July 2026 Report

THE SMART BASKET OPPORTUNITY

How Merchants Can Capture More Consumer Spending

PYMNTS INTELLIGENCE | FIS

THE SMART BASKET OPPORTUNITY: HOW MERCHANTS CAN CAPTURE MORE CONSUMER SPENDING

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June 2026
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The Smart Basket Opportunity: How Merchants Can Capture More Consumer Spending was produced in collaboration with FIS, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

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WHAT'S **AT STAKE**

Say a shopper fills their cart with their favorite bath products, a birthday gift and a bag of dog food, and they're all eligible for different promotions. By the time they reach the register, they still might not know they could be saving money. The loyalty discount on the bath products requires a code they don't remember. The promotional pricing for the gift is on a paper flyer attached to the kitchen fridge with a magnet. The offer for the dog food lies buried in an email they never opened. The register itself doesn't have access to any of that information, so it can't prompt the shopper to redeem those deals.

A smarter checkout experience solves that problem for shoppers, brands and merchants alike, evaluating the shopping basket at the moment of payment and applying eligible offers automatically. It's a change merchants are ready for: More than nine in 10 (93%) merchants say they would adopt an embedded smart checkout system if it existed today, and 85% expect it to become either a competitive differentiator or a standard capability within two years. Checkout is already merchants' single most-used and most-successful promotional channel, so smart checkout would be a significant upgrade to a tool they already trust. It wouldn't require them to learn anything too new or different, and it would boost customer loyalty and spending.

Merchants aren't an obstacle to smart checkout deployment. In fact, they are ready and willing. They just want one thing: to set their own terms.

These are just some of the findings detailed in The Smart Basket Opportunity: Merchants, a PYMNTS Intelligence and FIS collaboration. This study examines how merchants run promotions today and their readiness to participate in an embedded smart checkout system, drawing on insights from a survey of 60 merchants across the grocery, retail (including e-commerce), and restaurant and food service sectors.

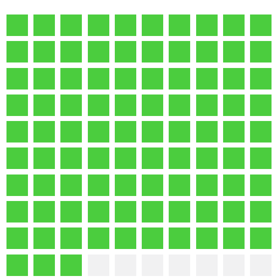
Here is what we learned.

KEY **FINDINGS**

01

WIDESPREAD DEMAND

Merchants' enthusiasm for a smarter checkout experience is nearly universal.



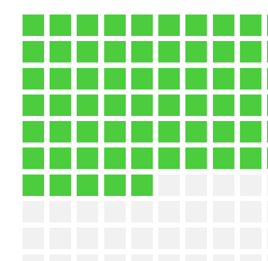
93%

of merchants would adopt a smarter checkout system if it became available today.

02

HITTING THE LIMIT

Structural barriers such as limited access to data set a cap on how personalized merchants' promotions can be.



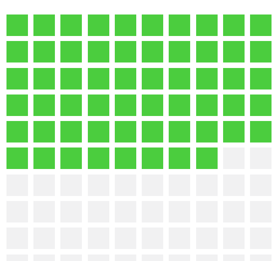
65%

of merchants say data access moderately, significantly or critically limits their ability to run personalized offers.

03

THE CHECKOUT ADVANTAGE

Merchants are already embracing checkout as a key promotional tool.



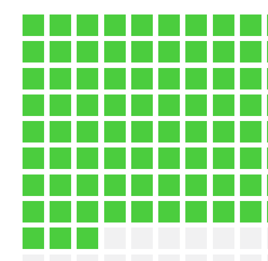
58%

of merchants say checkout-integrated promotions are their most-used channel.

04

ON THEIR OWN TERMS

Merchants will participate in smart checkout systems, but almost all want to write their own rulebooks.



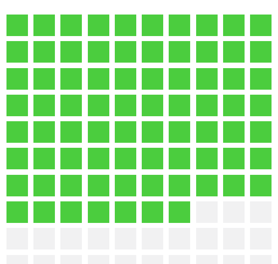
83%

of merchants say participation is acceptable if they can set the eligible products and rules themselves.

05

TRUSTED PARTNERS

Merchants are ready to share transaction data, starting with the partners closest to the payment itself.



77%

of merchants would share data with payment platforms, a greater share than said the same of product brands, card networks or card issuers.

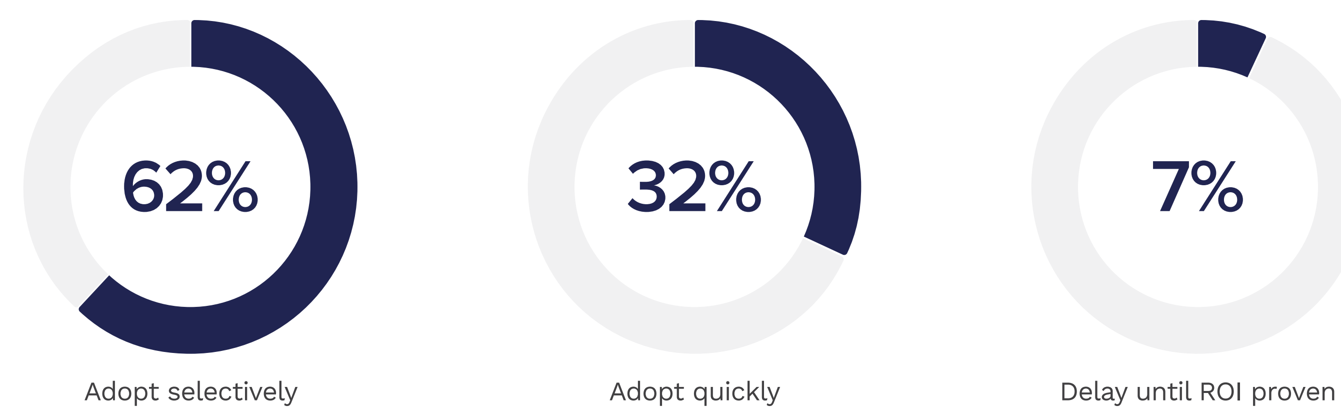
THE FULL STORY

Merchants like the idea of smart checkout and are already leaning in.

Merchants' enthusiasm for smart checkout is nearly universal.

Nearly all (93%) of merchants say they would adopt an embedded smart checkout system if it became available, with 62% interested in more careful, selective adoption and 32% ready to jump in quickly. Only 7% say they would wait for proven return on investment (ROI).

FIGURE 1:
Adoption timeline if smart checkout became available

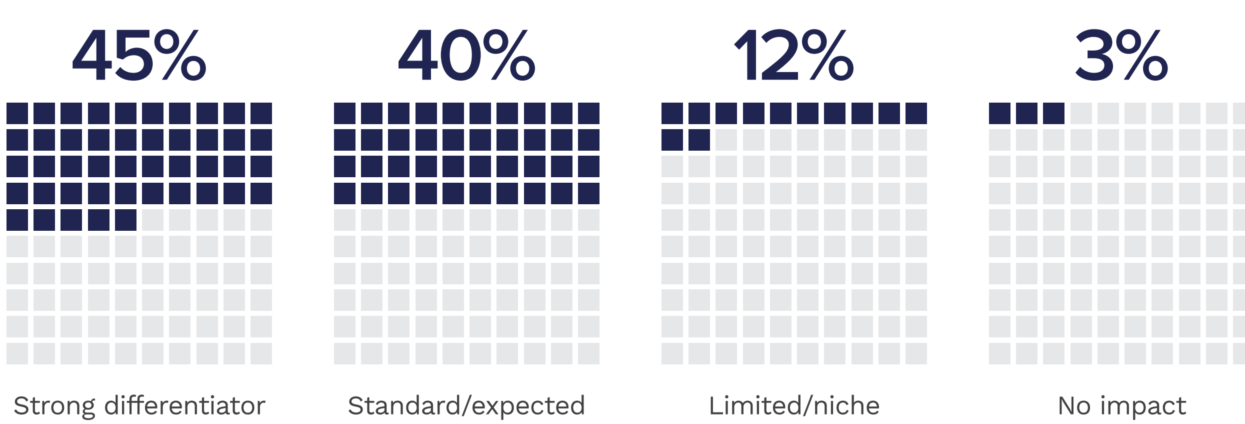


Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Moreover, most merchants expect smart checkout to be a key part of how they hold their standing against their rivals. In two years, 85% predict that smart checkout will become either a competitive differentiator (45%) or a standard, expected capability (40%) in their sector, with just 12% calling it a niche feature and 3% expecting no impact at all. Merchants who move first will have an edge, but that advantage will only last so long before the capability becomes something everyone is simply expected to have.

