Power Retail

2026 THE FUTURE OF ECOMMERCE

REFLECTING, RECALIBRATING, AND REIMAGINING RETAIL

SPONSORED BY

DOORDASH

YOUR DOOR TO MORE

30% OFF
YOUR FIRST ORDER*

DOORDASH

*T&CS APPLY

FOREWORD & RECOGNITION








Welcome to The Future of Ecommerce 2026: Reflecting, Recalibrating, and Reimagining Retail.

Brought to you by DoorDash, this year's edition marks a milestone for Power Retail's annual predictions and insights series, for the first time, we're looking both forward and back. As the ecommerce landscape matures, it's no longer enough to simply predict what's next. Understanding how the past year's forecasts have played out is now essential to navigating what comes next with clarity and confidence.

In 2025, our contributors forecasted the rise of contextual commerce, the acceleration of AI-driven personalisation, and a rebalancing between physical and digital retail. Many of those predictions proved true. AI has rapidly evolved from a buzzword to a business essential, while loyalty and profitability have become the twin anchors of strategic decision-making. Other forecasts surprised us, reminding the industry that retail's transformation is never linear.

The Future of Ecommerce 2026 brings together returning experts and new voices from across the retail ecosystem to unpack what's changed, what hasn't, and what's about to reshape the industry once again. Across payments, marketplaces, AI, data, and workforce transformation, this report offers not just predictions but reflections, an honest look at where the industry stands and where it's heading next.

Thank you to all of our contributors for their insights and partnership.

2025 IN REVIEW

WHAT WE GOT RIGHT (AND WHAT SURPRISED US)

ROSALEA CATTERSON, POWER RETAIL EDITOR

2025 was a year of recalibration. After several volatile years defined by rapid digital acceleration, shifting consumer confidence, and economic pressure, retailers entered 2025 seeking stability, and in many ways, found it.

At the start of the year, our contributors predicted a shift toward contextual commerce, the operationalisation of AI, and a more discerning, value-driven consumer. Those forecasts weren't far off. AI adoption has become almost universal, with retailers embedding automation across marketing, fulfilment, and customer engagement. "Scroll-based commerce" gave way to conversational and goal-oriented discovery, reshaping how shoppers interact with brands online. Meanwhile, loyalty programs continued to expand, but with growing emphasis on genuine value exchange rather than point-chasing, creating a trend that's likely to define the next evolution of customer retention.

Ecommerce in 2025 became less about standalone online stores and more about integrated, omnichannel experiences. Shoppers no longer distinguish between digital and physical. They expect every touchpoint to work together, from mobile apps and marketplaces to brick-and-mortar stores.

Retailers that connected these dots, using real-time inventory, personalised recommendations, and flexible fulfilment options, turned transactions into cohesive journeys. The year highlighted that success in modern commerce isn't just about selling online; it's about orchestrating an ecosystem where every channel amplifies the others.

However, the long-anticipated resurgence of physical retail has been slower than many expected. While flagship stores and experiential activations drew strong results for leading brands, expansion across broader networks remained limited, constrained by high operational costs and subdued discretionary spending. Similarly, despite mounting pressure for sustainability and transparency, many retailers delayed investment in these areas, choosing short-term profitability over long-term transformation.

Loyalty engagement surged in 2025, but only when programs delivered clear benefits. Consumers became more selective, favouring loyalty ecosystems that offered flexibility, instant rewards, and ethical alignment. The biggest surprise? Sustainability-linked rewards remained a low priority for members, reaffirming that Australians still value savings over symbolism when times are tough.

2025 reinforced an important truth: retail resilience lies in adaptability. The most successful businesses weren't necessarily the biggest or the boldest, but they were the ones that could pivot quickly, integrate new technology with purpose, and communicate value authentically.

As we step into 2026, retailers face a familiar mix of challenge and opportunity. The tools are here. The technology is mature. The question now is execution: who will translate capability into creativity, and prediction into performance?

TOP RETAIL NEWS STORIES OF 2025

DOMESTIC MARKETPLACES COLLAPSE

In November, mounting pressure from global rivals and changing consumer patterns resulted in Ozsale ending its 20-year reign as one of Australia's first discount marketplaces, announcing its closure. Earlier in the year, Catch, another longstanding online retailer, announced it would wind down its standalone operations and fold its infrastructure into Kmart and other Wesfarmers divisions, citing unsustainable losses. Meanwhile, Woolworths revealed that it would shutter the MyDeal customer site, as part of a broader strategy to consolidate its marketplace business into its BIG W and Everyday Market platforms, a pivot driven by intense competition and the economics favoring marketplaces integrated with retail brands. Collectively, these closures highlight a broader industry trend: domestic marketplaces are increasingly struggling to compete on scale, margin, and profitability in a market dominated by international players.

TARIFFS DISRUPTION

This year saw major upheaval for Australian ecommerce as US tariff reforms triggered widespread disruption. The removal of America's "de minimis" threshold (which previously exempted parcels under US$800 from duties) forced Australia Post to temporarily suspend most parcel services to the US in late August, dealing a blow to exporters and small sellers. Throughout the year, many Australian online retailers reported sharp cost pressures: previously duty-free goods are now subject to an automatic baseline 10% tariff, eroding margins and increasing shipping complexity, with many retailers reporting the disruption to their results.

