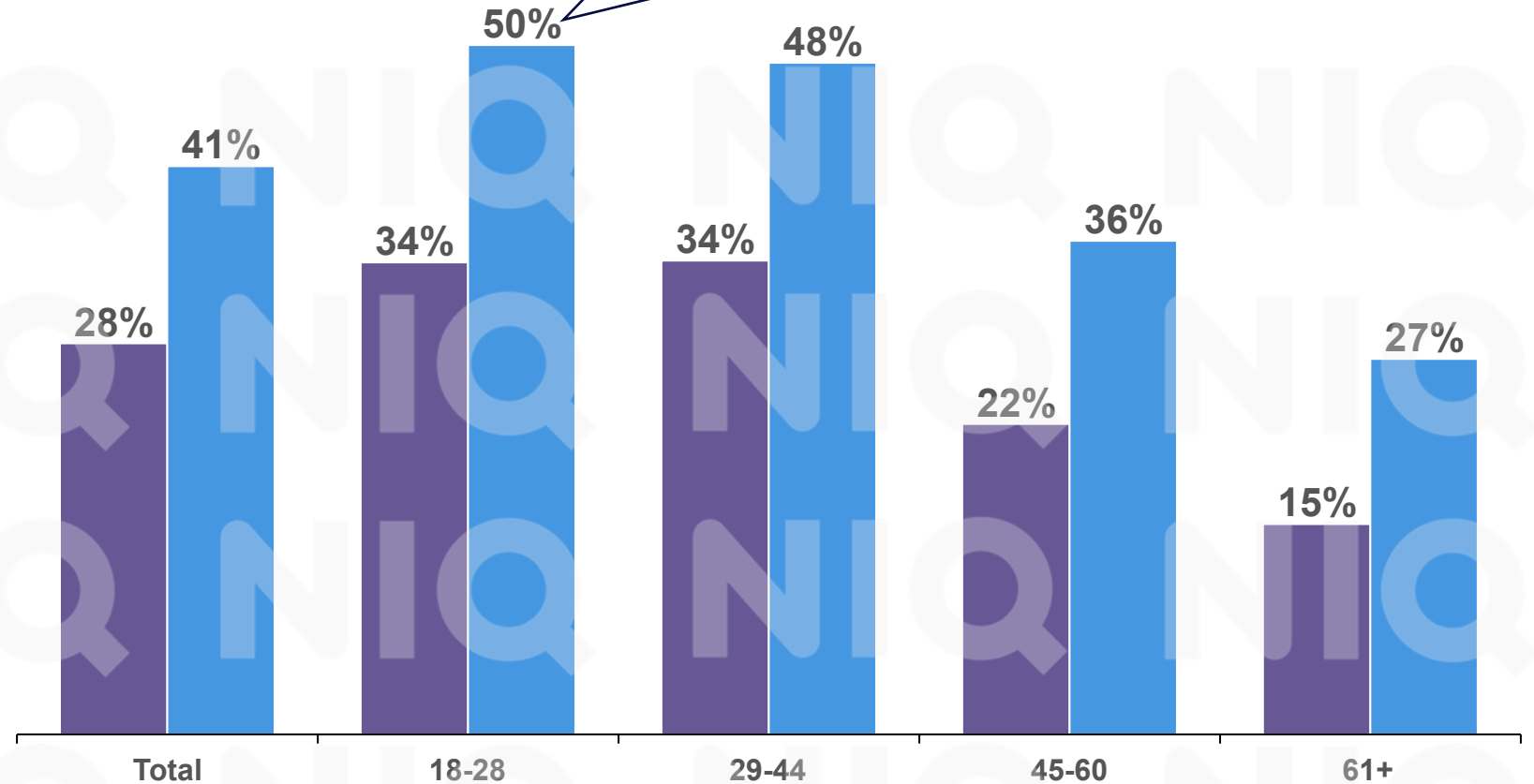


Even in an uncertain economy, consumers are increasingly willing to pay more for innovative products

% of consumers willing to pay more for new, exciting products on the market, by age group

