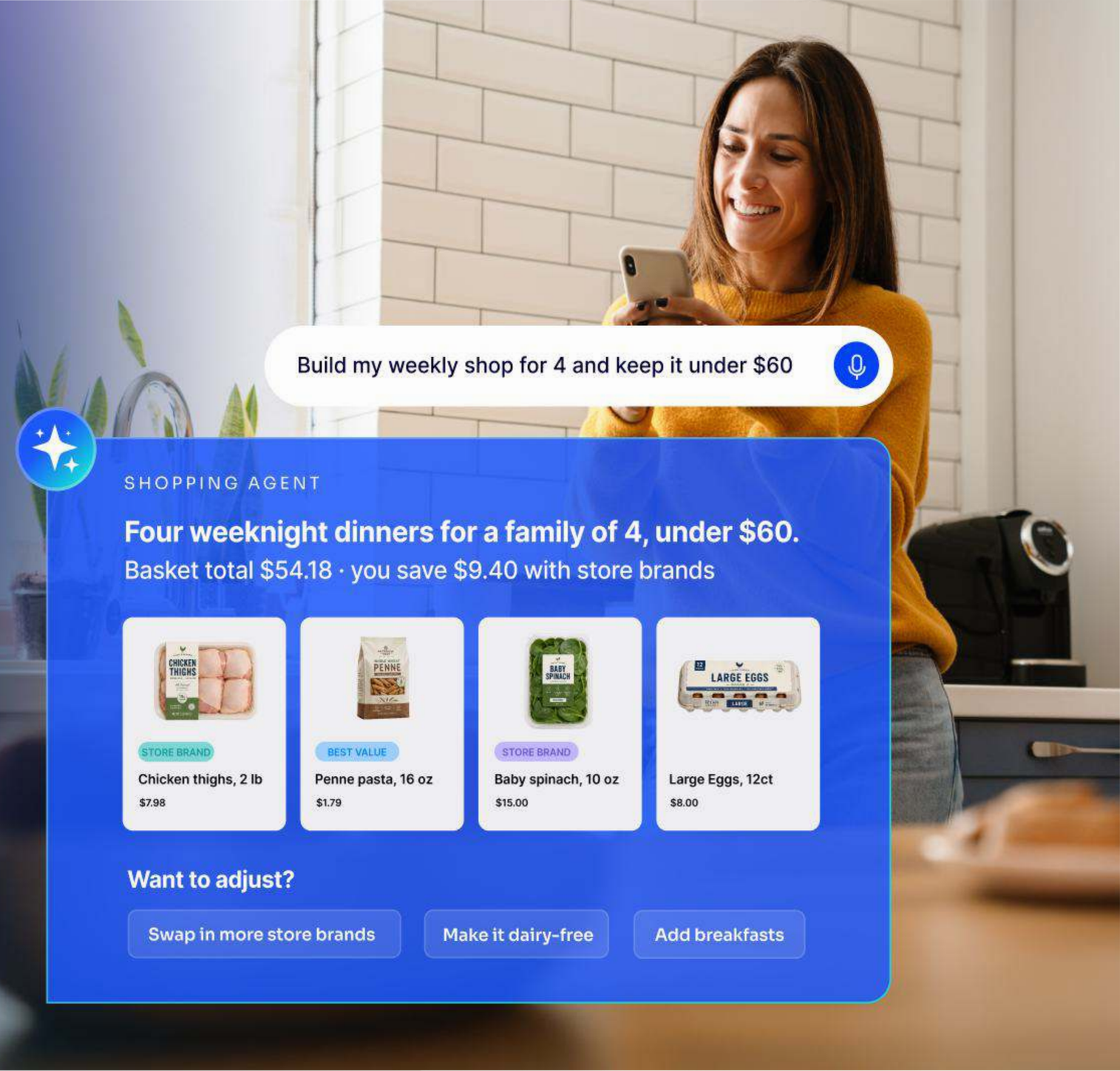
algolia

Using agentic AI for grocery



Summary

Years of ongoing tumult have changed the way people shop online for groceries. As their personal budgets shrink, shoppers compare prices not only across product brands but also across retailers. Forward-thinking grocers can capitalize on these new habits, satisfying their customers by showing them more of what they're looking for.