ADORE BEAUTY GETS PHYSICAL

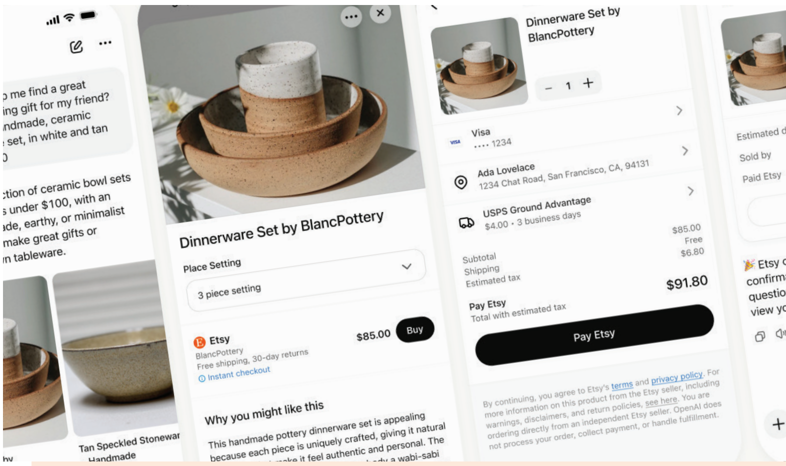
This year, Adore Beauty made a bold leap from its long-standing digital roots into physical retail. Throughout the year, the retailer has grown its network to seven stores across its brands and reported plans to open 12–14 more stores in FY26, and ultimately more than 25 across Australia by 2027. Across FY25, this omnichannel pivot translated into strong financials. Adore Beauty reported a record EBITDA of $8.1 million (up nearly 68%t year-on-year) and marked improvements in gross margin. This rapid success reflects a broader industry trend, with retailers increasingly focused on creating seamless omnichannel experiences that integrate online and in-store interactions to drive growth and customer loyalty.

AI CHANGES DISCOVERY

This year has been a pivotal moment for AI in retail, with generative models stepping off the sidelines and into the very heart of commerce. OpenAI's Instant Checkout rollout in ChatGPT lets users in the U.S. buy directly from Etsy (and soon Shopify) without leaving the chat interface. At the same time, AI is dramatically reshaping how consumers discover products: with conversational agents like ChatGPT, Gemini, and Perplexity, traditional search boxes are giving way to natural-language discovery.

AMAZON AND TEMU BATTLE IT OUT

2025 solidified the dominance of global ecommerce giants in Australia, with Temu and Amazon leading a new era of ultra-low-cost shopping. Temu's Local Seller Program now invites Australian businesses to list directly on its platform, giving local merchants access to millions of bargain-hungry consumers, backed by rapid user growth (Temu saw a 72 percent year-over-year rise in unique visitors) and quick delivery via local Australian warehouses. Meanwhile, Amazon struck back by launching Amazon Haul, a mobile-only discount storefront in Australia featuring hundreds of thousands of items under $25. Amazon positions Haul as a trusted, homegrown alternative to ultra-cheap platforms, leaning on its established fulfillment infrastructure to promise better reliability than its rivals.



ECOMMERCE RECORDS BROKEN IN Q1FY26

Despite cost of living pressures, this year has seen a surge in the ecommerce landscape, driven largely by the growing significance of major sales events. 75 % of consumers admitted they hold out for deals and over half are planning their purchases around anchor events like Black Friday. Black Friday–Cyber Monday weekend alone reached $6.8 billion, up 4 % on the prior year, with more than six million Australians participating, and these figures don't include what was essentially an entire month of sales activity leading up to the event. Together, these insights illustrate how sales-driven moments have become much more than just promotional bursts; they're now central to how consumers plan, spend and engage with brands.

2026 PREDICTIONS

2025 PREDICTION REVIEW

Power Retail says:

Greg argued that omnichannel was out and “contextual commerce” was in, and 2025 validated that mindset, even if the execution lagged. While true contextual commerce (personalisation at every touchpoint) remains aspirational, retailers made real progress integrating POS and OMS systems, unifying data across physical and digital stores. Social and creator-led commerce also gained traction, though mostly among younger demographics and lifestyle categories. The tech foundations are finally aligning, but many retailers still face legacy barriers that limit full contextual execution.

GREG MERRILL
CEO Advisor & Board Member

Greg is currently an advisor, executive, and board member. His 20+ year journey has taken him from the health and fitness industry to 3x company founder, to corporate executive at Nike, to now advising executives and boards on company growth and transformation.

REFLECTIONS ON 2025 PREDICTIONS

My 2025 predictions emphasized a shift toward contextual commerce, the rise of social and mobile shopping, and what I believed would be a narrowing gap between consumer expectations and retailer capability. What 2025 delivered, however, told a more complex story. On tariffs, the disruption was far more dramatic than anyone predicted. U.S. import cargo volumes for 2025 are projected to be down more than 5% compared to 2024 amid escalating tariff rounds, and estimates suggest the new tariffs alone could raise consumer prices by around 2.1% in the short run, with apparel prices jumping roughly 17% in certain regions. On social and mobile commerce, my predictions proved accurate, perhaps understated. Mobile commerce now represents nearly 59% of global ecommerce sales (roughly US$4 trillion), and social commerce in the U.S. has surged toward $115 billion in 2025. TikTok Shop, Instagram Checkout, and WhatsApp-based shopping have all helped turn discovery into purchase within seconds. But the biggest deviation from my predictions in 2025 has been the widening gap between what consumers expect and what retailers can deliver, especially as AI reshapes behavior and benchmarks. While 45% of retailers report using generative AI for customer experience, only about 23% are deploying it effectively at scale and across workflows. Expectations continue to grow faster than execution. The future I described is happening—but not evenly, and not without new headwinds.

