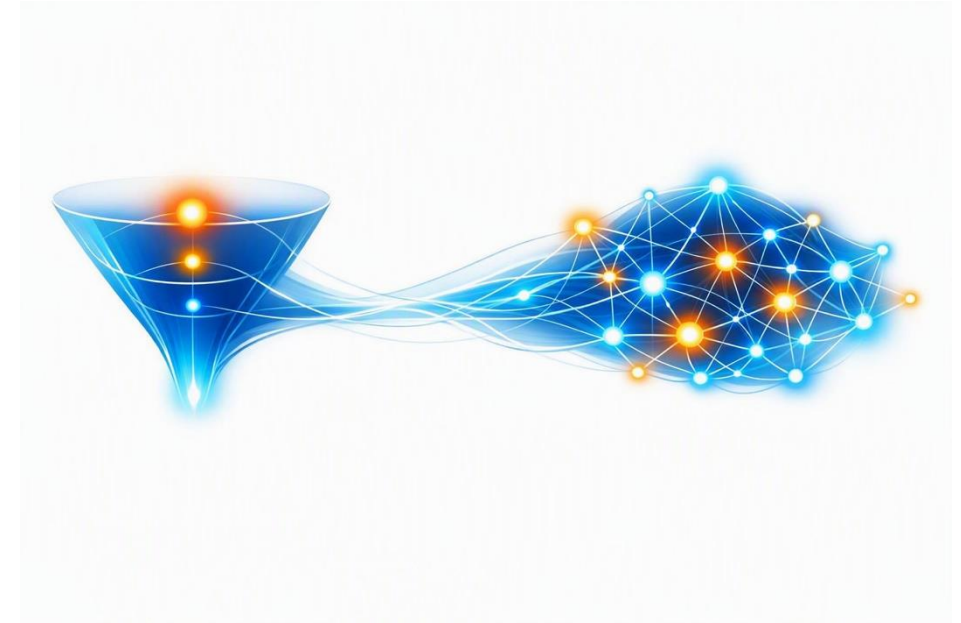


ANALYTIC BRIEF · RETAIL STRATEGY

The New Customer Journey

How AI Is Rewriting Retail's Most Important Strategic Framework

Prepared for C-Suite & Senior Marketing Leadership · July 2026



The funnel is giving way to a network

For half a century, retailers organized marketing, merchandising, commerce, and experience around one idea: a predictable journey from awareness to loyalty. That framework is becoming obsolete.

Artificial intelligence is changing how customers discover products, weigh alternatives, and decide — shifting from a linear funnel to dynamic, AI-mediated experiences where intelligent systems help manage the purchase.

AI is not acting alone. Mobile, social commerce, retail media, privacy regulation, and new demographics are reshaping the journey together. For executives, the task is no longer optimizing touchpoints — it is redesigning the enterprise around a new model of engagement.

~60%

of consumers have already used AI to shop
Capital One Shopping, 2026

393%

year-over-year surge in AI-driven traffic to U.S. retail sites
Capital One Shopping, Q1 2026

\$3–5T

of consumer commerce AI agents could mediate by 2030
McKinsey

What this brief covers

01

The model we inherited

The five-stage funnel and the assumptions that held it together.

02

Why it is breaking down

Omnichannel, mobile, social, and personalization crack the funnel.

03

Five ways AI rewrites the journey

From search to answers, missions, compression, and machine customers.

04

The converging forces

Ten drivers reshaping engagement — AI is only one of them.

05

From funnel to network

Why engagement now behaves like an ecosystem, not a sequence.

06

What the C-suite must do

Implications across marketing, merchandising, technology, stores, and CX.

A linear funnel, owned stage by stage

For nearly 50 years, retail assumed consumers move sequentially toward purchase — awareness before consideration, consideration before purchase, loyalty after the sale.

Stage	Primary objective	Primary owner
Awareness	Generate visibility	Marketing
Consideration	Build preference	Marketing / Brand
Evaluation	Compare alternatives	Consumer
Purchase	Convert demand	Sales / Commerce
Loyalty	Encourage repeat purchase	CRM / Customer Service

Assumption: journey mapping was a hunt for bottlenecks between fixed stages — a model built for mass media and limited information access.

Four assumptions held the funnel together

01

Linear progression

Consumers moved sequentially — awareness, then consideration, then purchase, then loyalty.

02

Brand-controlled information

Retailers set the advertising, merchandising, pricing, and content. Independent sources were few.

03

Active consumer research

Customers did nearly all the discovery — searching, driving to stores, reading reviews, comparing specs.

04

Separate channels

Stores, sites, catalogs, and call centers ran independently. Customer data stayed fragmented.