This eBook explains the concepts and tools you need to understand today's grocery shoppers and meet them where they are, including:

- The newest trends in online grocery buying behavior
- What shoppers want from online search
- How Algolia's globally recognized Search solution aligns with grocer needs
- The increasing importance of private label products, and how to spotlight them to increase your margins
- How AI-powered search can add service and shortcuts to a customer's online shopping journey
- An introduction to Agent Studio, Algolia's application for creating and embedding agentic commerce experiences

Trending tastes

The grocery landscape has been tumultuous for the last few years. This year has seen some stabilization, but amidst high prices and rising inflation shoppers are more budget conscious than ever. Consumer confidence continues to slide. Customer behavior has shifted as individuals' budgets shrink: people are shopping more frequently but building smaller baskets. The growth of online shopping is beginning to decelerate, and there's a marked divide between rural and urban populations in terms of usage.

Customers are now constantly comparing prices not just across brands but also across retailers, and the market share of white label products keeps rising. Promotion penetration has also increased, as households try to stretch their grocery dollars in every way possible. Brand loyalty matters significantly less than price. According to McKinsey's State of Grocery in North America 2026 report, **"value now depends on the connection between pricing, key value items, promotions, loyalty, personalization, and private brands."**

Given those broad changes, AI has the potential to affect the way customers shop for groceries. Grocery brands must both understand and anticipate shoppers at scale. The fastest and most direct way to do both is through Search.

Today's grocery shoppers want the ability to compare options and prices, to describe what they need and ask questions in natural language, so they can quickly and confidently find the right products.

Algolia's AI-powered grocery solution helps grocery retailers deliver accurate and personalized results, instantly. Transform discovery, build baskets, and streamline checkout with search that understands your customers' intent.

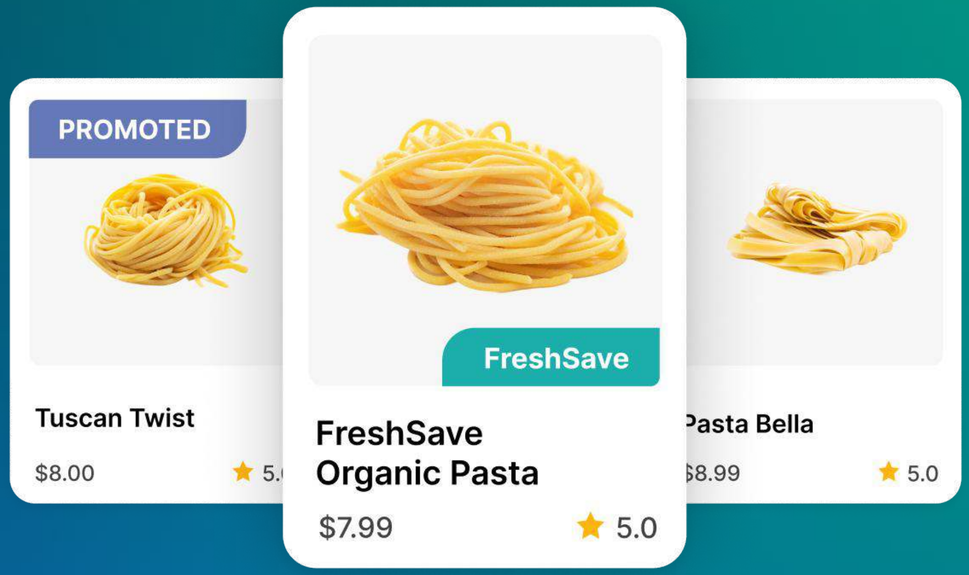
Worldwide search leader

For the third year in a row, Algolia has been named a Leader in the 2026 Gartner Magic Quadrant for Search and Product Discovery. More than 18,000 companies in over 150 countries trust Algolia's future-forward Search and Discovery tools to achieve their business goals while improving the search experience for their customers.

A Total Economic Impact (TEI) survey from Forrester found that Algolia delivered a 213% ROI, with features like:

Search that understands customers

With Algolia's Intelligent AI Ranking, grocery brands can ensure customers find precisely what they're looking for. Helping companies delivering personalized, curated results is Algolia's strength.