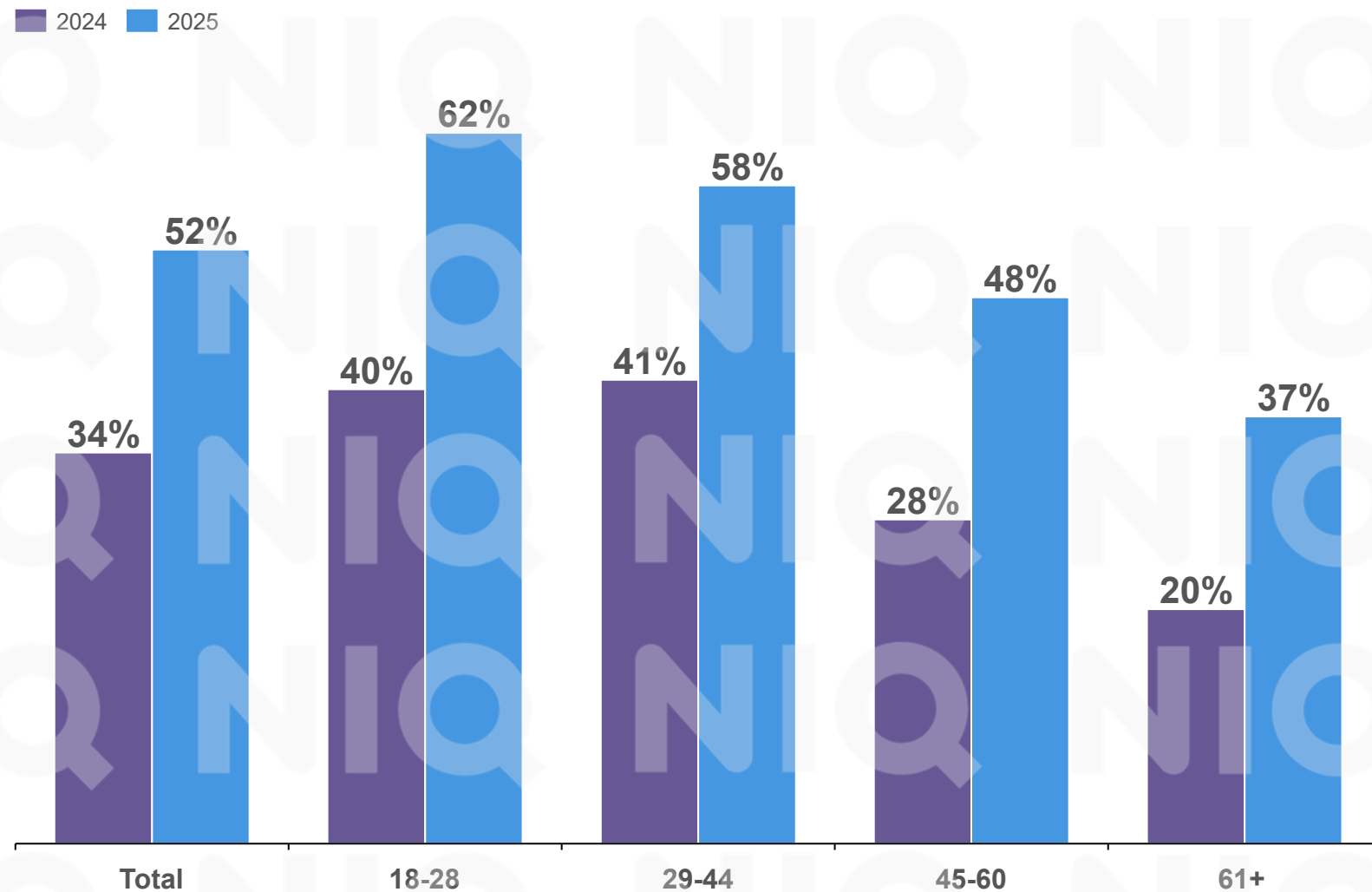
2024 2025

While quality assurance, health, and safety continue to be the leading drivers of brand choice, preferences for innovation are rapidly growing, particularly among younger demographics.