Four shifts cracked the funnel — before AI arrived



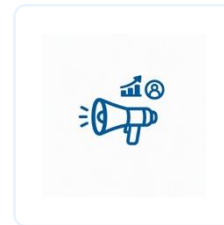
Omnichannel commerce

Dozens of interconnected touchpoints replace a single path — from inspiration to curbside pickup.



Mobile decision-making

Smartphones turned the point of purchase into just another research stage.



Social commerce

Discovery moved upstream — creators and algorithms, not campaigns, spark demand.

53% discover products on social



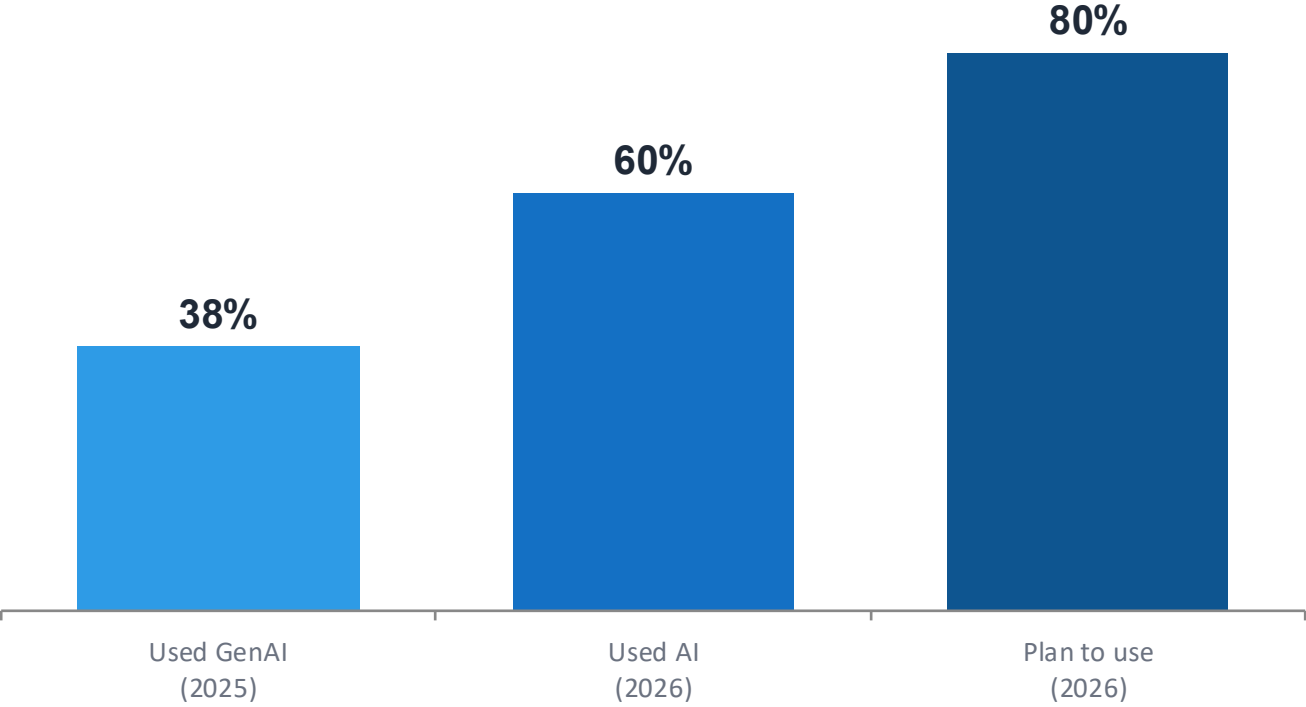
Personalization

Consumers expect brands to know intent and context. Mass messaging keeps fading.

Social discovery: Salesforce Shopping Index, 2025.

AI is rerouting how discovery begins

Consumers using — and planning to use — generative AI to shop



58%

of shoppers now use generative AI instead of traditional search for recommendations
Capital One Shopping, 2026

4,700%

year-over-year jump in generative-AI traffic to U.S. retail sites
Adobe, July 2025

61%

of consumers start a product search with an AI engine, not Google
EW Digital, 2025

The journey is no longer just omnichannel — it is AI-mediated

Generative AI introduces a more fundamental shift. Intelligent systems now participate in — or manage — large portions of the purchase process, at nearly every stage of the decision.

1

Mass-media era

Brands broadcast; consumers moved through a fixed funnel toward purchase.

2

Omnichannel era

Consumers weave dozens of digital and physical touchpoints into one journey.

3

AI-mediated era

Intelligent systems discover, evaluate, decide, and even transact on the customer's behalf.

Five structural changes AI creates

01



Search → Answers

AI recommends brands instead of ranking links.

02



Mission-based

Shoppers ask AI for outcomes, not products.

03



Compressed decisions

Many stages merge into one conversation.

04



Continuous personalization

Experiences adapt in real time to context.

05



AI shops for you

Agents research, compare, and buy on your behalf.