2026 PREDICTIONS

When I wrote last year that retailers were building "Frankenstacks," I meant it as both warning and prophecy. The industry's decade-long chase for omnichannel harmony has been replaced by a scramble to bolt on AI—risking a repeat of the same fragmented mess, just at a higher level of complexity. 2026 will be the year we start to fix that.

THE AI INFRASTRUCTURE RECKONING

After a year of generative experimentation, most retail organizations are now realizing that layering AI on top of disconnected systems doesn't scale. The explosion of one-off tools for marketing, forecasting, and customer service has created a new form of chaos—an AI Frankenstack. According to Gartner, 75% of enterprises will move from AI pilots to full-scale operations by 2026, yet fewer than half will have unified governance or interoperability frameworks in place. Meanwhile, new infrastructure standards like the Model Context Protocol (MCP) and Agent-to-Agent (A2A) communication protocols

are emerging to solve this fragmentation, making AI systems composable and interoperable by design. Retailers will be forced to choose; build seamless, coherent, and connected AI infrastructure, or drown in a swirl of disconnected algorithms. The winners will treat infrastructure as critical foundation, not an afterthought.

SCATTERED SUPPLY CHAINS

Tariffs, inflation, and geopolitical volatility are reshaping the map of global commerce.

The WTO projects global merchandise trade growth of just 0.5% in 2026, while regional markets like Latin America (+8.2% manufacturing exports) and Africa (+14% intra- regional trade) are accelerating. The “China-Plus-One” era has matured into a more fluid, multipolar landscape, “Everywhere-Plus-One.”

Brands are rediscovering the value of proximity: sourcing closer to demand, adapting product mixes to regional tastes, and designing logistics networks for resilience, not just efficiency. Retailers that localize their value chains by combining nearshoring with localized fulfillment and agile pricing will thrive. Those that cling to rigid, globalized structures will find themselves priced out or boxed in.

DATA-DRIVEN RETAIL RESILIENCE

2026 will mark a decisive shift from intuition-based retailing to intelligence-driven retailing. The next wave of performance improvement won’t come from more data, but from better data. Retailers that integrate external data streams like weather, macro- economic indicators, social sentiment, and location signals, into their demand models are already seeing results. Deloitte reports that brands using external data improve forecast accuracy by 35% and reduce markdowns by 25%.

IDC projects that over 60% of retail AI investments will focus on demand-sensing and dynamic-pricing models powered by these inputs. Companies like AccuWeather, with specialized datasets and robust predictive models, will increasingly become the fuel behind this transformation.

Their APIs are already powering AI systems that anticipate demand swings, inform inventory deployment, and fine-tune promotions based on real-world conditions. In 2026, these kinds of data partnerships will become competitive differentiators, turning contextual signals into commercial value.

THE TIE THAT BINDS

Infrastructure is the connective tissue across all three themes; AI interoperability, regional diversification, and data-driven intelligence. The most adaptive retailers will operate digital-first, real-time, and hyper-local: stores as micro-hubs, data as shared context, AI as connective tissue. The convergence of smarter infrastructure, regional agility, and granular data will define the next era of commerce. 2026 won’t be about more technology; it’ll be about better alignment between technology, geography, and human behavior.