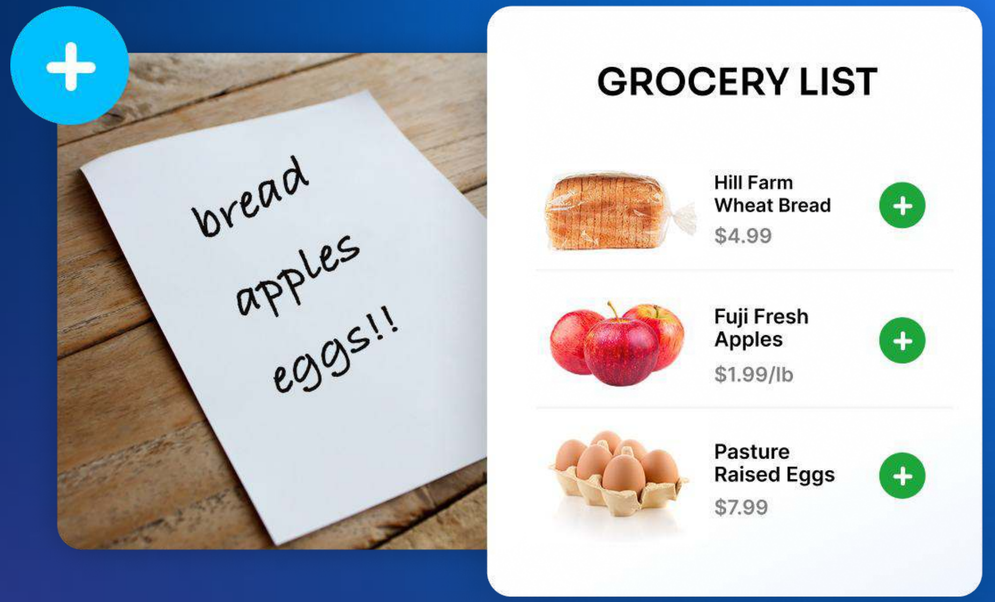


Simple tech integration

We've streamlined the integration process to work with the tools you use every day. Grocers can index their content through our partner APIs and launch within minutes. Algolia works with all the major ecommerce platforms such as Adobe Commerce, BigCommerce, Commercetools, Salesforce's Commerce Cloud, Shopify, and many more.

Build engagement

In these days of value-based shopping, increasing customer engagement is the key to building revenue. With Algolia, customers can populate personalized shopping lists, easily shop seasonal items, and shorten their time to check out with buy-it-again features.



Bigger baskets, better margins

One of the top trends of the year is the significant growth of private label products. Sales continue to surge, increasing almost 3X over 2025 — and the trend isn't just about price.

Previously, sales of private label products would subside as economies stabilized. But since the 2008 recession, customers have grown to appreciate the high quality of private label products. Many shoppers will turn to private labels when trying products for the first time and often see no reason to switch to a higher priced brand.

Around the world, grocery brands are investing in new logos and packaging for their private label products to promote customer awareness in stores. Now they need to deliver the same visibility and presence online.

Shoppers see private label brands as a smart, reliable alternative. Algolia's easy-to-use merchandising solutions allow grocery companies to curate results to highlight appropriate private label and other high-margin alternatives within results. Giving customers the products they need at the best price point builds customer appreciation, drives conversion, and bolsters your bottom line.