Discovery moves from search to answers



Consumers used to search and brands optimized for search engines. Now people ask AI a question — “What’s the best espresso machine under \$500?” — and receive a recommendation, not a list of links.

- The battleground shifts from SEO toward Answer- and Generative-Engine Optimization (AEO / GEO).
- Entity authority, structured data, and trusted content decide who gets cited.
- Success depends on whether AI recommends your brand — not simply whether Google ranks it.

58%

of shoppers use generative AI instead of traditional search for recommendations

Capital One Shopping, 2026

61%

of consumers start with an AI engine rather than Google

EW Digital, 2025

50%

of retailers expect AI tools to replace search engines

Capital One Shopping, 2026

Shopping becomes mission-based



Traditional retail organized around products — shoes, televisions, shampoo. AI increasingly organizes around outcomes. Instead of requesting products, consumers ask AI to accomplish missions.

“Furnish my first apartment”

“Build a home gym under \$2,000”

“Prepare healthy school lunches”

“Create a wardrobe for a business conference”

The AI determines

Products

Brands

Quantities

Compatibility

Pricing

Timing

The journey becomes outcome-centric rather than catalog-centric.

Decision-making compresses into one conversation



BEFORE

Days to weeks

- Research spread across sessions and sites
- Manual comparison of specs and prices
- Reviews read one destination at a time
- Distinct funnel stages, each with a gap



AFTER

Minutes, in one chat

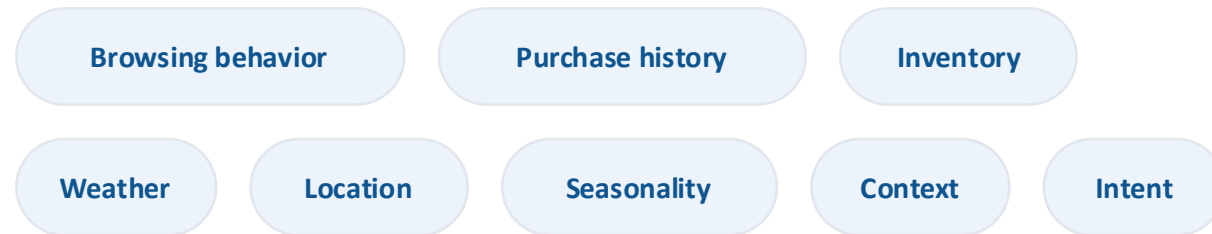
Generative systems simultaneously:

- Compare hundreds of products
- Summarize reviews and calculate value
- Recommend alternatives and identify promotions
- Confirm availability

Personalization becomes continuous

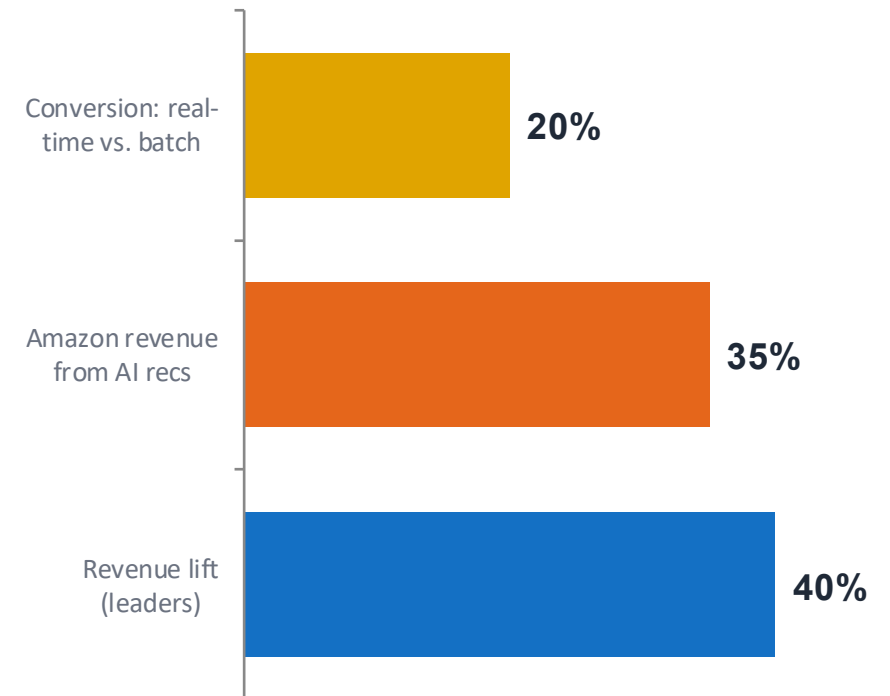


Traditional personalization relied on static segments — age, gender, income, geography. AI continuously updates its understanding of each customer from live signals.



Retailers shift from campaign-based marketing to continuous optimization systems that adjust experiences in real time.