Innovations driving convenience and time savings are particularly relevant

% of consumers willing to pay more for products that make tasks easier/less time consuming, by age group



But a new era of shopping is changing the way consumers search for, discover, and purchase products

What is agentic commerce?

- AI systems that **act on behalf of users to make purchases**
- Can **anticipate needs, compare options**, and **execute transactions**
- **Operate autonomously** (or semi-autonomously) based on consumers' prompts, with **limited human interaction or oversight**
- Don't "browse" products or content like a human would—they **extract structured data to make parameter-based decisions**

Illustrative example: Food shopping without an app

”

This morning, my daughter told me she wants to cook tacos tonight. I barely had time to think about it between meetings...

I just told my agent, ‘Add ingredients for chicken tacos for four people tonight.’

It instantly pulled a recipe I’ve used before, compared prices for all the ingredients—chicken, tortillas, salsa, lettuce, cheese—across three grocers.

It built a list, figured out which store had the best combined price, and could deliver by 5 p.m.

By the time I left for pickup, I got a notification: ‘All items confirmed, driver arriving at 4:45pm.’

The whole thing took me maybe 20 seconds. I didn’t open a single app.

”

Most shoppers today are using AI to research products, making discoverability essential

Consumer shopping preferences with AI

Non-AI shoppers



20%

AI researchers



54%

AI shoppers



20%

Key insights:

74% of consumers are using AI for some discovery

31% of AI shoppers will shop directly with a retailer or brand because of an emotional connection

11% do not feel comfortable sharing their brand preferences with AI

6% will tell their AI to recommend their favorite brand, even if it is a higher price

Discoverability is critical.

The advertising ecosystem is also evolving—and there are a few possible outcomes

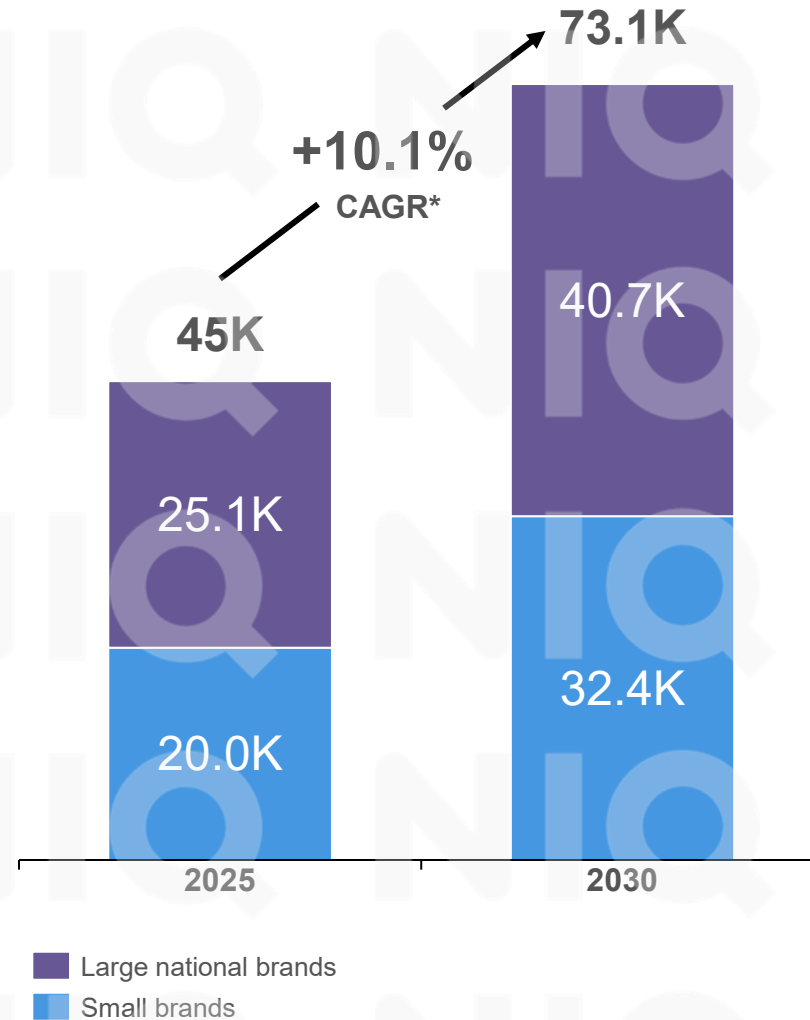
Today, LLMs are experimenting with fairly traditional ad formats (not exhaustive)