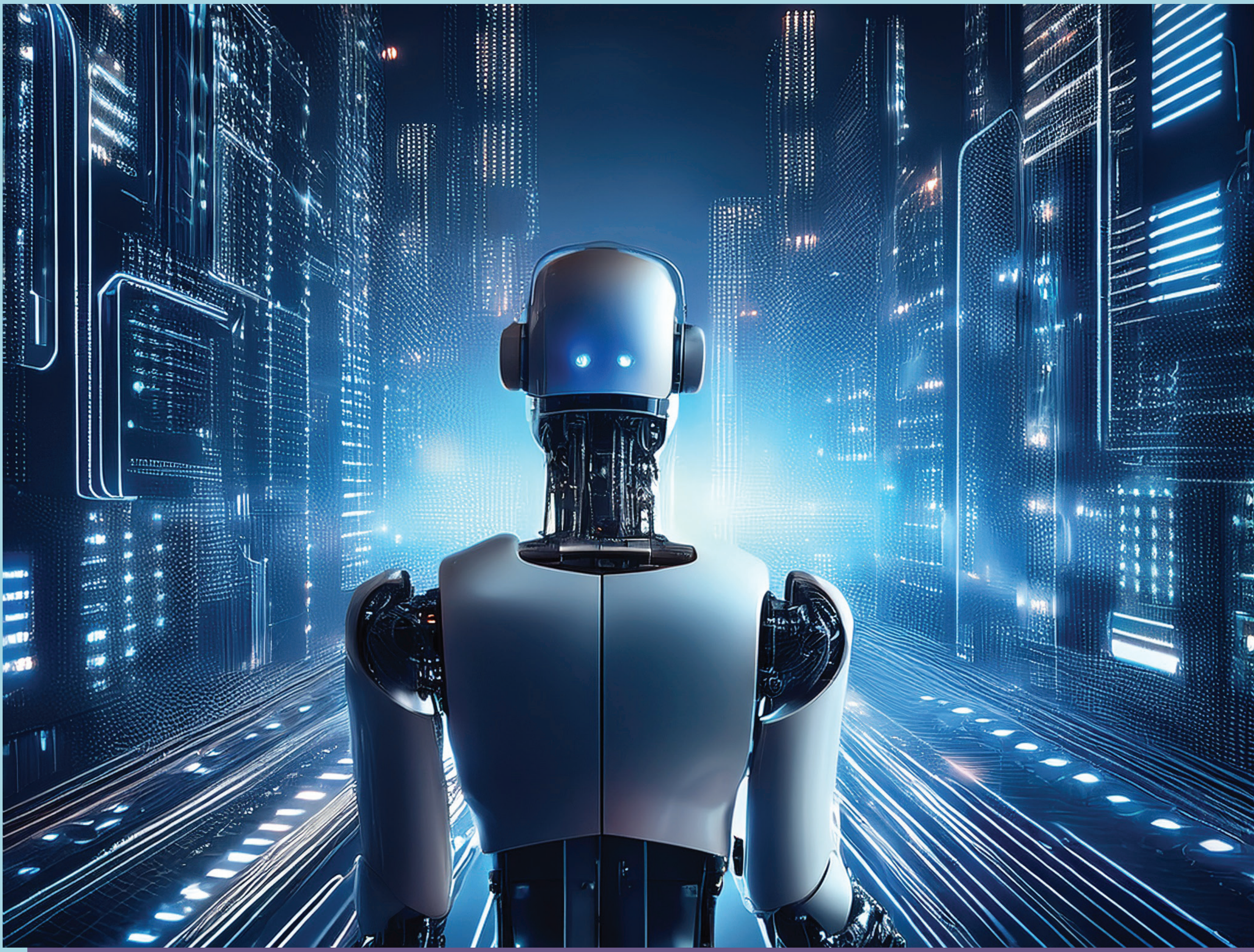
CARLA PENN-KAHN
Co-Founder & CEO
Profit Peak

Carla is an ecommerce professional who has spent over a decade bootstrapping and scaling multiple ecommerce brands, successfully leading them to exit. Currently, she is the Co-Founder and CEO of ProfitPeak, an agentic profit optimisation platform for Shopify brands and retailers.

2025 PREDICTION REVIEW

Power Retail says:

Carla forecasted that 2025 would be the year retailers reoriented around profit rather than pure revenue and she was right. After years of inflated acquisition costs and shrinking margins, retailers refocused on efficiency and retention. Physical retail expansion remained selective, but hybrid pop-ups and brand activations gained traction as more measurable ways to drive awareness and reduce CAC. The “profit as a North Star” mindset has clearly taken hold and it’s reshaping how performance is defined.



REFLECTIONS

In 2025, I predicted that more online brands would open physical retail stores to reduce customer acquisition costs (CAC) and build brand awareness. That has certainly proven true. We've seen brands such as Arms of Eve, Billini, LSKD, July and Proud Poppy expand their retail footprints significantly throughout the year. Their success highlights a growing trend: digital-first brands realising the power of physical experiences in driving both conversion and loyalty.

PREDICTIONS

Looking ahead to 2026, I believe the next great shift in ecommerce will come from AI-driven efficiency. Artificial intelligence won't replace people – it will amplify them. The winners will be those who use AI to make every member of their team more effective, strategic and profit-focused.

AI-ENHANCED DECISION-MAKING WILL REDEFINE PRODUCTIVITY

Across roles, we'll see teams able to achieve more within the same timeframe. Inventory planners will buy at greater speed and accuracy, driven by demand signals originating from the very top of the funnel. Rather than reacting to sales data, planners will anticipate it – aligning stock positions with predicted intent and reducing both waste and missed opportunity.

PROFIT, NOT JUST REVENUE, WILL BECOME THE CORE OPTIMISATION METRIC.

Media buyers will no longer chase impressions or short-term top-line growth. Instead, they will optimise in real time for profit, supported by AI systems that continuously adjust spend based on margin, conversion, and customer lifetime value. CRM and loyalty managers, too, will benefit from automation that targets high-value segments and rewards long-term relationships. Loyalty programmes will evolve to be value-driven rather than discount-driven, deepening emotional connection and sustainable profitability.

DISCOVERY WILL DECENTRALISE – AND EARLY ADOPTERS WILL WIN.

AI-led discovery platforms such as ChatGPT are already changing how consumers research products. In 2026, we'll see a meaningful shift in traffic away from the traditional "big three" of Meta, TikTok and Google. Brands that understand and optimise for these emerging discovery channels early will benefit from lower acquisition costs and higher intent traffic. As conversational AI becomes a key part of the buying journey, search and social strategies will need to adapt accordingly.

Ultimately, the theme for 2026 will be intelligent efficiency – doing more with the same resources, not doing the same with fewer people. The ecommerce businesses that thrive will be those that integrate AI across every layer of their operations, from marketing to merchandising to customer retention.

As we enter this next phase, success will depend on mindset as much as technology. The brands that see AI as an enabler of human capability rather than a threat to it will be best positioned to lead the market. Just as 2025 saw digital brands embrace physical retail to deepen connection, 2026 will see AI deepen capability, unlocking a new era of profitable, human-led growth.