FIGURE 2:

Expected role of smart checkout systems in merchants' sectors within two years

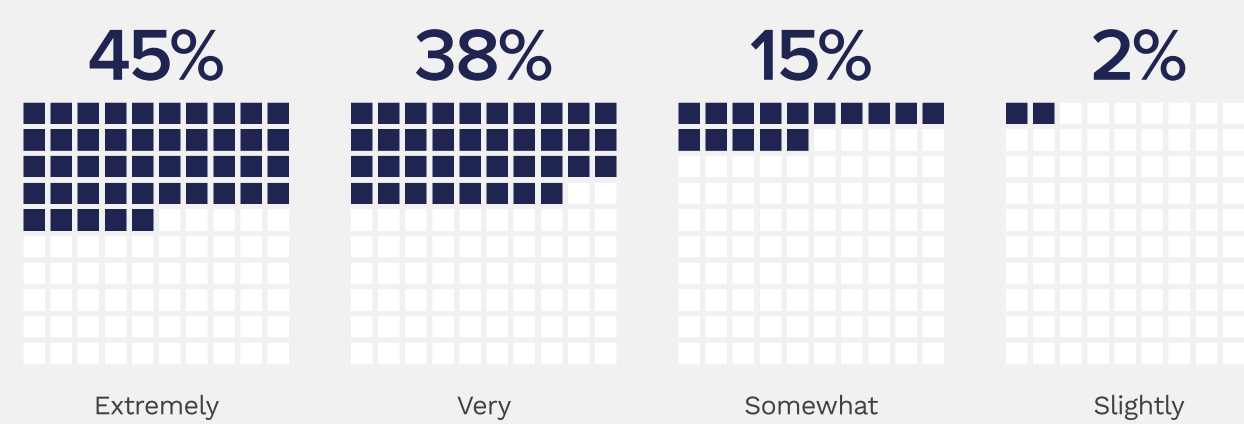


Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Similarly, 83% of all merchants say they are very or extremely interested in participating in smart checkout, and 98% are at least somewhat interested, meaning virtually no industry is lukewarm. Restaurant and food service merchants lead at 89%, followed by retail at 86% and grocery at 72%. The grocery gap likely reflects how the sector has evolved differently. Many grocers already run long-standing loyalty programs and integrated checkout experiences—from Amazon's Prime benefits at Whole Foods to Instacart's checkout flow—that already deliver something close to what smart checkout promises.

FIGURE 3:

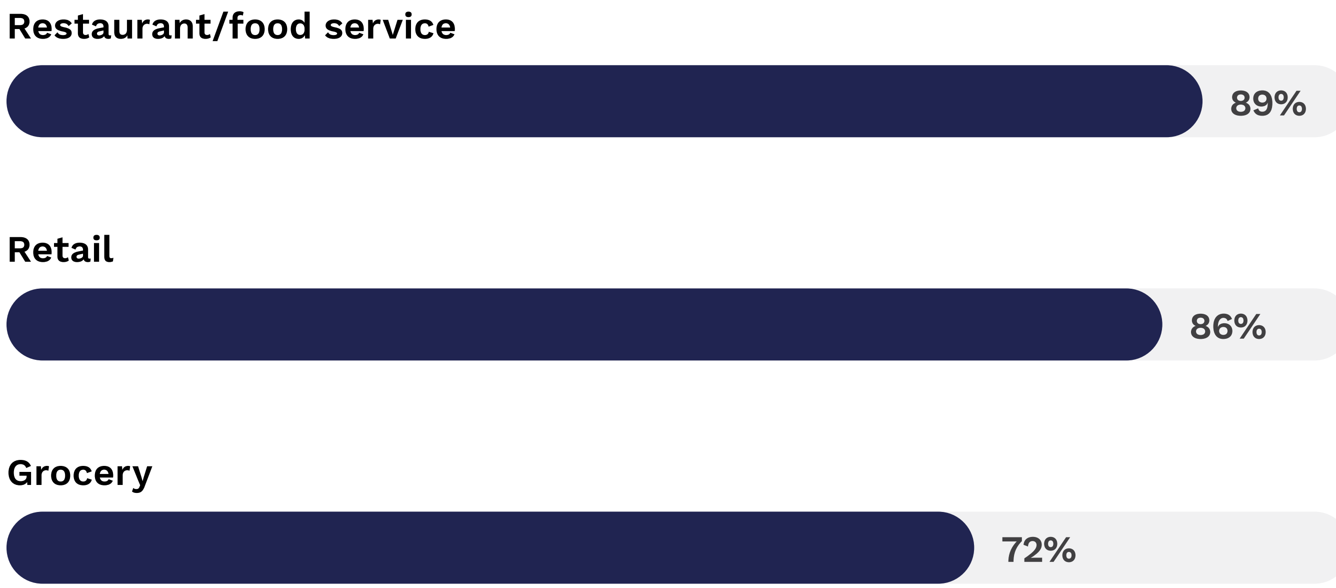
Merchant interest in participating in an embedded smart checkout system



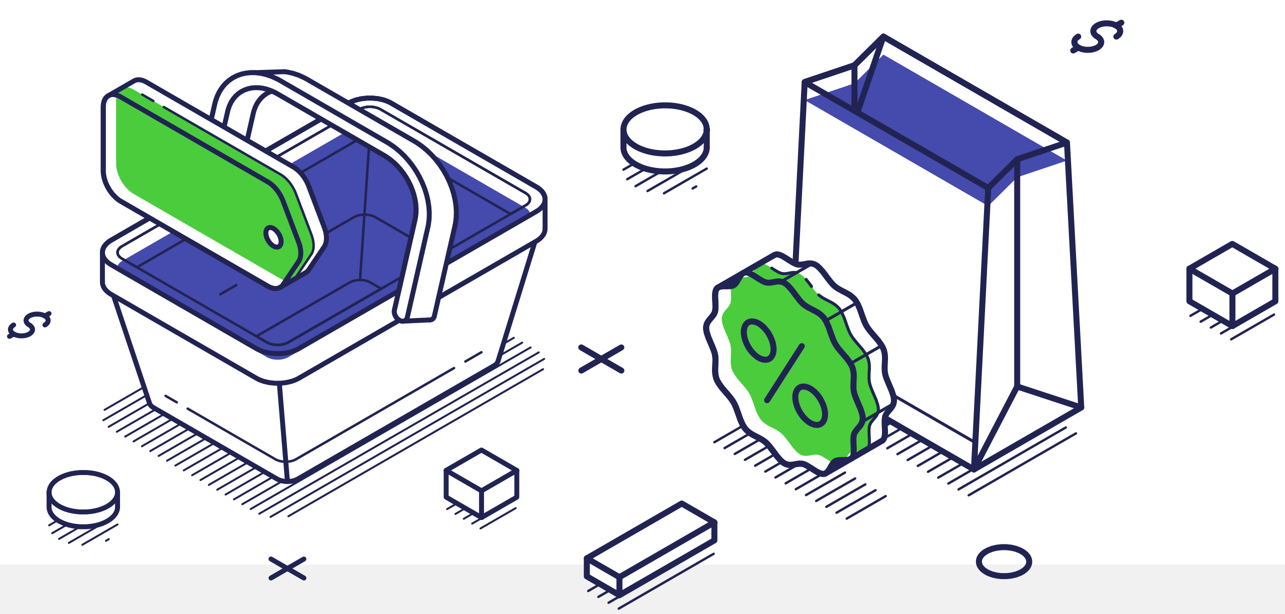
Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

FIGURE 4:

Interest in smart checkout systems, by merchant type



Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket



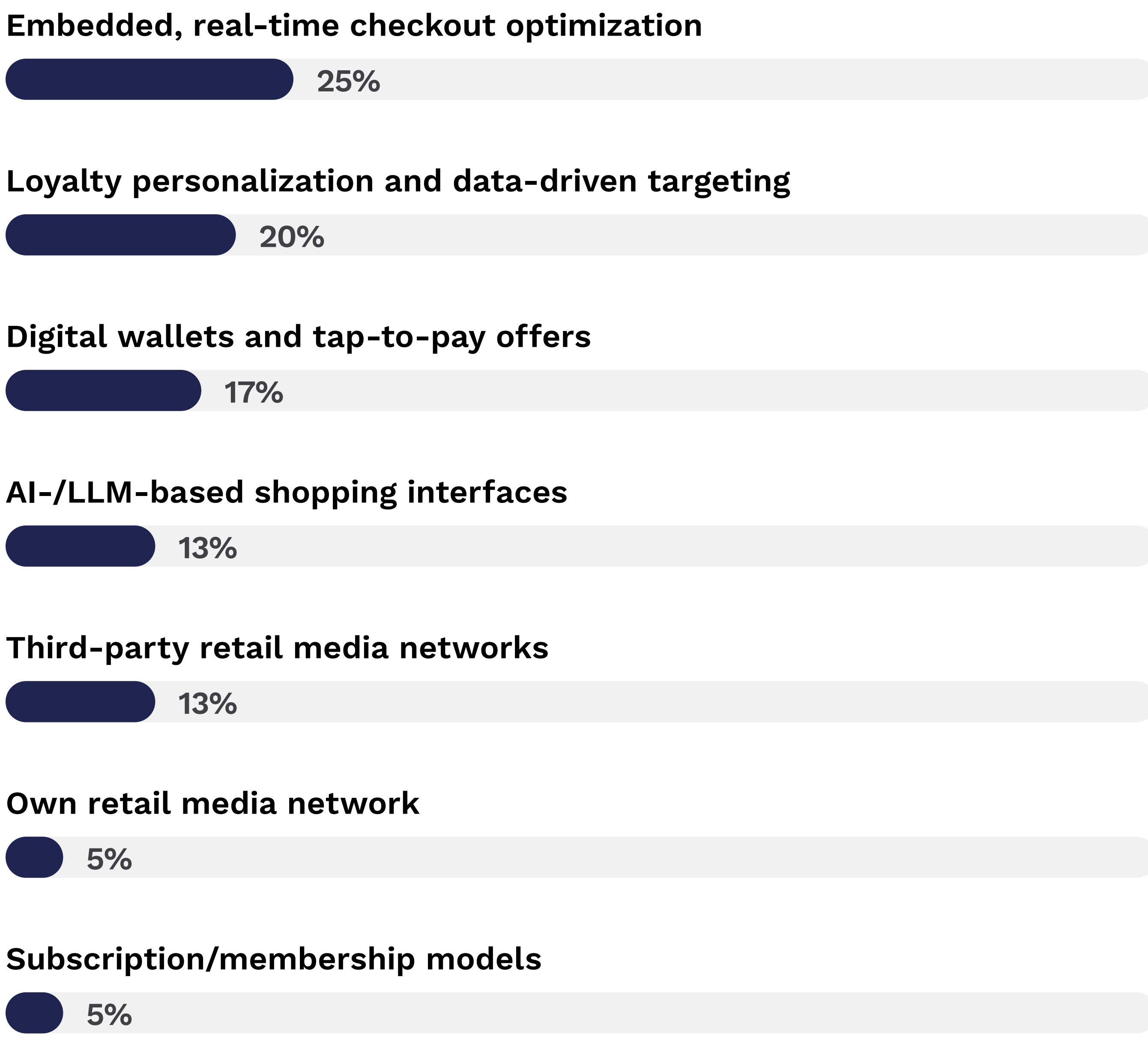
Then there is the matter of where merchants plan to invest new dollars. Study participants were asked, before any explanation of the smart checkout concept, which function would see the largest increase in promotional budget over the next three years.[1] Merchants named embedded, real-time checkout optimization most often, at 25%, ahead of personalization and data-driven targeting (20%), digital wallets and tap-to-pay offers (17%), and AI or large language model shopping interfaces (13%), among other options.

Restaurant and food service merchants are the most excited about embedded real-time checkout optimization, with 37% citing it as their top area of investment growth, followed by retail (23%) and grocery (17%), a pattern that lines up with overall interest in smarter checkout systems.

1. Because merchants had no prior context when they picked this answer, the result carries more weight than a primed response would.

FIGURE 5:

Where merchants expect to increase their promotional budgets most over the next three years



Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

37%

of restaurant and food service merchants **name embedded real-time checkout optimization as their top investment-growth area**, leading all segments.

FIGURE 6:

Share of merchants that cited embedded real-time checkout as top budget-growth area, by merchant type

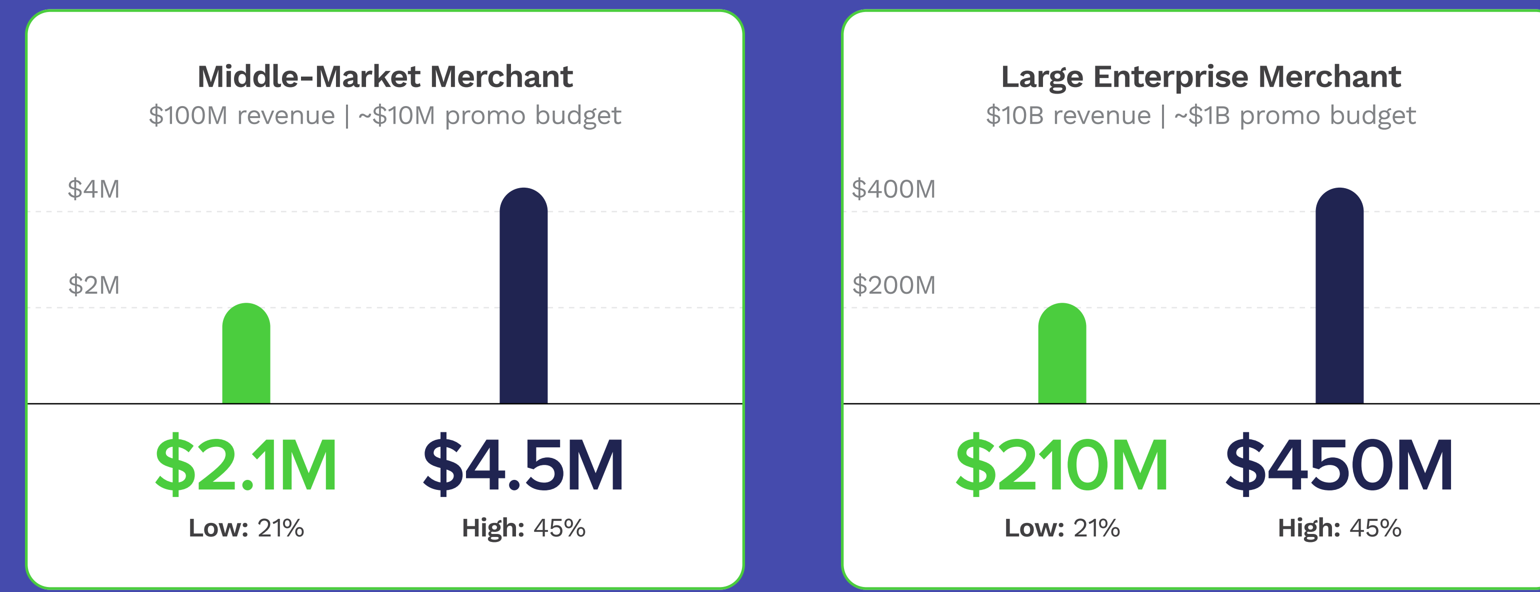
Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Translated into dollars, the opportunity is sizable for businesses of every size. A middle-market merchant with $100 million in annual revenue and a $10 million promotional budget could see $2.1 million to $4.5 million flow through smart checkout per year within two years, according to our modeling.[2] A large enterprise merchant with $10 billion in yearly revenue and a $1 billion budget would see $210 million to $450 million a year move the same way.

Scaled to the entire U.S. market, an estimated $163 billion to $349 billion[3] in promotional spending could run through smart checkout each year within two years. Granted, this is an illustrative model built on the survey's stated parameters, not a forecast, but it offers a sense of the opportunity.

FIGURE 7:

Projected smart checkout spend by merchant size



Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
Illustrative model; parameters: 93% adoption (32% quickly, 62% selectively), 21%-45% of promo budget to checkout

FIGURE 8:

Sizing the U.S. smart checkout market

U.S. market	~10% of revenue	93% would adopt	21%–45% to checkout
$8.33T	**~$833B**	**~$775B**	**$163B–$349B**
retail and food services sales Census, 2023	total merchant promotional budget	promotional budget at adopting merchants	runs through smart checkout within 2 years

Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
U.S. Census Bureau, Annual & Monthly Retail Trade (2022–2023)

2. Illustrative model projection. Promotion budget assumed at 10% of annual revenue; parameters: 93% would adopt (32% quickly, 62% selectively); embedded checkout is the #1 budget-growth area (25%).

Low and high estimates refer to how much of that promo budget is likely to run through smart checkout.

Low = current average allocation to checkout-integrated promotions (21% of promo budget).

High = full checkout-moment envelope (in-store POS/checkout 24% + real-time 21% = 45%) as adoption scales.

3. Illustrative market-sizing model, using the same parameters as the per-merchant slide. Base: U.S. retail and food services sales of $8.33T (U.S. Census Bureau, 2023). Promotional budget assumed at 10% of revenue (~$833B). 93% of merchants would adopt smart checkout, leaving ~$775B in addressable promo budget. Share running through smart checkout: Low = 21% (current average allocation to checkout-integrated promotions); High = 45% (full checkout-moment envelope: in-store POS/checkout 24% + checkout-integrated 21%) as adoption scales. Low ≈ $163B; High ≈ $349B within two years.