LLM/ Platform	Advertising status	How advertising works	Notes/ Implications
ChatGPT (OpenAI)	Live testing (Free tiers)	Contextual ads shown below responses; clearly labeled; do not influence core answer	Largest scale LLM ad test; ads influence consideration, not response generation
Google Gemini	Live in shopping flows	Personalized offers and promotions embedded in AI-assisted shopping journeys	Evolution of search ads into conversational commerce placements
Perplexity AI	Early experimentation	Promoted or commercially influenced answers within conversational responses	Ads collapse into the answer itself; high scrutiny on trust
Anthropic Claude	Ad-free by design	No sponsored links or commercial placements	Trust-first positioning; monetization via subscriptions

But, if shopping migrates to agent-controlled environments, advertising will need to evolve to formats like programmatic bidding.

Agentic commerce is poised to introduce a new wave of innovation explosion, with an advantage to smaller brands

Projected growth in new SKU launches



Top categories for new launches (2025):

- 1 Household Fresheners – **3.1K**
- 2 Skin Care – **3.0K**
- 3 Pet Food – **2.9K**
- 4 Sugar Confectionery – **2.2K**
- 5 Snacks – **1.8K**
- 6 Chocolate Confectionery – **1.7K**

*Data extracted as of Jan. 14, 2026

Expansion driven by:

- Reduced cost to test and produce
- Lower capital requirements
- Low-cost ways to drive demand
- Retailers expanding space for differentiation

*10.1% CAGR based on Kearney projections using historical category trends and expected growth across total channels; NIQ data used for market sizing.

What does this mean for large and emerging brands?

Innovation has become the defining characteristic
for brand growth.



But M&As are no longer the obvious route to success

After years of expansion, CPG companies are slimming down in the face of slowing consumption ...

... and startups enable challenger brands to build large-scale capabilities in:

Kraft Heinz to break up a decade after mega-merger

By Christopher Doering • Sept. 2, 2025

The ketchup and Lunchables giant will create one business for grocery staples and another for sauces, spreads and seasonings.

[Read the full article →](#)

The Magnum Ice Cream Company prepares for a 'new frontier' after Unilever spin-off

By Christopher Doering • Oct. 15, 2025

The Ben and Jerry's owner is set to become the world's largest frozen novelty maker, benefiting from its diverse portfolio and focus on a single category.

[Read the full article →](#)

Conagra to sell Chef Boyardee to private equity firm for \$600M

By Christopher Doering • May 1, 2025

The sale comes as the CPG giant focuses on its core snacks and frozen meals offerings, including Slim Jim and Healthy Choice. [Read the full article →](#)

