

Steve's AI

Learning & Development Services

Retail & AI Practice

Australian AI commerce: Agentic shopping calls for human trust

How Australian retailers can prepare for AI-led discovery while protecting loyalty, human recommendation and customer confidence.

by Stephen Fahey

with AI-assisted research synthesis



A message from Stephen Fahey

Stephen Fahey - voice note, lightly edited for clarity

Welcome to this report. This report is subject to ongoing research, where today I am starting to research the AI commerce market. This report really is intended for bigger and medium-sized brands in Australia, although you can pick up some really good human-AI insights from the report.

My hope is that my research explores how agentic AI can be leveraged across human thinking. I am interested not only in what AI can automate, but in how organisations can use AI while still keeping human judgement, trust and recommendation inside the customer journey.

We know the Australian market is changing. The McKinsey research enclosed in this report shows that people are still turning towards peer recommendations and community feedback, while loyalty programmes are also influencing how people shop. That creates an interesting balance between human recommendation, loyalty and AI.

This is part of the confusion and dilemma that organisations, particularly retailers in Australia, face today. AI may increasingly influence what consumers see and compare, but the human reasons why somebody trusts a brand, recommends it or continues to buy from it do not suddenly disappear. This is where I think the research becomes more profound.

About the research

AI-assisted research synthesis

This is an ongoing research report rather than a finished market study. Stephen Fahey's commentary above comes directly from his spoken notes. The remaining sections use AI to organise evidence, compare market signals and develop the working framework. The distinction is deliberate: the commercial questions and point of view remain human, while AI is used as a research and synthesis tool.

The report is aimed primarily at medium-sized and larger Australian retailers, founders and senior leaders. It does not claim access to internal systems, data architecture or confidential commercial information. Where the research scores a company, it is an outside-in assessment based on publicly observable evidence and should be treated as a working hypothesis.

Drivers of change in Australian AI commerce

Research synthesis

The starting point for this research came from a live market signal. A Product Manager role in Sydney is being advertised around AI Commerce and Agentic Experiences for a large Australian retail and ecommerce organisation. The organisation is not simply looking to add AI features to an existing website. The role describes conversational commerce, autonomous agents and new shopping experiences that extend beyond traditional websites and mobile apps.

The remit covers product discovery, comparison, purchasing and customer support through AI assistants. It also expects the product leader to work across Engineering, Data, Design, Merchandising and Marketing while delivering outcomes in acquisition, revenue growth and service efficiency. This suggests that AI commerce is moving from experimental technology into a funded commercial operating model.

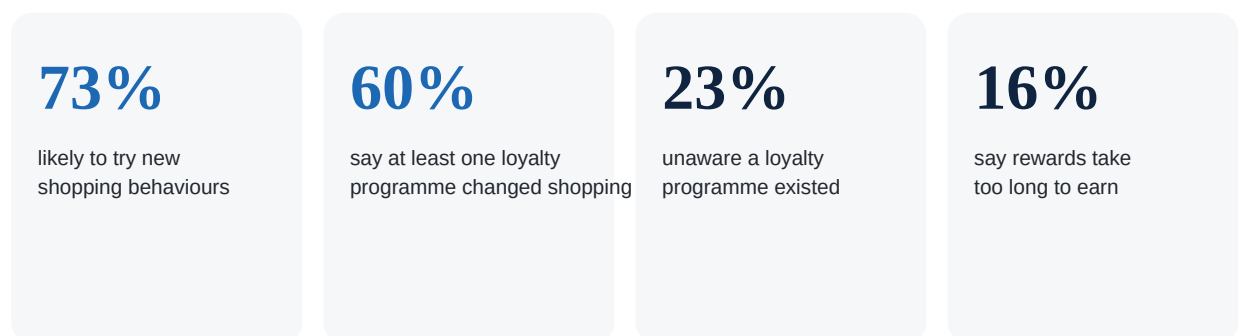
Shopping may begin somewhere else

Retailers have spent years improving websites, apps, paid search and digital funnels. Those channels remain important, but agentic AI introduces another possible starting point. A shopper may increasingly begin by asking an AI assistant to find a product, compare options, identify the best value and explain why one choice may be better than another.

The retailer may therefore enter the customer journey after an AI system has already reduced the market to a smaller group of options. The strategic question changes from “can customers find us?” to “can an AI system understand us well enough to surface and recommend us accurately?” That includes product information, price, availability, reviews, loyalty value and the technical ability to interact with new AI-led buying environments.

Exhibit 1

Australian consumers are changing shopping behaviour while demanding clearer loyalty value.



Source: McKinsey & Company, Australian consumer loyalty: Rapid change calls for rapid solutions, May 2026. The 73 percent figure comes from McKinsey's December 2025 Asia-Pacific Consumer Sentiment Survey; the remaining figures come from the Australian Consumer Loyalty Survey.