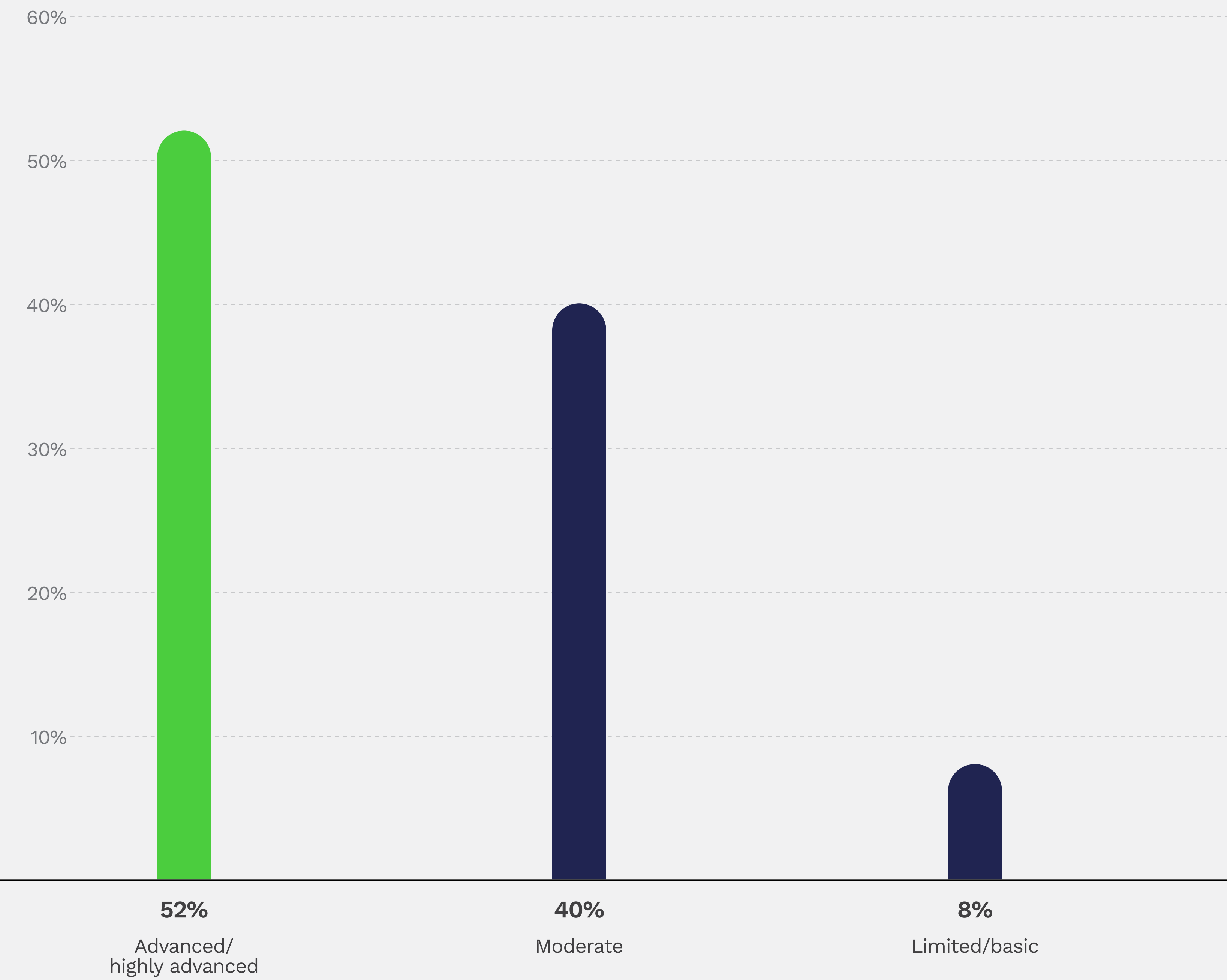
Structural barriers such as limited data access restrict how much merchants can personalize their promotions.

Sixty-five percent of merchants say data access moderately, significantly or critically limits their ability to run personalized promotions, while 35% report no or only slight limitation.

Even merchants that consider their data infrastructure strong say it still caps what they can execute. More than half (52%) describe their own data access as advanced or highly advanced, and 40% call it moderate. Just 8% call it limited or basic.

FIGURE 9:

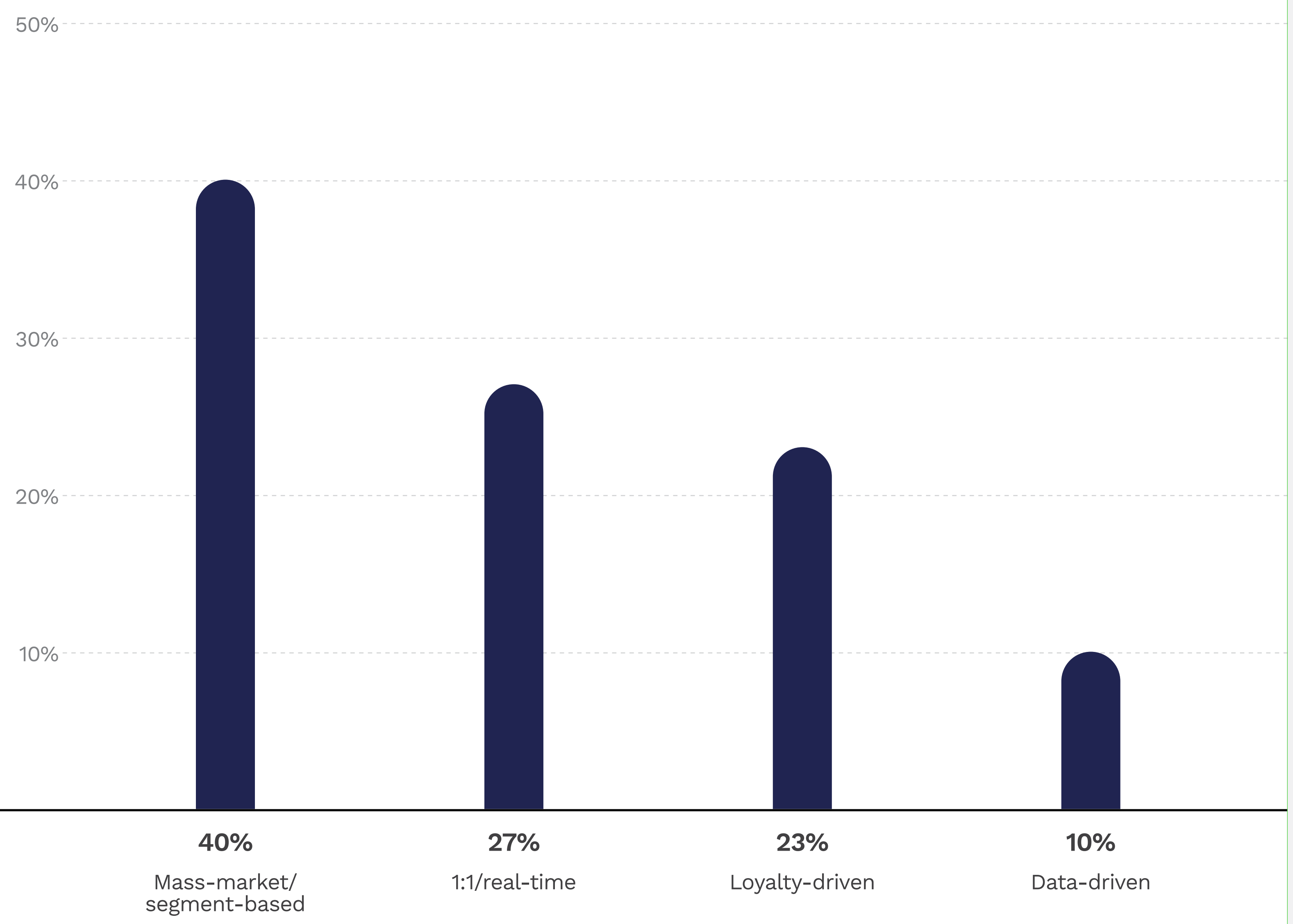
Access to actionable data for promotions



Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

FIGURE 10:

How merchants describe their product personalization today



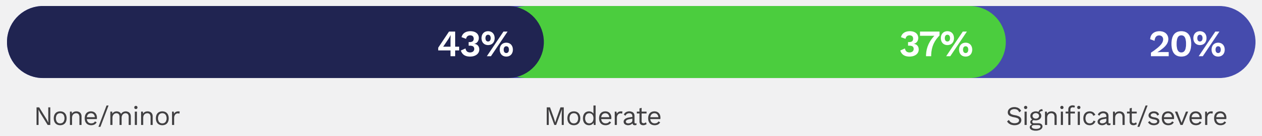
Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Today, four in 10 merchants describe their approach to personalization as mass-market or segment-based, and 27% say they can deliver one-to-one, real-time offers. Twenty-three percent call their approach loyalty-driven, and 10% call it data-driven. Only 37% (the data-driven and real-time groups combined) have moved past mass and segment-level targeting, meaning barely more than one in three merchants can instantly act on opportunities provided by an individual shopper's basket.

It doesn't help that legacy promotional systems often slow checkout down. Fifty-seven percent of merchants report moderate to significant or severe operational or financial friction from paper manufacturer coupons (37% moderate, 20% significant or severe), while 43% describe no or minor friction. Just 3% have stopped using paper coupons entirely. This old-fashioned promotional tool with roots in the traditional newspaper insert still creates cost and complexity for most of the merchants using it. Smart checkout is built to run without that friction.