Sales enablement

Marketing and demand generation

Supply chain optimization

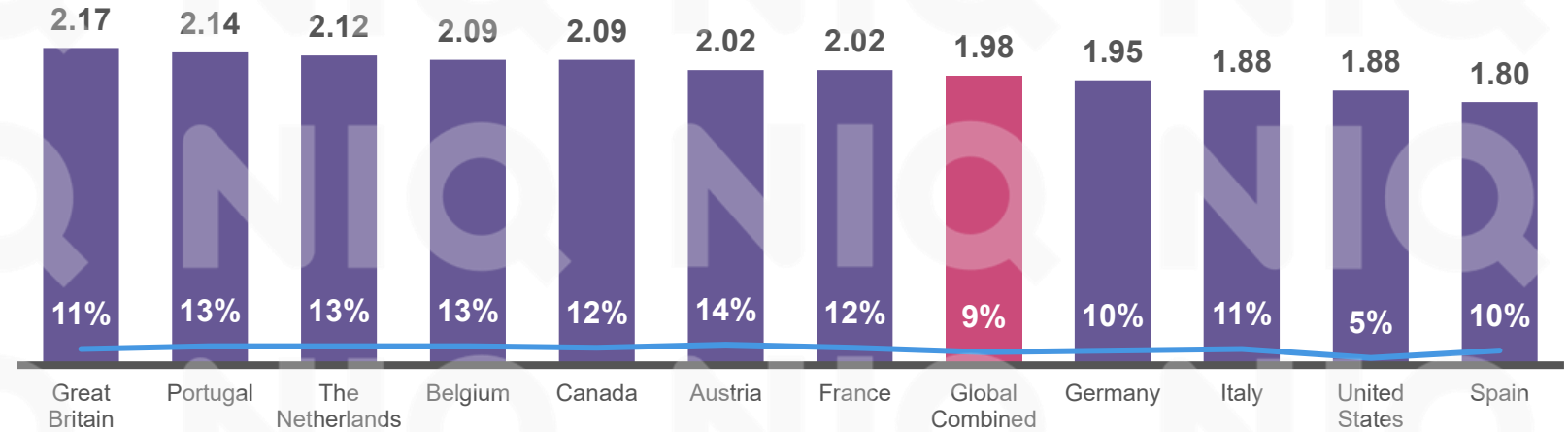
Sourcing and procurement

Finance and operational support

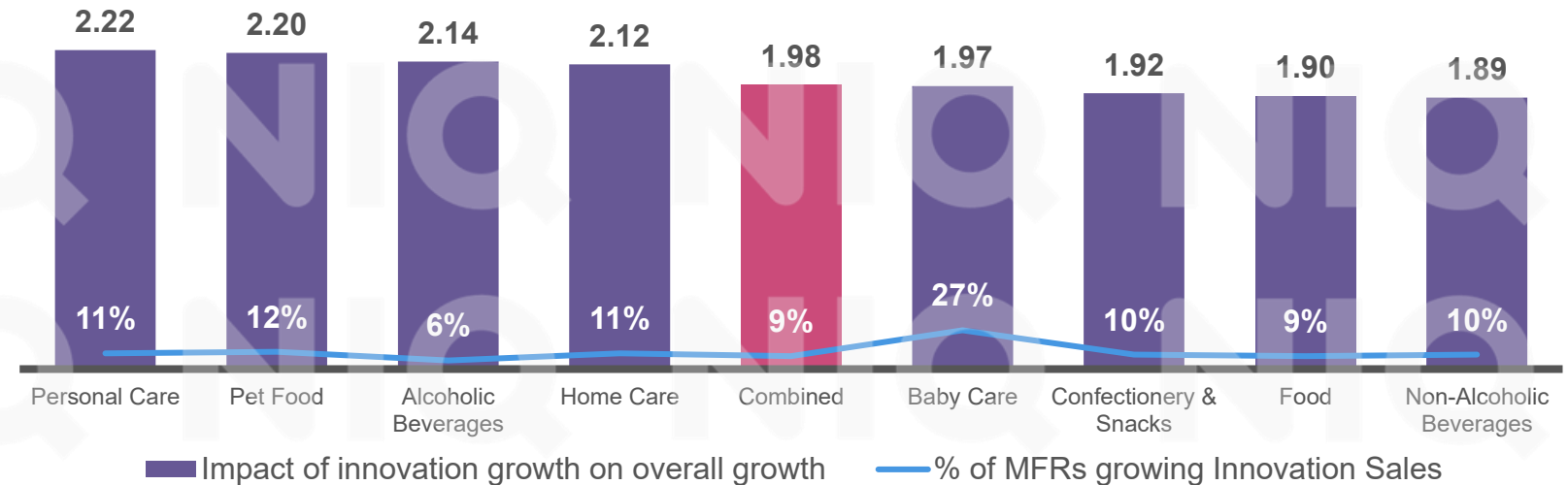
Companies that grow innovation sales are

2x
more likely to grow overall sales

Consistent across geographies



Consistent across super categories



Sources: NIQ Innovation Vitality Multi-year Meta-Analysis 2025; NIQ Innovation Measurement comparison of Total Sales & Innovation Sales growth across 70K+ manufacturers, 130 syndicated categories in 15 global markets comparing latest 52 weeks with previous 52 weeks