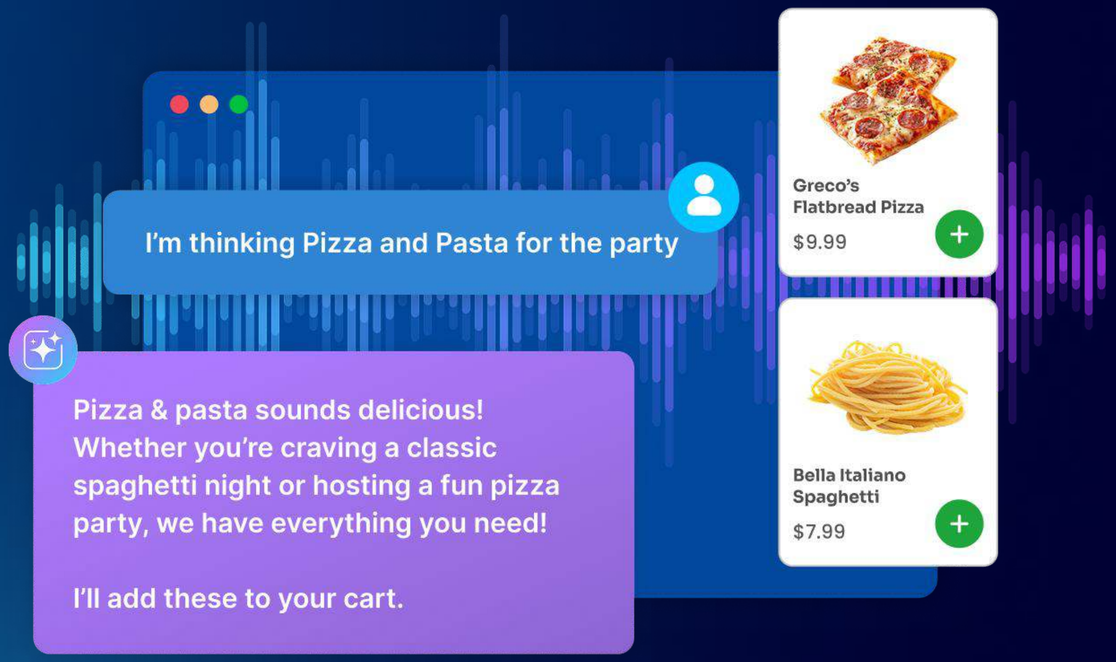
Satisfy shoppers' appetite for service

Today's online grocery shoppers are looking for more than just bargains. They want multi-modal options, from fully online to fully in store, BOPIS, and delivery. They want online discovery that works across multiple channels, including during in-store visits. And they want the personal touch of a local grocer to be replicated online.

Personalized results are vital to conversion and customer loyalty. In fact, more than 70% of online shoppers are actively frustrated when discovery results are not personalized to their specific needs and wants. Algolia's AI-powered discovery makes it possible for customers to do far more than merely find products.

An AI agent is proactive, executing tasks without constant requests for approval. It can suggest and guide a shopper's experience, using the customer's own needs and behaviors, all with real-time inventory awareness of in-stock availability.

Say a customer queries if ground pork or chicken is on sale, then asks for a recipe for the more affordable option. A proactive AI agent can deliver the price points, a resulting recipe for ground pork meatballs, populate a shopping list to support the recipe, and even suggest accompanying side dishes and beverage options.



Discover Agent Studio

As AI changes how shoppers behave online, grocery shopping experiences must become more conversational and contextual. Algolia is the AI intelligence layer powering commerce discovery.

Agent Studio is Algolia's application for creating, perfecting, and embedding agentic commerce experiences. Built on Algolia's search, retrieval, and MCP foundation, Agent Studio offers templates, connectors, and an SDK (Software Development Kit) that allows grocery brands to introduce agentic commerce experiences wherever shoppers might want a little guidance with their choices, whether that's in a search bar, on a product page, or within fitment flows.

Algolia customers already have the foundation in place. Agent Studio's MCP capabilities make your data accessible and usable by AI, so your branded agents can recognize shopper intent, retrieve the most contextually relevant products, and guide customers to make confident product decisions.

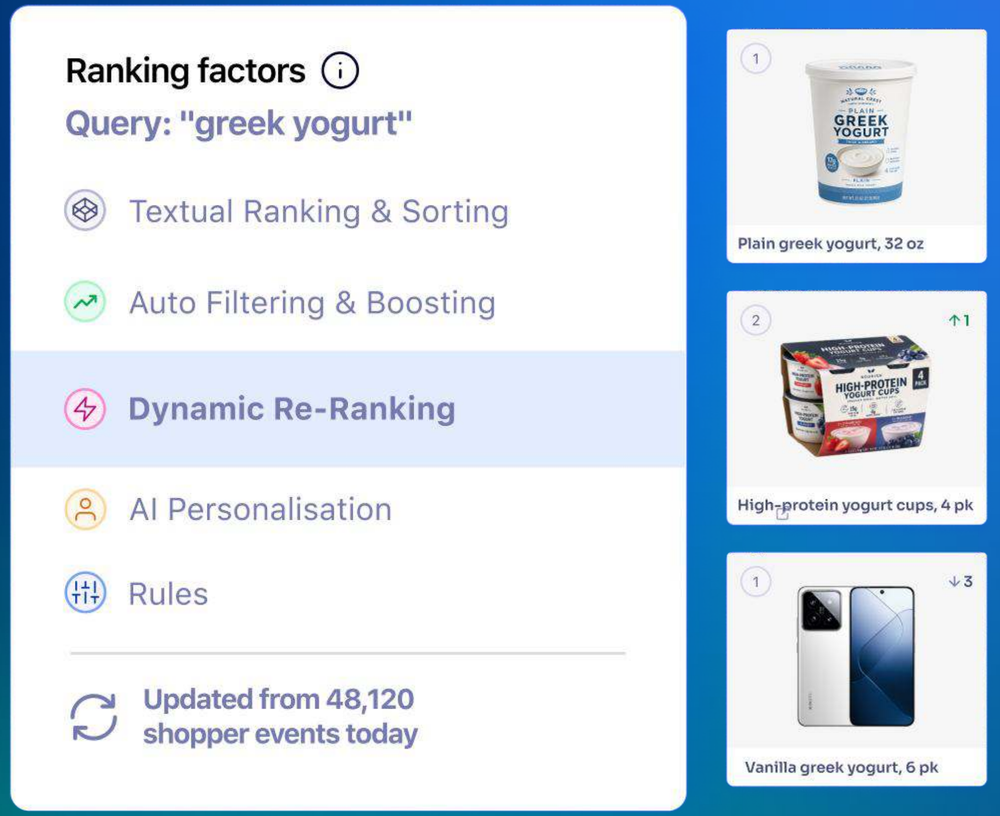
With Agent Studio, grocery brands can build, test, and launch their own AI agents in a matter of days, while adding strict guardrails and cost controls. You maintain complete control of your data, LLMs, and permissions. A safe and secure virtual sandbox means grocers can test and modify functions such as:

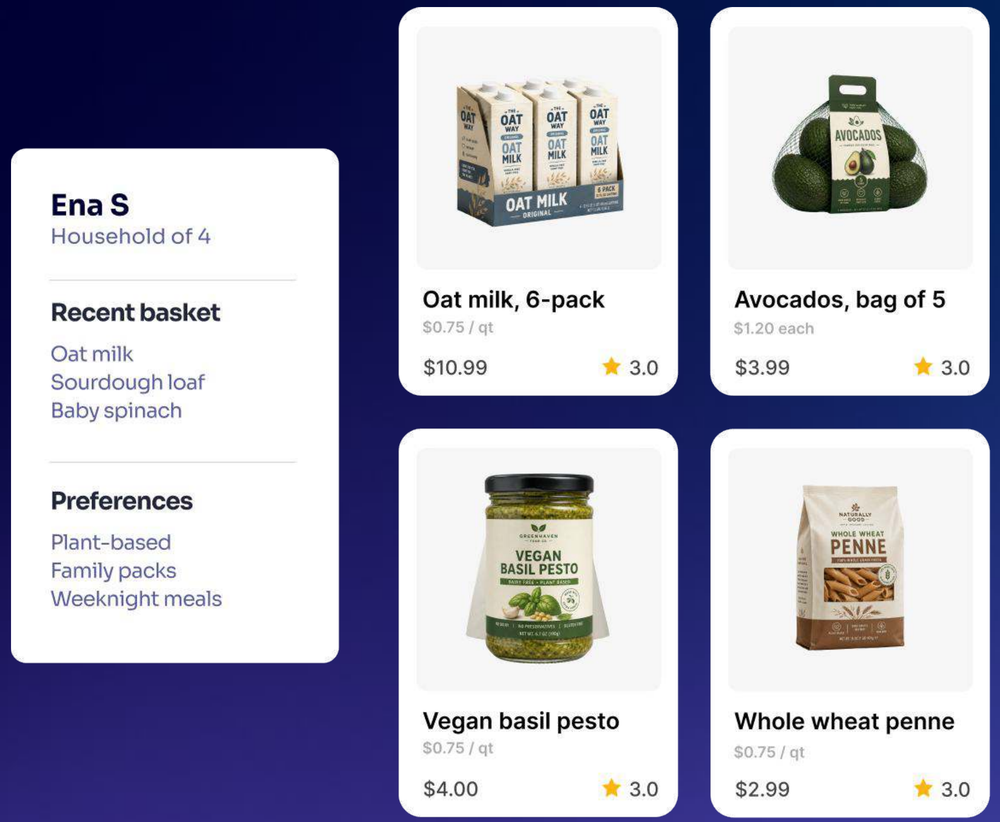
AI Ranking

Save time and increase conversion with search results that continuously adjust accord to your customers' choices

Analytics

Transform product performance, decrease null results, and improve search relevance with real-time changes based on customer behavior, all through an accessible dashboard





Personalization

Assign granular weights to business goals and user behaviors and affinities to amass a personal history which will guide individual choices for every shopper

Recommendations

Make behavioral cues and previous interactions actionable, guiding shoppers even in the absence of direct questions

Rules

Establish rules to fine-tune Search and Discovery relevance, with or without specific queries

The flavor of success

In comparison to recent years, the first half of 2026 has seen the global grocery market stabilize somewhat. However, given ongoing social-political tensions and their potential to impact the supply chain while increasing inflation, most grocery CEOs still see margins and COGS as their top concerns.

Grocery brands can rely on Algolia's award-winning search and product discovery to increase conversions and build revenue, all while giving shoppers the information they need to make confident product decisions.

Algolia's AI-driven Search and Discovery saves significant time and developer effort, so grocery brands can concentrate on delivering the best, most accurate, personalized customer experiences. Agent Studio lets grocers turn their own commerce data into guided AI-powered discovery experiences that parses customer intent. Grocers from all around the world trust our expertise to drive Search and Discovery.

Feed your grocery customers' need for personalized and relevant search results.

Schedule a demo today