FIGURE 11:

Operational/financial friction created by paper coupons



Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Merchants are already embracing checkout as a key promotional tool.

Merchants across industries are running checkout-integrated discounts, rewards or incentives at the moment of payment, and these are among their top-used promotional strategies. The specific ranking of promotional channels depends on the sector.

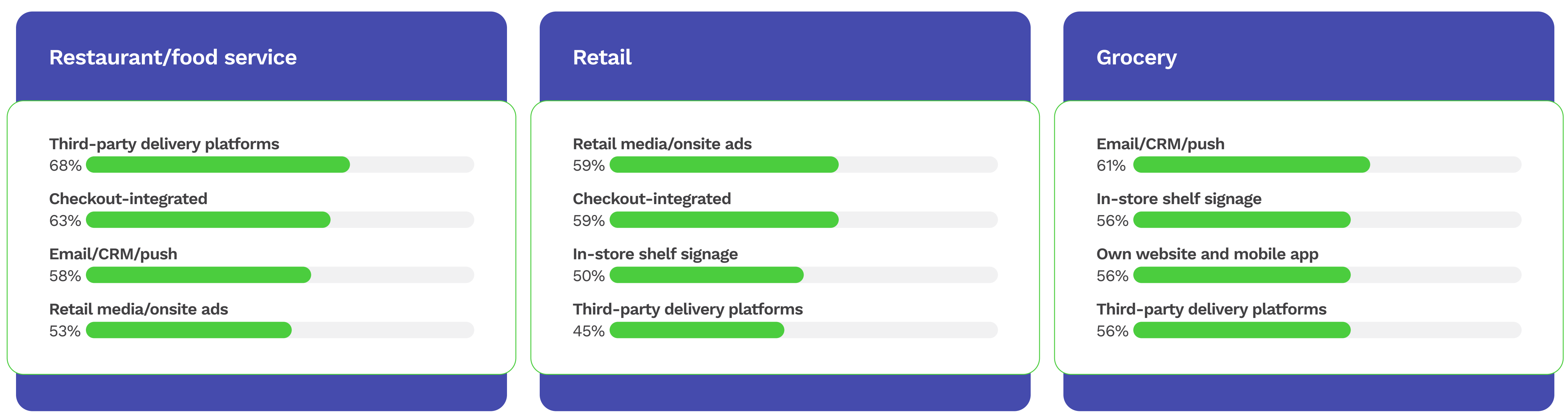
Restaurant and food service merchants most often run promotions via third-party delivery platforms (68%), followed closely by checkout-integrated offers (63%), email, customer relationship management (CRM) software and push notifications (58%), and retail media or onsite advertising (53%).

Retail merchants split their top channel almost evenly between retail media and checkout-integrated promotions, both at 59%, with in-store shelf signage (50%) close behind. For both segments, checkout-integrated promotions are a top-two strategy, providing the foundation for smart embedded technology to build on.

Grocery merchants, meanwhile, favor email and CRM (61%), in-store shelf signage (56%), their own website and app (56%), and third-party delivery (56%) about equally.

FIGURE 12:

Top promotional channels by merchant type



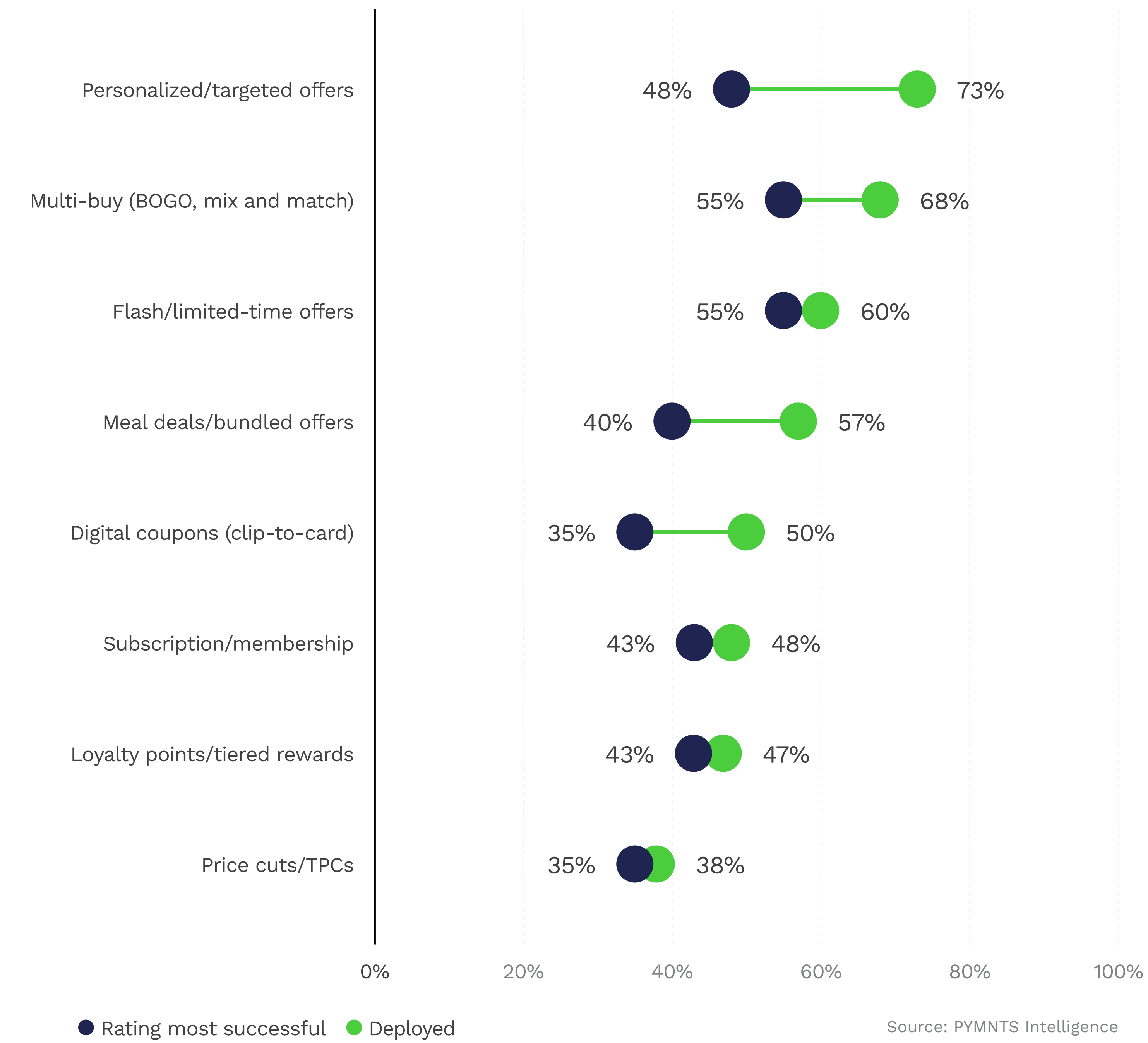
Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

The most common way merchants send out deals is via personalized or targeted offers, with 73% doing so. Yet only 48% of merchants using these tools rate these as their most successful mechanism. This 25-point gap between usage and success is the widest of any mechanism included in the survey.

Multi-buy offers such as buy one, get one free (BOGO) show a smaller gap (68% deployed, 55% rated most successful), as do flash or limited-time offers (60% deployed, 55% most successful). The mismatch between usage and effectiveness of personalized offers suggests merchants are ready to tailor their promotions, but they may lack the real-time infrastructure to make that effort consistently pay off.

FIGURE 13:

Promotional mechanisms: success vs. deployment rate



Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
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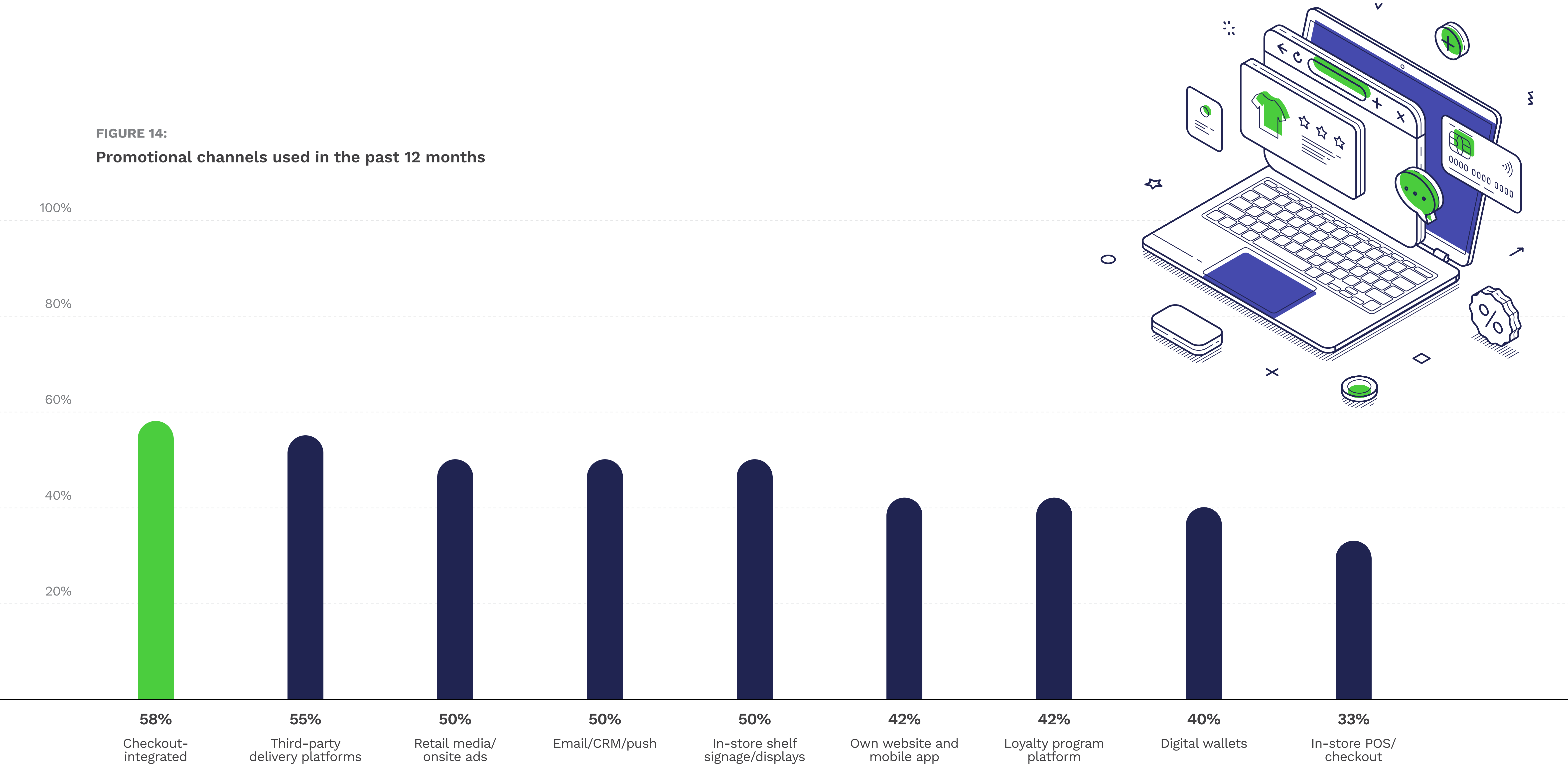
FIGURE 14:

Promotional channels used in the past 12 months

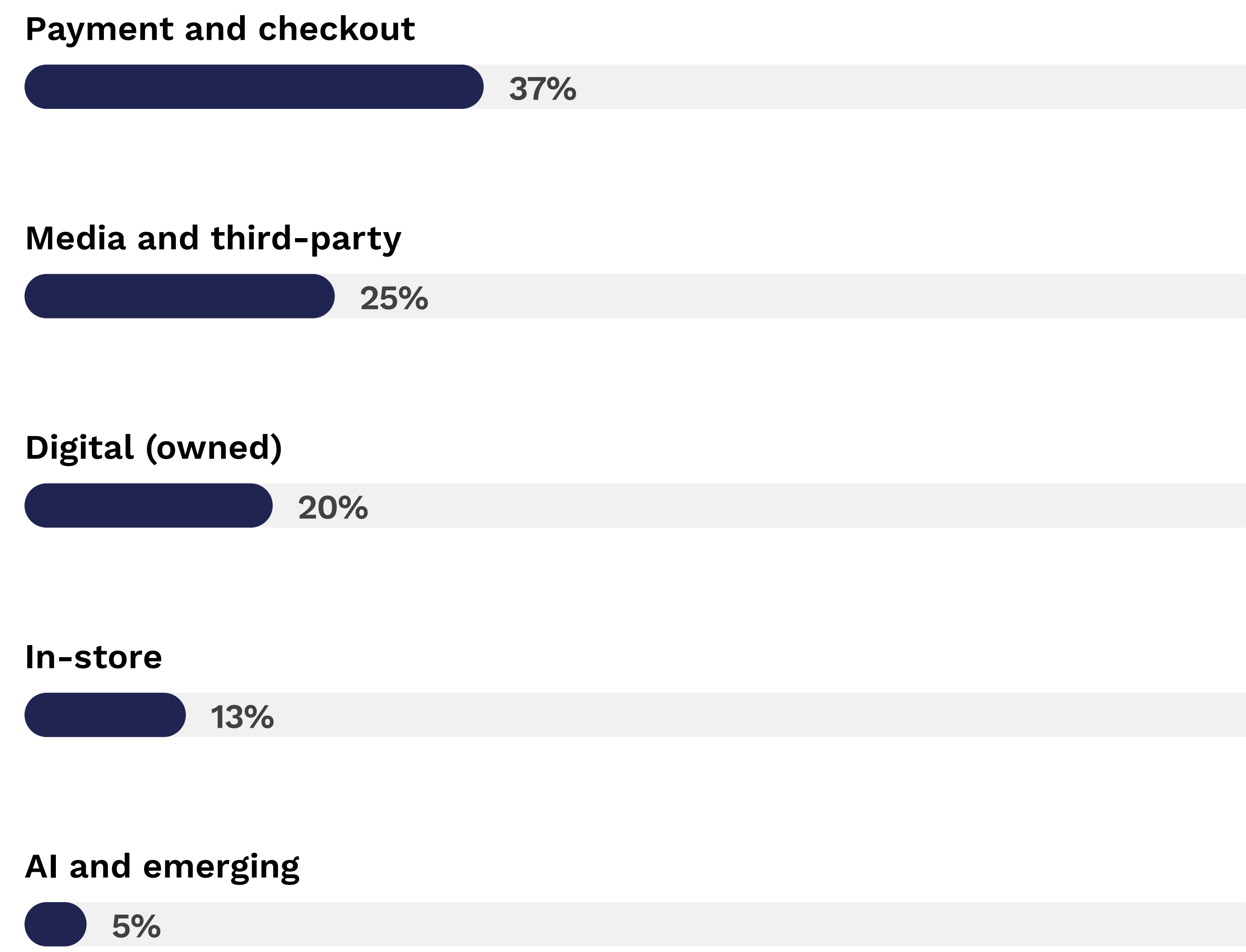


Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Across all merchants surveyed, checkout-integrated promotions are the most-used channel at 58%, ahead of third-party delivery platforms (55%), retail media or onsite advertising (50%), email and CRM (50%) and in-store shelf signage (50%).

Moreover, checkout-integrated promotions yield results. Nearly four in 10 (37%) merchants say payment and checkout channels perform the best for them, ahead of media and third-party channels (25%), owned digital channels (20%), in-store channels (13%) and channels built on AI or other emerging technology (5%). In short, checkout-integrated promotions are both the most used and the most effective.

FIGURE 15:
Most successful promotional channels



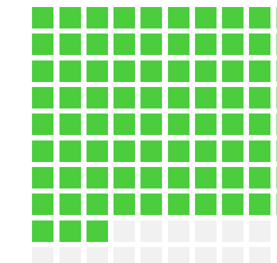
Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Merchants will participate in smart checkout, but almost all want to define the products and rules first.

Most (83%) of merchants say participation in smart checkout is acceptable if they can define which products are eligible and set the rules governing how offers apply. Only 10% would want to start with limited pilot test, and just 7% insist that retailers keep full execution control. The overwhelming majority are comfortable joining the system outright, provided they retain a defined role in shaping it.

FIGURE 16:
Conditions merchants require for smart checkout participation

83%



say participation is acceptable if they can define which products are eligible and set the rules. Only 10% would start with a limited pilot, and just 7% would require retailers to keep full execution control.