Innovations can now be developed and tested in days, with minimal capital for startups

From 4–7 months to 2–4 days

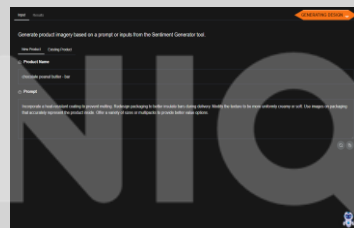
Non-exhaustive

1. Fast insights and research



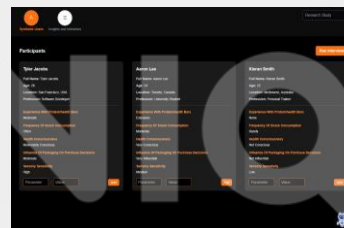
- Autonomously gathers data from diverse sources (market trends, competitors, reviews, social sentiment)
- Synthesizes insights into strategic opportunity areas
- Aligns findings with brand and product portfolio strategies

2. Concept idea generation



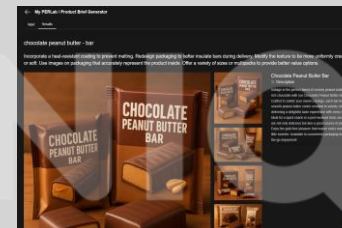
- Generates new product ideas and optimizations for existing ones
- Produces multiple design variations for testing and prototyping

3. Synthetic persona testing



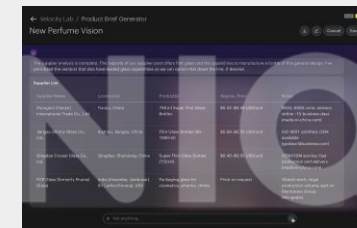
- Simulates user interactions using synthetic personas
- Collects feedback to refine and optimize design concepts

4. Rapid prototyping



- Applies predictive modeling and real-time data to assess supply chain factors
- Identifies constraints in manufacturing and raw materials
- Accelerates prototyping and ensures product scalability

5. Feasibility analysis



- Shortlists and qualifies potential suppliers
- Performs technical feasibility analysis
- Generates technical drawings and specifications for RFQ/tender processes

Traditional launch (then)
9–18 months
\$1M–\$5M+ (USD) up front

Next-gen launch (future)
4–8 weeks (including manufacturing)
<\$50K–\$250K (USD) to launch

Case study:

Revamped chocolate peanut butter bar texture enhancement, heat-resistant coating, and packaging redesign—improving product stability, visual accuracy, and delivery experience in just weeks

From raw review data in weeks ...