MARK GRAY
Managing Director
CrescoData

With 19 years of ecommerce experience, Mark has been on both the retail and brand side representing and growing sales across multiple channels. From building out and launching the Catch marketplace, the Market.com, Westfield Direct, and Click Central, Mark has had a wealth of experience growing marketplaces, overcoming omnichannel challenges, and identifying cross-channel opportunities.

2025 PREDICTION REVIEW

Power Retail says:

Mark warned that the marketplace boom had peaked and 2025 confirmed it. After years of overextension, the sector entered consolidation mode. We saw smaller and Australian-based marketplaces close up shop, while giants like Amazon doubled down on efficiency. Regulatory scrutiny around data and pricing kept global entrants under pressure. The "too-cheap economy" debate also grew louder, prompting policymakers to explore tighter import and data controls.

ONGOING RISE OF "HYBRID MARKETPLACES"

As projected in 2025, the rise of "Hybrid Marketplaces", expanded drastically in Australia and globally. The use of "closed marketplaces" drove this growth and will continue to do so in 2026. A "closed marketplace" is where existing brands and merchants allow drop-shipping via their more niche marketplaces where they set the price, shipping and extended customer Support.

A few examples that launched recently are Freedom Furniture's marketplace which allows for a very curated list of drop-ship products that align and do not compete with their own in-catalogue offering. Over in New Zealand, Briscoe's/rebel recently launched a curated B2B2C marketplace which commits products on a consignment model allowing merchants to be flexible with discounting and promotions. The model of first and third party merchants on marketplaces continues to consolidate.

ENRICHMENT WILL BE KING

In 2026, AI enabled Shopping Agents, Gemini, ChatGPT and other similar information gathering platforms are going to continue to grow in their importance with product discovery and online conversion! There will be a continued shift away from traditional Google Shopping, Amazon Ads and SEM in how people find and shop for products online. Retailers and Brands are going to have to "up" their product catalogue content so they can be discovered on these new platforms. This includes massive investment in product enrichment.

Price will have less importance in how your products are found by online bots and great product descriptions, images and other attributes will make you more discoverable. Many product enrichment tools are already being developed where merchants can build out their content. However, there is still a huge gap in product content that already exists online. Brand owners that invest in enriching, owning and distributing enriched product information will win out as competitors that do not invest, just won't be found! In 2026, enrichment will be KING.

AI AGENTIC SHOPPING AGENTS

The rapid rise of "Shopping Agents" in the USA, has quickly evolved utilizing Agentic AI capabilities. Agentic AI uses systems that take actions with no or minimal human intervention. Until February 2025, Agentic AI really wasn't touching ecommerce meaningfully, but things have changed in a very short time frame. Shopping agents can now complete full shopping lists by doing product and price comparisons and physically buying products on your behalf based on a few guidelines you give them. Every major platform has partnered with our have launched their own shopping agent functionality including:

- **Amazon:** Uses AI for personalized recommendations and other shopping-related tasks.
- **Walmart:** Developing a generative AI-powered shopping assistant for its platforms.
- **Instacart:** Partnering with OpenAI to integrate its AI agent, Operator, to help users with grocery ordering.
- **eBay:** Working with OpenAI to integrate Operator for tasks like browsing and purchasing on its platform.
- **Etsy:** Also partnering with OpenAI to use Operator to assist with shopping tasks.

In 2026, it's anticipated that one if not most shopping agent functionality will be released into other major markets in the EU, SE Asia and even in Australia. Local governments will have to quickly adapt new rules and regulations in reaction to this new functionality as it opens up concerns around compliance, price matching/ fixing opportunities and customer rights. Online marketplaces and online stores will have to quickly ensure their products and offerings are being discovered by these new agents to remain in an even playing field!

NICOLE COOKE
Executive Consultant
Six Degrees Executive

With over a decade of recruitment experience, Nicole specialises in sourcing top talent for mid-to-senior roles across digital marketing, ecommerce, CRM, and digital products. Known for her dedication to quality service and impactful outcomes, she excels at building lasting relationships and staying at the forefront of digital trends and innovations to meet the evolving needs of her clients and candidates.

2025 PREDICTION REVIEW

Power Retail says:

Nicole forecasted that AI literacy and tech integration roles would surge in demand and 2025 delivered exactly that. Retailers sought hybrid talent who could bridge creative, technical, and analytical skills. AI specialists, CX technologists, and digital transformation leads became some of the most recruited roles across ecommerce. However, the human side of retail also re-emerged, as leaders doubled down on culture, adaptability, and purpose to balance automation with authenticity.

LOOKING BACK AT 2025

Everything we expected to happen this year across digital, and ecommerce has played out faster and harder than brands anticipated.

As acquisition costs continue to climb, businesses are being pushed beyond their paid-first playbook to rethink their approach. The brands who performed well didn't focus on a 'spend more = stronger results' strategy, they were investing in strong CDP foundations, cleaner data, and sharper audience segmentation.

But, what proved obvious was how many businesses are still unclear on who their core customer is. Brands are trying to be everything to everyone, which ultimately leads to spreading budget thin and delivering inconsistent experiences. The brands that grew in 2025 were the ones that got laser-focused, identified the segments that actually resonate with their customers and strategically tailored their experience around these responses.

We also saw a big shift in how marketers use AI. The businesses that moved the needle this year were using AI to automate intelligently, streamline internal workflows, and lift the customer experience in a meaningful way. AI was not used to replace teams, but in partnership to elevated them.