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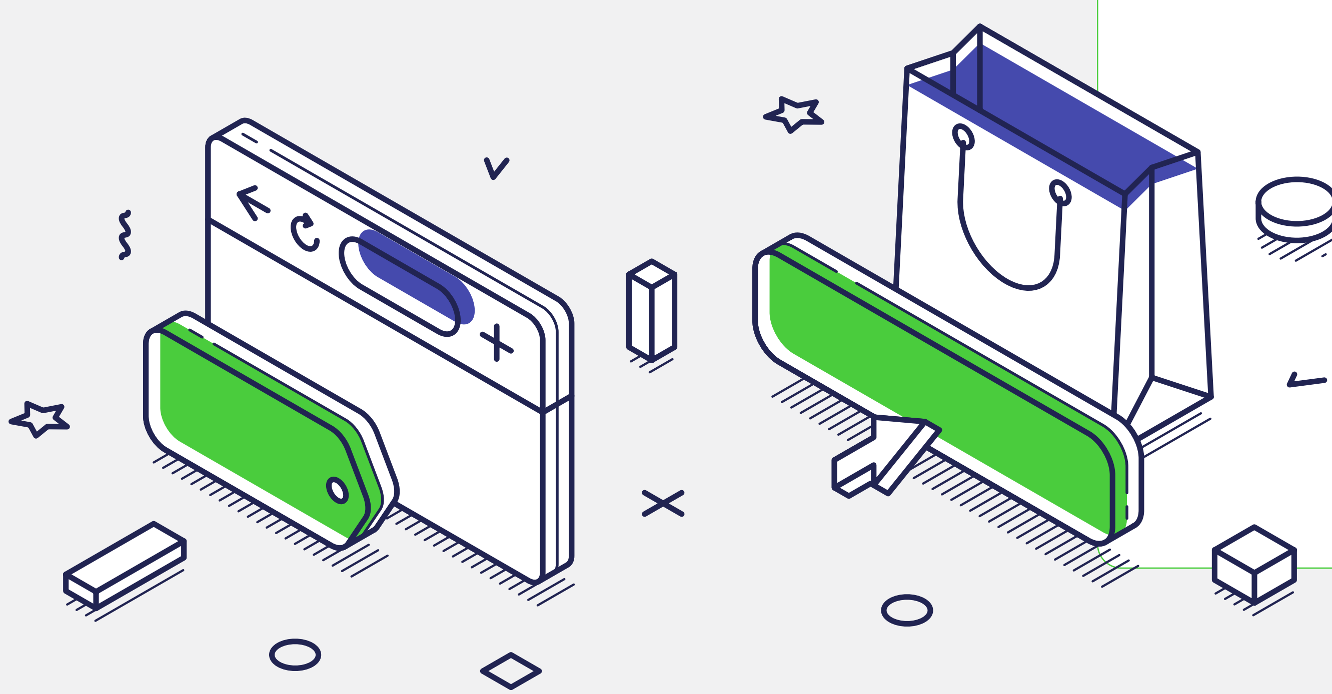


The guardrails merchants want are specific, and they read as governance concerns rather than resistance. Fifty-three percent want caps on total discount exposure to protect margins, and 47% want clear visibility into incremental sales or ROI. Nearly half (45%) want defined limits on how partners can use their data, and another 45% want an on-brand experience that does not harm their relationship with customers. Forty-three percent want transparency into how offers get ranked, 38% want clear rules for how offers stack together, and 37% want the ability to override, pause or exit the system. None of these conditions amount to a merchant looking for a reason to say no. They describe a merchant that wants proof that the model protects its margin and brand—and then plans to say yes.

FIGURE 17:

Guardrails merchants would require for smart checkout

Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

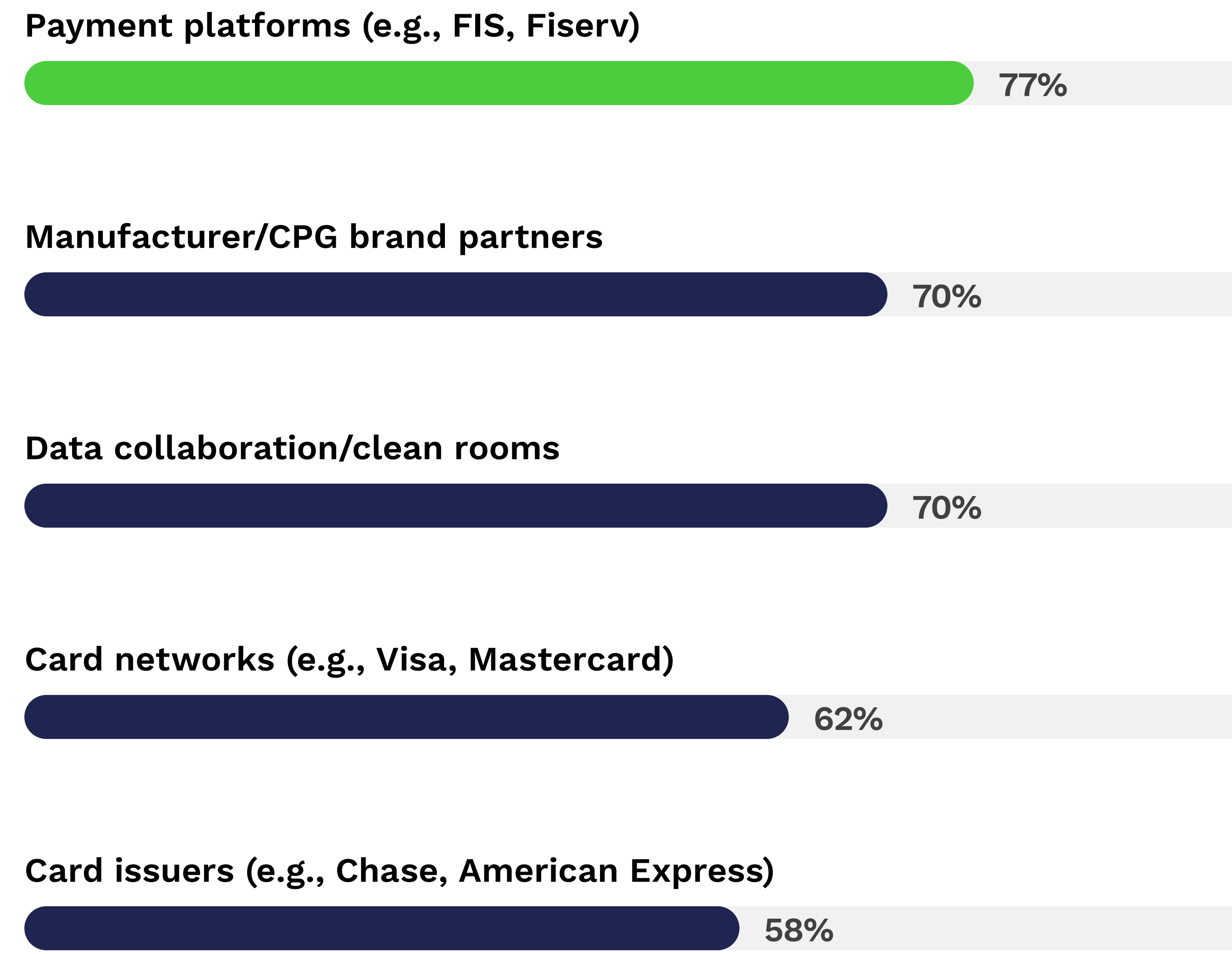
Merchants are ready to share transaction data, starting with the partners closest to the payment itself.

More than three in four (77%) merchants say they are very or extremely willing to share transaction signals and performance data with payment platforms such as FIS or Fiserv, the highest trust score of any partner type tested. Manufacturer and CPG brand partners tie with data collaboration or clean rooms for second, at 70% each, followed by card networks such as Visa or Mastercard at 62%, and card issuers such as Chase or American Express at 58%.

Payment platforms sit at the center of the transaction, which may explain why merchants see them as the natural coordinator for a system built around the point of sale. Card issuers rank last among the five partner types. Given the industry's long-running tension over interchange fees, that ranking may reflect existing friction between merchants and issuers more than any specific concern about smart checkout.

FIGURE 18:

Willingness to share transaction data, by partner type



Source: PYMNTS Intelligence
The Smart Basket Opportunity, July 2026
N = 60 merchants: complete sample
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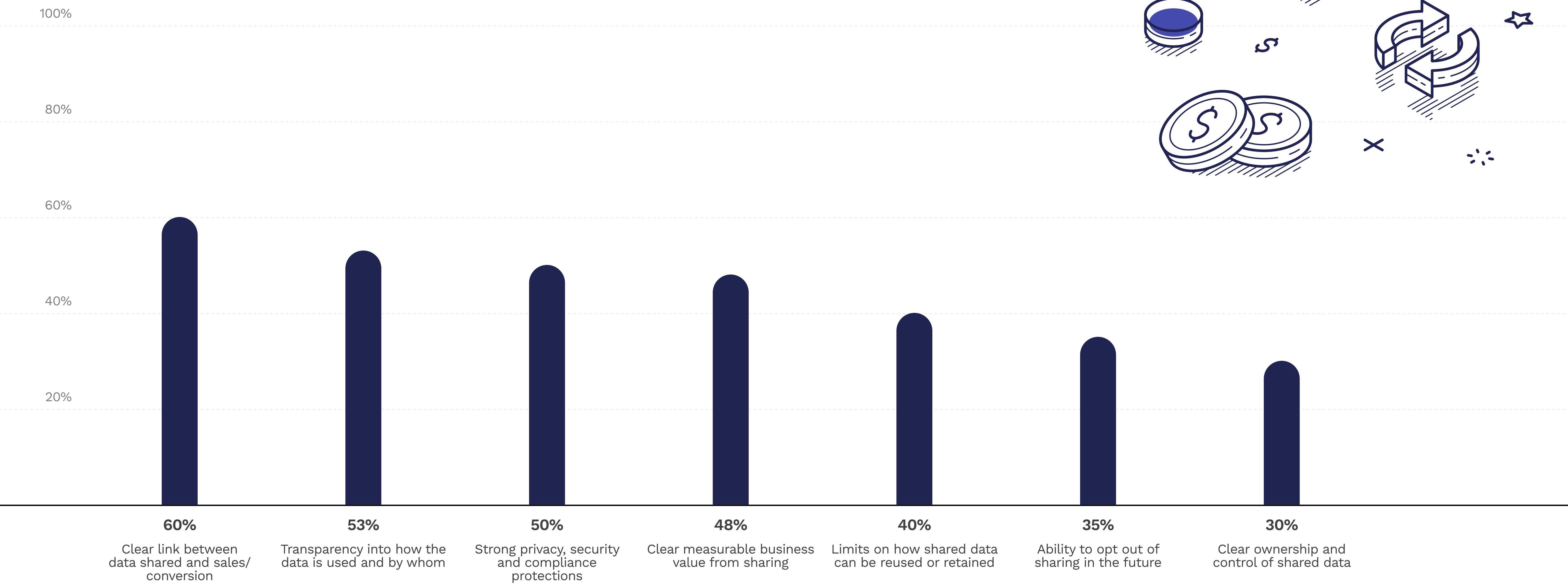
FIGURE 19:

Preconditions for merchant data sharing



Source: PYMNTS Intelligence

The Smart Basket Opportunity, July 2026

N = 60 merchants: complete sample

N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

Merchants don't demand unrestricted access as a condition of sharing. They require proof that sharing their data with partners pays off. Six in 10 want a clear link between the data they share and resulting sales or conversion, and 53% want transparency into how their data is used and by whom. Half want strong privacy, security and compliance protections; 48% want clear, measurable business value; and 40% want limits on how shared data can be reused or retained. Just over one in three (35%) want the ability to opt out in the future, and 30% want clear ownership and control over their own data.

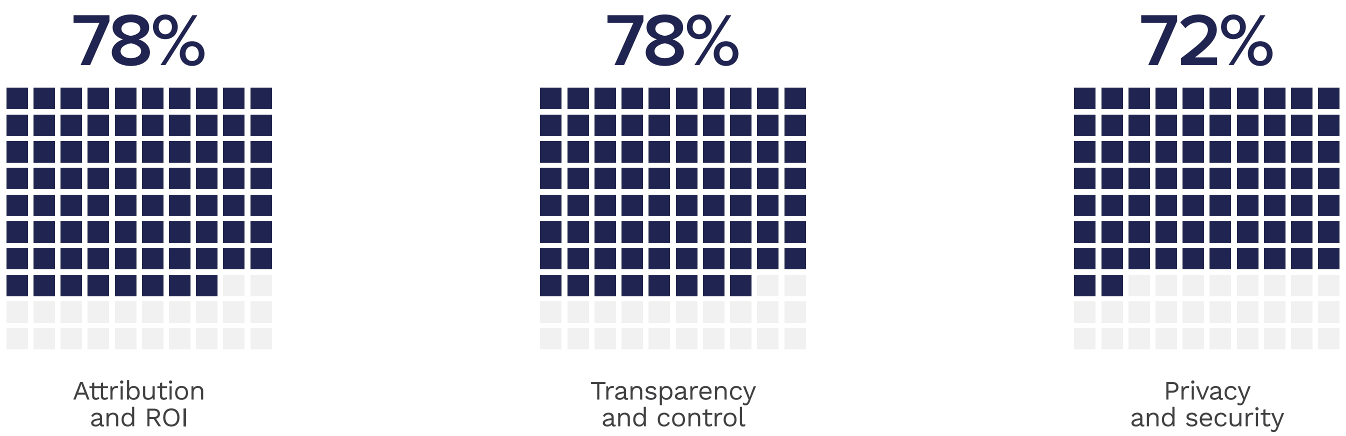
Grouped into broader themes, 78% of merchants cite at least one factor tied to attribution and ROI, 78% cite at least one factor tied to transparency and control, and 72% cite at least one factor tied to privacy and security. Because merchants could select more than one factor, these shares describe how often each theme comes up rather than a total that adds to 100%.

60%

of merchants **want a clear link between the data they share and resulting sales**—the most-cited precondition for sharing.

FIGURE 20:

Preconditions for data sharing, grouped by theme



Source: PYMNTS Intelligence

The Smart Basket Opportunity, July 2026

N = 60 merchants: complete sample; each theme reflects share citing at least one associated factor (multi-select, not summed)

N = 23: e-commerce and retail trade; N = 19: restaurant or food service; N = 18: grocery or supermarket

CONCLUSION

Merchants uniformly like the business case for smart checkout and are committed to building out the function.

The merchant case for smart checkout was never really a question of willingness. Eighty-three percent of merchants are very or extremely interested, 93% would adopt if it became available, and 85% expect it to be a competitive differentiator or standard capability within two years. No merchant segment tested came back lukewarm.

The reason merchants haven't yet adopted the technology lies in how they currently operate. Checkout is their most-used and most-successful promotional channel, and real-time checkout optimization is the single area where they most expect promotional budgets to grow over the next three years. Smart checkout doesn't ask merchants to adopt an unfamiliar channel. It makes the one they already trust intelligent, embedded and automatic. It also fixes what is currently breaking: Two-thirds of merchants say data access still limits execution, most are stuck at mass or segment-level targeting, and a majority carry real friction from paper coupons.

What merchants want most is authorship. Eighty-three percent will participate if they can define the eligible products and the rules. Their guardrails center on protecting margin, proving ROI and keeping the experience on brand. They are also open to granting access to their customer data: Merchants are most willing to share data with payment platforms, ahead of brands, card networks and issuers. Consumers and issuers want smart checkout, and the merchants who run it are ready to build it—on terms they help set.

ACTIONABLE INSIGHTS

01

Merchants ready to move to smart checkout should treat the next two years as a window rather than a deadline. With adoption intent nearly universal but expectations splitting almost evenly between “differentiator” and “standard,” early movers stand to gain a competitive edge that shrinks the longer they wait. Budget conversations should start now, since real-time checkout optimization already tops merchants’ own lists for where promotional spend is headed.

02

Any smart checkout rollout should be sold as a fix for a known limitation, not just a new feature. Even among merchants that rate their own systems as advanced, 65% already say that data access issues limit their personalization efforts. Positioning smarter checkout technology around closing that specific gap, rather than around personalization in the abstract, is likely to resonate faster with merchant decision-makers.

03

Because checkout-integrated promotions are already merchants’ most-used and most-successful channel, partners should frame smart checkout as an upgrade to an existing strength rather than a new initiative competing for attention and budget. The widest gap between what merchants deploy and what works sits in personalized offers, which is exactly the problem smart checkout is built to solve.

04

Partners courting merchant participation should lead with control, not just capability. Guardrails around margin protection, ROI visibility and brand consistency aren’t objections to overcome; they are the terms under which merchants are already prepared to accept the model. Building configuration options around these specific guardrails from Day One will shorten the path from interest to adoption.

05

Payment platforms have a trust advantage worth acting on quickly. With 77% of merchants willing to share their data, these platforms outrank every other partner type merchants were asked about. But that advantage isn’t permanent, and platforms that move first to demonstrate measurable return on shared data—the single precondition merchants cite most—are best positioned to become the default orchestrator as the market matures.

July 2026 Report

THE SMART BASKET OPPORTUNITY

How Merchants Can Capture More Consumer Spending

PYMNTS INTELLIGENCE | FIS

METHODOLOGY

The Smart Basket Opportunity: How Merchants Can Capture More Consumer Spending is based on a survey of 60 merchants across grocery and supermarket, retail, and restaurant and food service businesses. The report examines how merchants currently run promotions and offers, and how ready they are to participate in an embedded smart checkout system. In this approach, the basket is evaluated in real time at the point of sale so that eligible product-level offers, loyalty rewards and brand-funded incentives can be identified, optimized and applied automatically—without requiring the shopper to activate anything in advance. Our sample consisted of merchants whose respondents held leadership or decision-making roles in marketing, sales, operations or merchandising at their organizations. Segment comparisons throughout the report are shown for restaurants, retail and grocery specifically. PYMNTS Intelligence independently designed, fielded, analyzed and wrote this research; FIS provided funding support but exercised no control over the methodology, data collection, findings or conclusions.

THE PYMNTS INTELLIGENCE TEAM THAT PRODUCED THIS REPORT:

Yvonni Markaki, Ph.D.
SVP, Head of PYMNTS Intelligence

Lynnley Browning
Managing Editor

Carson Olshansky
Senior Writer

ABOUT

PYMNTS INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists includes leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues defining the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

FIS is a financial technology company providing solutions to financial institutions and businesses. We unlock financial technology to the world across the money lifecycle underpinning the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients to confidently run, grow, and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses of all sizes adapt to meet the needs of their customers by harnessing where reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit www.fisglobal.com. Follow FIS on LinkedIn, Facebook and X.

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