Multiple inputs via AI agents



Reviews

- Online reviews
- Store reviews



Transcripts

- Email complaints
- Customer calls



Primary research

- Industrial safety reports
- Site observations

Generative sentiment analysis



Performance

- Stream seems stronger



Usability

- Easy to swallow and digest



Reliability

- Headband cracks under stress

Product recommendations



Packaging

- Enhance labeling clarity



Usability

- Improve flavor profile and design smoother texture to avoid sticking to teeth

Synthetic persona feedback



Accountant

- Uniform shape, size, and formulation matter for trust and efficacy



Entrepreneur

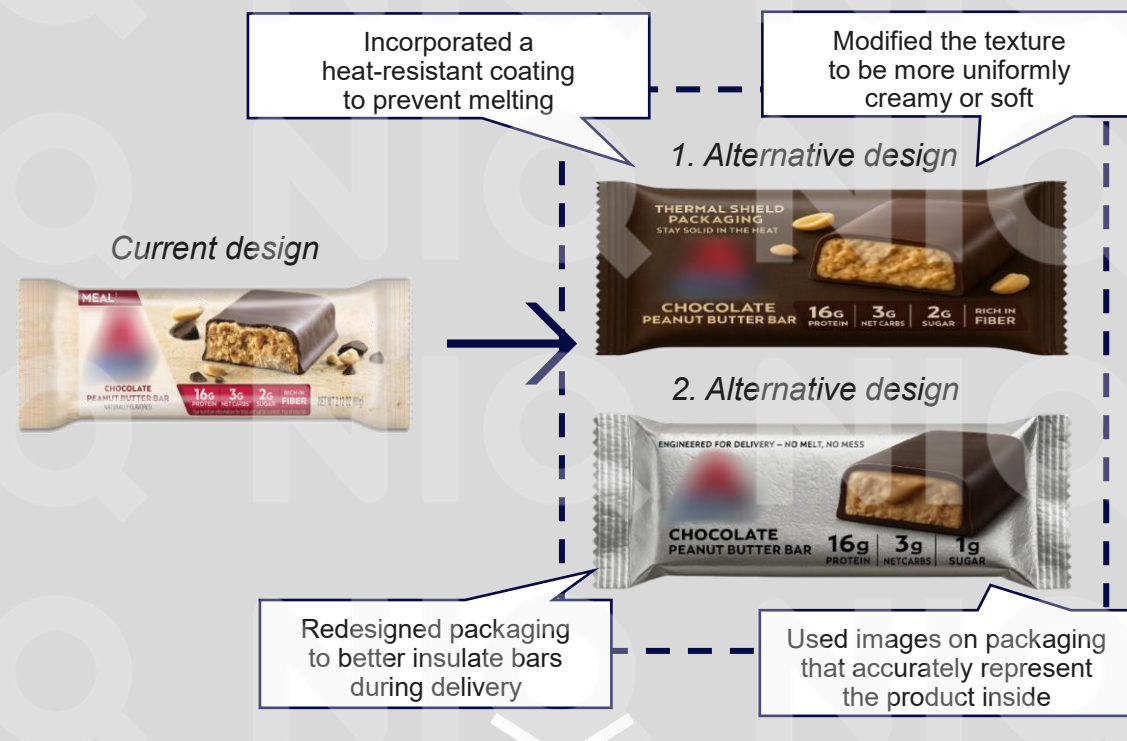
- Flavor and mouthfeel are priorities; health is secondary



School teacher

- Icons and ingredient visuals should reflect contents; avoid gimmicks

... to consumer-driven design iterations in minutes!



50% Boost in perceived quality and packaging

x2 Repeat purchase intent across age groups

Powered by agility: The emerging advantage in an AI-accelerated market

The challenger brands we interviewed are already leveraging size to their advantage: moving quickly, leading digitally, taking risks, and mastering growth—channel by channel, market by market.



ahead nutrition | Germany



Dose | Canada



Phizz | UK



Andriani | Italy



Paulaner | China

Today's agility-driven wins

Growing strong online DTC presence before expansion into retail

Leaning into consumer functional trends, centering core portfolio around science-backed benefits

Driving trial and building consumer base through experiential and influencer marketing



Tomorrow's AI-powered possibilities

AI-powered research and concept ideation will help brands build on their successes and bring new products to market faster.

AI-driven formula and sensory profile optimization will deliver better product taste and quality aligned with consumer preferences—in a fraction of the time.

Strong digital presence boosts LLM search relevance and visibility, augmenting brand discoverability.

We expect consumer behavior to shift rapidly, so it's important to begin activating now

Recommended activation plan (not exhaustive)



Tactical readiness

- Understand and improve discoverability
- Launch enhanced content strategy
- Focus on product labeling
- Begin testing of new capabilities/labs



Strategic readiness

- Model potential economic scenarios
- Institutionalize new capabilities and operating model
- Build, buy, partner strategy
- Determine long-term portfolio strategy



Scaled operations

- Build cross-functional team and key milestones
- Design future-state operating model
- Set clear policy guardrails

Thank You

Kearney is a leading global management consulting firm. For nearly 100 years, we have been a trusted advisor to C-suites, government bodies, and nonprofit organizations. Our people make us who we are. Driven to be the difference between a big idea and making it happen, we work alongside our clients to regenerate their businesses to create a future that works for everyone.

NielsenIQ (NIQ) is a leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. Our global reach spans over 90 countries, covering approximately 85% of the world's population and more than \$7.2 trillion (USD) in global consumer spend. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.



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