And finally, 2025 was the year data and analytics finally became the centrepiece of decision-making, even though capability remains patchy. There is still a gap for marketers who can think critically, interpret the insights, and translate them into impactful business outcomes. But the organisations who did have the right talent to drive this strength saw a noticeable uplift in performance, because they were able to move away from vanity metrics and make confident, commercial decisions.

ECOMMERCE & DTC PREDICTIONS FOR 2026

- Acquisition costs keep rising, forcing brands to finally get serious about CDPs, data hygiene and segment-level targeting. Spray and pray dies, precision wins.
- Brands that don't truly know their customer will fall behind. The growth edge goes to those who narrow their focus, understand their most valuable segments, and build experiences around them.
- Loyalty overtakes acquisition as the primary growth engine. With budgets tightening, deeper engagement with existing customers becomes the most reliable revenue lever.
- AI shifts from "efficiency tool" to "budget reallocation lever". AI concierges free up CS spend so brands can reinvest into brand, creative, and product storytelling.
- The "Impossible Triangle" hits hard: Cheap, Fast, Green. Consumers want all three but won't pay for any of it. Logistics becomes a profitability crisis unless brands lean into automation and route optimisation.
- Discoverability becomes algorithm led, not channel-led. ChatGPT x Shopify, Google AI Overviews and TikTok Shop reshape how products are found. If your data isn't machine-readable, you disappear.
- AI-native retailers pull ahead. Those who embed AI across forecasting, merchandising, fulfilment and CX will widen the gap dramatically. Efficiency becomes the new competitive advantage.

MARCUS ROSSATO
HEAD OF MARKETING, APJ
KLAVIYO

Marcus Rossato is the head of marketing, APJ, at Klaviyo, and a seasoned B2B marketing leader. He has over two decades of experience scaling high-growth tech businesses in North America and Asia Pacific, having led the go-to-market strategy and field marketing for some of the world's most recognised software brands, including Salesforce, Cognos, IBM, MuleSoft, Tableau and Slack.

In 2026, the biggest shift in ecommerce will be a consumer move from generative to agentic AI, which will act as a personal concierge to the buyer. We expect to see these AI agents acting as negotiators on the consumer's behalf — securing deals, managing subscriptions, and filtering out brand noise.

As a result of this shift, consumers will likely move away from their traditional screens when shopping. The modern consumer will evolve from text-based chat to voice-first interactions, transacting via wearables and connected devices. For retailers, this creates a new benchmark where marketing stacks will need to keep up with tech trends to power a brand agent capable of negotiating directly with a consumer agent across fragmented touchpoints.

What's crucial for brands is having a CRM that unifies these fragmented touchpoints.

This agentic capability will also transform logistics. We predict AI will turn product returns from a cost centre into a retention engine. The friction of returns will vanish as agents handle the journey instantly — refunding, labelling, and arranging pickup.

However, as the transactional side of retail becomes automated, the emotional side becomes the ultimate differentiator for brands. As consumer inboxes flood with generic copy, we'll see a premium placed on an unmistakably human signature. The most effective brands in 2026 will be those that turn to creative storytelling that algorithms can't easily replicate. Ironically, in a landscape of AI perfection, raw or lo-fi design and deliberate imperfections will serve as trust signals.

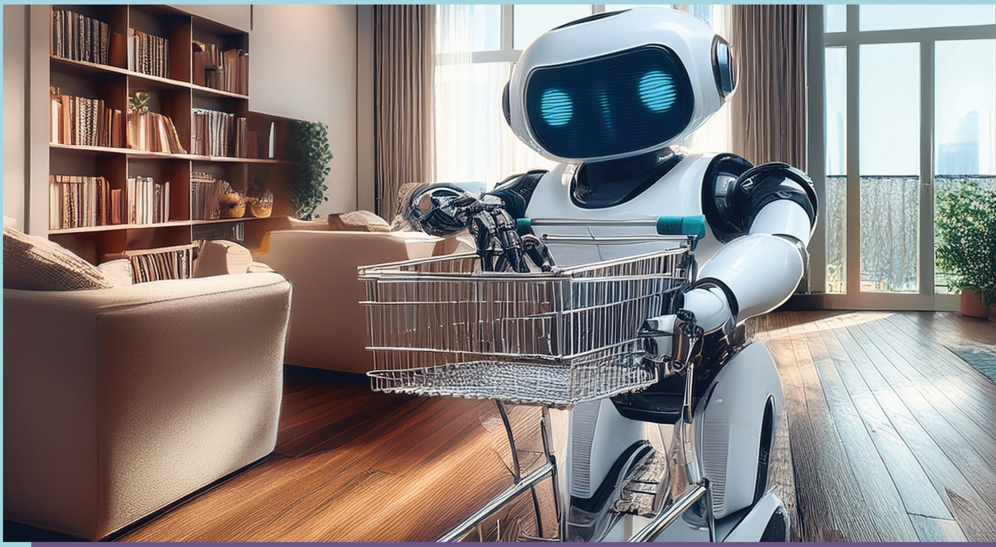
Our research with James Hurman found that emotional connection is the key to increasing customer spend. This echoes previous research by Motista: emotionally connected customers don't just stay, they spend, and often twice as much as customers who are merely satisfied. And the number-one driver of emotional positivity in ecommerce? Customer service, according to our consumer survey.

So to land on top in 2026, brands must use AI to handle the negotiation and logistics, but lean heavily into human imperfection and storytelling to win the heart.