Loyalty is powerful, but the customer is more selective

McKinsey's 2026 Australian Consumer Loyalty Survey found that loyalty programmes continue to influence real behaviour. Six in ten Australians said membership in at least one programme had changed how they shop, whether through greater purchase frequency, choosing the brand more often or recommending it to others. Grocery programmes influence around 60 percent of their members, while airline programmes influence roughly 70 percent.

The strongest programmes appear to generate much greater commercial value. Members of top-quartile programmes were roughly twice as likely to increase purchase frequency and 79 percent more likely to recommend a brand than members of weaker programmes. Yet customers are becoming more demanding about what those programmes offer. Success is shifting away from enrolment alone and towards relevance, recognition and visible everyday value.

Human recommendation remains inside the decision

At the same time, customer trust is changing. McKinsey reports that more than half of Australian consumers now look for deals on every purchase and that Australians increasingly rely on peer recommendations and community feedback rather than traditional brand marketing. This matters because it would be easy to assume that AI commerce makes the human part of recommendation less important.

The opposite may happen. AI systems can reduce the number of options a consumer needs to consider, but reviews, community opinion, personal recommendation and brand reputation still help explain why one option deserves trust over another. The future of retail may therefore be shaped by machine discovery and human validation operating together rather than one simply replacing the other.

The loyalty problem is increasingly about visibility

One of the most useful findings in the McKinsey research is that loyalty problems are not always caused by weak rewards. Nearly a quarter of customers who shopped with a brand but did not participate in its loyalty programme said they did not know the programme existed. Another 16 percent said it took too long to earn rewards. In agentic commerce, the same visibility problem could move into the AI layer.

A retailer may have a strong member price, free delivery benefit or accumulated reward balance, but if an AI assistant cannot understand and surface that value during the decision process, the programme may have less influence at the moment it matters most. Retailers may therefore need to consider not only how loyalty works inside their own app, but how it remains visible in external AI decision environments.

AI creates a new loyalty question

Consider a customer who has shopped with the same retailer for several years and has accumulated rewards, preferences and purchase history. If that customer begins a future shopping journey through an AI assistant, does the assistant understand the value of that relationship? Can it recognise that the customer has a reward available, that member delivery is free or that a product carries additional loyalty value?

If the answer is no, the retailer may have built a valuable customer relationship that becomes less visible inside the new decision environment. The strategic challenge is therefore not only personalisation within the retailer's own app or website. It is also about how loyalty remains relevant when another intelligent system increasingly sits between the customer and the brand.

Ecosystems may become more important

McKinsey's research also shows a movement towards broader loyalty ecosystems. Australian consumers are showing greater interest in programmes that allow them to earn and redeem rewards across partners and categories. The report describes a move away from narrow coalition models towards wider connected ecosystems that offer everyday relevance and convenience.

This matters for AI commerce because agents are naturally suited to compare across services rather than remain inside a single brand environment. A customer may ask an agent to optimise across price, rewards, delivery, existing memberships and personal preferences. The retailer that can make those benefits understandable and accessible across wider decision systems may hold an advantage over a competitor whose value remains locked inside its own website or app.

From loyalty programmes to AI decision environments

McKinsey argues that agentic commerce could radically reshape the shopping experience. Organisations may need to understand the data foundations and decision logic used by AI agents while still preserving the emotional and brand-led experiences that build trust. That statement sits at the centre of this research.

Retailers may become technically ready for AI without becoming commercially ready for AI commerce. They may have strong customer databases, product information and loyalty platforms but still lack a clear way of connecting those assets into AI-led discovery and decision-making. The challenge may therefore be less about acquiring more data and more about orchestrating existing assets in a form that both customers and AI systems can use.

Building an Australian AI Commerce Readiness Scorecard

To explore this problem, Steve's AI Workshop is developing an Australian AI Commerce Readiness Scorecard. The current model looks at five areas: AI discoverability, customer and product data readiness, human trust and recommendation, the AI shopping experience, and loyalty integration.

The scorecard is designed as an outside-in research tool. It does not claim to understand internal systems, data architecture or governance that cannot be seen publicly. Instead, it asks a simpler question: from the outside, how prepared does a retailer appear for a shopping environment where AI may increasingly influence discovery, comparison and purchasing?

The purpose is not to produce a league table for attention. The score is intended to generate better strategic questions and identify areas that may justify deeper research or consulting work. A paid diagnostic would need to examine the internal data, operating model, governance and workforce capability that public research cannot verify.

Exhibit 2

Cotton On Group: first experimental outside-in assessment.



78 / 100

Prototype outside-in readiness score

Source: Steve's AI Workshop research prototype, 7 September 2026. This score uses publicly observable evidence and is not an internal technology audit.

Cotton On became the first retailer used to test the framework. The early result is interesting because the company does not appear to lack digital ingredients. It already has visible product information, reviews, loyalty infrastructure, customer accounts and forms of personalisation. The weaker area in the first test is the visible AI shopping experience.

This leads to an early working hypothesis: Australian retailers may not have an AI-data problem. They may have an AI-commerce orchestration problem.

Human capability remains part of the system

AI commerce is often described as a technology problem, but the live recruitment signal suggests it is also an organisational problem. The role that triggered this research requires collaboration across engineering, data, design, merchandising and marketing. That means the technology will only work commercially if different parts of the organisation understand how their decisions connect.

This is where the human-AI part of the research becomes important. Employees will still need to decide which customer problems matter, which information an agent should use, where human intervention is necessary, what constitutes a trusted recommendation and how customers should understand the role AI is playing. The stronger system is unlikely to remove human thinking. It will redesign where human thinking creates the most value.

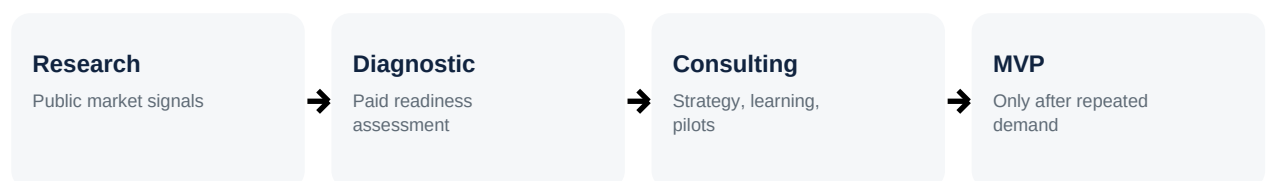
From research to commercial application

This project is deliberately starting as research rather than software. The first commercial opportunity may be a deeper AI Commerce Readiness Diagnostic for Australian retailers. An outside-in assessment could begin the conversation, while a paid internal diagnostic would examine areas that public research cannot see, including data quality, operating capability, governance and workforce readiness.

That work could then lead into consulting around AI adoption, product strategy, customer experience and workforce learning. Only when several organisations repeatedly demonstrate the same problem should the methodology be converted into a software product. That order matters because AI has made software easier to build, but it has not made customer demand automatic.

Exhibit 3

The commercial pathway keeps research ahead of software.



The proposed pathway is intentionally conservative. The first objective is to validate the commercial problem through evidence and paid work before funding a larger technology build.

Looking ahead: what the research needs to test

The next stage is to apply the scorecard across a wider range of Australian retailers and look for repeated patterns. Some organisations may have strong loyalty programmes but weak AI discoverability. Others may be technically advanced but lack the human trust signals that influence purchase decisions. Some may possess strong data and personalisation but have difficulty connecting those capabilities outside their own digital channels.

What to remember

Australian retail is moving into a period where AI may influence not only how products are marketed but how choices are made. Loyalty will still matter. Human recommendation will still matter. Brand trust will still matter. What changes is the environment in which those signals compete.

The retailers that adapt well may be those that make their products, value and trust signals easy for both people and AI systems to understand. This will require technical foundations, but it will also require clear product information, visible customer value, strong trust signals and people who can supervise and improve the system.

**The central question behind this research is therefore simple:
when an AI agent increasingly helps a customer decide what to
buy, what has to be true for that agent to choose your brand?**

That is the question this research will continue to explore. Future versions will test the readiness framework across more Australian retailers, separate observed evidence from inference more rigorously, and examine which problems buyers are willing to pay to solve.

Primary research sources

McKinsey & Company. Amanda Winchester, Joseph Tesvic, Ella Nokes and Reagan Klemmt. Australian consumer loyalty: Rapid change calls for rapid solutions. May 2026. Australian Consumer Loyalty Survey, n = 1,700.

The Onset. Product Manager - AI Commerce & Agentic Experiences, Sydney. Job posting reviewed 7 September 2026. The role describes an enterprise-scale AI commerce and agentic product portfolio for a major Australian retailer.

Steve's AI Workshop. Australian AI Commerce Readiness Scorecard, version 0.1, and Cotton On Group outside-in prototype assessment, 7 September 2026.

About Stephen Fahey

Stephen Fahey develops human-centred AI research, learning frameworks and experimental consulting products through Steve's AI Learning & Development Services. Steve's AI Workshop is a living portfolio where research is tested in public before stronger ideas move into paid diagnostics, consulting work or software.

This report is an experimental research publication. It should not be read as financial advice, an internal technology audit or a claim about confidential retailer systems.