Sharon is a digital commerce leader with 10+ years of experience helping global brands drive omnichannel growth through strategy, technology, and partnerships.

SHARON GEE
SVP PRODUCT &
AI COMMERCE
Commerce

AGENTIC COMMERCE WILL ACT AS THE FRONT DOOR TO THE CUSTOMER JOURNEY



2026 will be the year of agentic commerce where AI agents shop, compare, and transact on behalf of customers. Instead of typing queries or clicking ads, shoppers will ask questions and eventually delegate tasks to their digital agents – from "find me a sustainable skincare gift under $50" to "order my usual supplements."

Every product feed, description, and integration becomes part of a network of AI-to-AI interactions that power these experiences and the winners will be those who weaponise their data for discoverability and contextual relevance. Retailers who optimise their product data for machine readability and accessibility will become the preferred choice for these AI agents. The customer is the channel and their digital agent is the new pathway to conversion.

DATA BECOMES THE NEW STOREFRONT

The new battleground for ecommerce isn't ad space anymore but discoverability within AI-driven ecosystems. Retailers will compete on data quality, not just budget. Hence, every attribute – from imagery and sustainability claims to delivery speed – shapes how AI ranks products for relevance. Product discoverability will increasingly depend on how well a retailer's data can "speak" to AI systems across marketplaces, search engines, and conversational platforms.

The winners will be those who treat their product and performance data like a living storefront - continuously optimised, enriched, and contextualised. in 2026 onwards, data is the new storefront and precision and presence, drive visibility.

CHECKOUT GOES AGENTIC

Shoppers will express intent ("Buy the best running shoes under $150 that fit me") and AI agents will handle everything from discovery to payment confirmation, with a human-in-the-loop or increasingly autonomously. Transactions will be faster, smarter, and built on context rather than navigation. The entire purchase loop, from checkout to fulfilment, becomes a feedback system that continuously improves future experiences. The more connected your commerce data, the more personalised and seamless the customer's journey.

ORCHESTRATION OVER OWNERSHIP

Retailers remain merchant-of-record but may no longer own every step of the customer journey. The key is orchestrating connected experiences across intelligent systems.

Success in 2026 depends on interoperability: how well your data, feeds, and checkout tools integrate with discovery engines and AI shopping assistants. How accessible your data is to a new customer type – Agents. Agents are customers too and we need to deliver relevant experiences or risk losing share to the competition.

Brand loyalty will increasingly be defined by how often an AI agent chooses your product, not how often a shopper visits your website.

The future of ecommerce belongs to those who build open ecosystems that can adapt, connect, and evolve.

David Fear is Head of Data & AI at Power Retail, leading the analysis of retail performance trends and the development of data-driven insights for Australia's ecommerce industry.

DAVID FEAR
Head of Data & AI
Power Retail

THE PUBLIC ACCEPTANCE OF A RETAIL RECESSION

By 2026, the hidden reality of an Australian retail recession will become undeniable. The sector currently operates under an illusion of resilience, where headline growth figures mask a deepening crisis. While top-line revenue numbers suggest expansion, they are artificially inflated by rising prices and rapid population growth rather than genuine consumer demand. In reality, sales volumes per capita are shrinking, meaning Australians are buying significantly fewer goods from local retailers than they were a year ago.

This domestic contraction is being concealed by a surge in digital spending, but this growth is effectively being exported. International giants like Amazon, Shein, and Temu are capturing the vast majority of new volume, papering over the sharp decline in traditional domestic categories. The financial results of large Australian retailers like Myer and Premier Investments already reflect this, showing stagnation or loss once inflation is factored in.

The definitive signal of this new reality is the collapse of the domestic "Pureplay" model. The high-profile failure of Wesfarmers' Catch, followed immediately by the exit of OzSale, serves as the canary in the coal mine. These closures prove that Australian-based online-only retailers can no longer survive on local cost bases against global competition. By the end of 2026, the "Pureplay" era will be declared over: any retailer without a physical store advantage will face insolvency, and the few remaining digital natives will be frantically pivoting to open brick-and-mortar doors to survive.

Faced with the impossibility of competing against Amazon's logistics or Temu's prices, domestic retailers will realize that their only remaining leverage against the international giants is combined scale.

This trend will trigger a wave of large Australian brands merging with department stores to form "fortress" entities. For the brands, this union provides immediate, scalable reach without the crushing overhead of a standalone store network. For the department stores, it solves a critical identity crisis: by integrating beloved local brands directly into their ecosystem, they dramatically enhance the in-store experience and exclusivity that offshore digital competitors cannot replicate.

We can expect this M&A activity to accelerate rapidly across footwear, specialty apparel, and homewares. Legacy brands that are currently too exposed to survive the retail recession alone will seek shelter within these larger aggregators. By the end of 2026, the Australian market will be defined by fewer, larger retail conglomerates, as the industry accepts that the only way to defend market share is to stop fighting each other and merge for survival.

THE 'RACE TO THE BOTTOM' IS ABANDONED

By 2026, Australia's domestic discount department stores will face an existential identity crisis. The "race to the bottom" on price has been definitively won by international platforms like Temu and Shein, leaving local players like Big W, Kmart, and The Reject Shop in a strategic no-man's-land. Data shows a catastrophic collapse in brand authority for these local retailers; they are no longer perceived by the public as the "price leaders." As a result, the traditional "Discount Department Store" model is effectively dead, forcing these brands to urgently redefine their value proposition away from price and toward in-store experience and quality.

This pivot is already visible in the maneuvering of major players. Big W, following significant losses, has launched campaigns that abandon price-war messaging in favor of "emotion," "lifestyle," and the tangible benefits of physical retail. They are attempting to flee the discount category entirely to become value-added family lifestyle brands, conceding the ultra-low price territory to the offshore giants.

THE ERA OF DEFENSIVE CONSOLIDATION

By 2026, the survival strategy for Australian retail will shift from competition to "defensive consolidation." The 2025 merger between Myer and Premier Investments, uniting apparel powerhouses like Just Jeans and Portmans with the department store giant was not an anomaly, but the definitive blueprint for the sector.

THE "UBERISATION" OF LAST-MILE LOGISTICS

By 2026, the competitive frontline of Australian retail will shift decisively from price to logistics, with the "Uberisation" of fulfilment becoming the default survival strategy. Domestic retailers will finally acknowledge that they cannot financially compete with Amazon's logistics moat, which delivered over 40 million items same-day or next-day in 2024 alone. With Amazon investing a staggering $5 billion AUD into its Australian network in 2024, the gap between their "next-day" standard and the 3-5 day average of traditional couriers has become insurmountable for local players to bridge on their own.

The failure of "build-it-yourself" logistics networks (epitomized by the collapse of Deliveroo Australia and the struggles of Catch) has proven that the capital cost of a proprietary high-speed fleet is prohibitive. Consequently, 2026 will see domestic retailers stop trying to build delivery networks and start renting them from the gig economy. The "last mile" - traditionally the most expensive 53% of shipping costs will be outsourced to on-demand platforms like Uber Direct and DoorDash to unlock the only advantage local retailers have left: physical proximity to the customer.

This shift is already visible in the scramble for partnerships. Coles and Woolworths have integrated Uber Direct to turn their Metro and Express stores into micro-fulfilment centers for sub-60-minute delivery. Domino's is now using the Uber fleet to extend its trading hours beyond its own driver capacity. But the definitive signal of this shift is ALDI, a retailer that famously resisted online shopping for decades, rolling out a nationwide partnership with DoorDash. By 2026, "delivery" will be redefined as "immediacy," and the gig economy will serve as the invisible "arms dealer" that allows Australian retailers to offer 60-minute delivery as their only viable counter-weapon to Amazon's logistical dominance.

THE ERA OF RETAIL SPECTACLE

By 2026, the battle for foot traffic in Sydney and Melbourne will shift from product range to "Retail Spectacle." Acknowledging that they cannot compete with Amazon on convenience or Temu on price, leading Australian retailers will realize that their physical premises are the only asset they possess that digital giants cannot replicate. As a result, we will see a pivot toward "Hyper-Experiential" retail, where stores are designed not just to sell products, but to act as tourist attractions in their own right.

We are already seeing the prototypes of this future. Rebel's Emporium flagship in Melbourne has set the new standard, dedicating prime rooftop real estate not to inventory, but to a publicly accessible basketball court and interactive "Fit Studios." Similarly, Mecca's Bourke Street flagship has moved beyond traditional beauty retail to offer a "Scentsorium" and in-house naturopaths.

These are not merely shops; they are destinations that command dwell time and social media attention.

In 2026, this model will go mainstream. Retailers will look to replicate the "Myer Christmas Window effect" - where customers visit a location purely for the spectacle - but run it as a year-round strategy. Expect to see fashion and lifestyle brands in CBD flagships dedicating significant floor space to non-transactional installations, hospitality, and immersive entertainment. The "transactional store" is effectively obsolete; if a physical location does not offer an experience worth leaving the house for, it will simply be bypassed for the convenience of Amazon.

CONCLUSION:
THE REIMAGINED RETAILER

As we step into 2026, the path ahead for retailers is defined less by technology alone and more by how well they integrate it into agile, human-led ecosystems. The reflections from 2025 reveal that the pace of change continues to outstrip capability: AI, agentic commerce, hybrid marketplaces, and rising consumer expectations have created both unprecedented opportunities and new operational pressures. Retailers who succeeded last year did so by focusing on clarity: understanding their core customers, refining experiences, and using data strategically.

Looking forward, 2026 will be the year of intelligent alignment. AI will no longer be a standalone tool but the connective tissue across operations, from forecasting to merchandising to fulfillment. Agentic commerce will shift the discovery and purchasing journey, making machine-readable product data and enriched content indispensable. Meanwhile, supply chains will demand regional agility, and loyalty-driven strategies will rise in priority over acquisition-focused spend.

The unifying principle for success is experimentation with purpose. Retailers that embrace iterative learning, invest in interoperable infrastructure, and optimize human and machine collaboration will unlock new efficiencies and deeper emotional connections with customers. Innovation is no longer optional, it is essential, not just to compete but to thrive in a landscape where consumer expectations evolve faster than ever.

2026 belongs to the reimagined retailer. The retailer who is agile in structure, innovative in approach, and relentless in turning insights into actionable, profitable outcomes. The brands that master this will not only survive the next wave of disruption, they will define it.

Power Retail

ALL STAR BASH 2026

12 MARCH 2026
CROWN PALLADIUM

CELEBRATING AUSTRALIAN RETAIL'S FINEST

TICKETS | SPONSORSHIP | AWARDS