Where personalization pays off



AI begins shopping for customers

The largest long-term disruption is the rise of AI agents. Personal assistants increasingly act for the consumer — introducing a new participant into retail: the machine customer.

- Research products and compare prices
- Check inventory and negotiate options
- Schedule delivery
- Replenish recurring purchases automatically

Retailers will increasingly market not only to people, **but to algorithms acting on their behalf.**

Sources: McKinsey; Salesforce, 2025.



\$3–5T

commerce AI agents could mediate by 2030

75%

of retailers say AI agents will be essential to compete

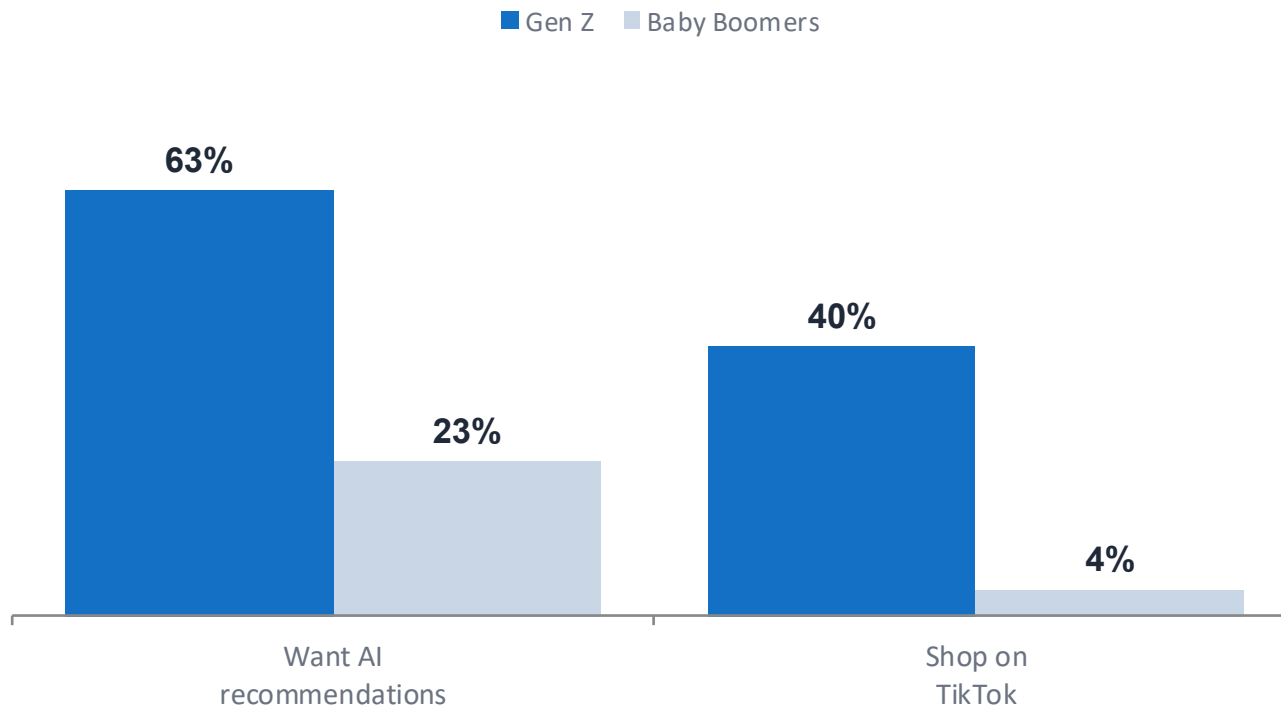
AI is one of ten converging forces

Journey evolution is the result of several trends that reinforce one another — AI recommendations grow more valuable atop strong first-party data and flexible fulfillment.

Driver	Strategic impact
Artificial intelligence	Autonomous discovery, recommendations, and conversational commerce
Mobile computing	Continuous shopping behavior and location-aware engagement
Social commerce	Creator-led discovery and community influence
Retail media networks	Personalized advertising integrated into commerce ecosystems
First-party data	Loyalty and direct relationships as third-party cookies decline
Privacy regulation	Consent-based personalization and transparent data practices
Omnichannel fulfillment	BOPIS, curbside, ship-from-store, and same-day delivery
Subscription & membership	Ongoing engagement rather than isolated transactions
Gen Z & Gen Alpha	Reliance on video, creators, conversational interfaces, authenticity
Economic uncertainty	Price comparison, value-seeking, and demand for personalized offers

Gen Z is pulling the journey forward

Younger consumers adopt AI-mediated shopping far faster than older generations — a preview of where the mainstream is heading.

**76%**

of Gen Z discover products on social media, vs. 53% of all shoppers

54%

of Gen Z have used generative AI to discover or evaluate a product

\$9T

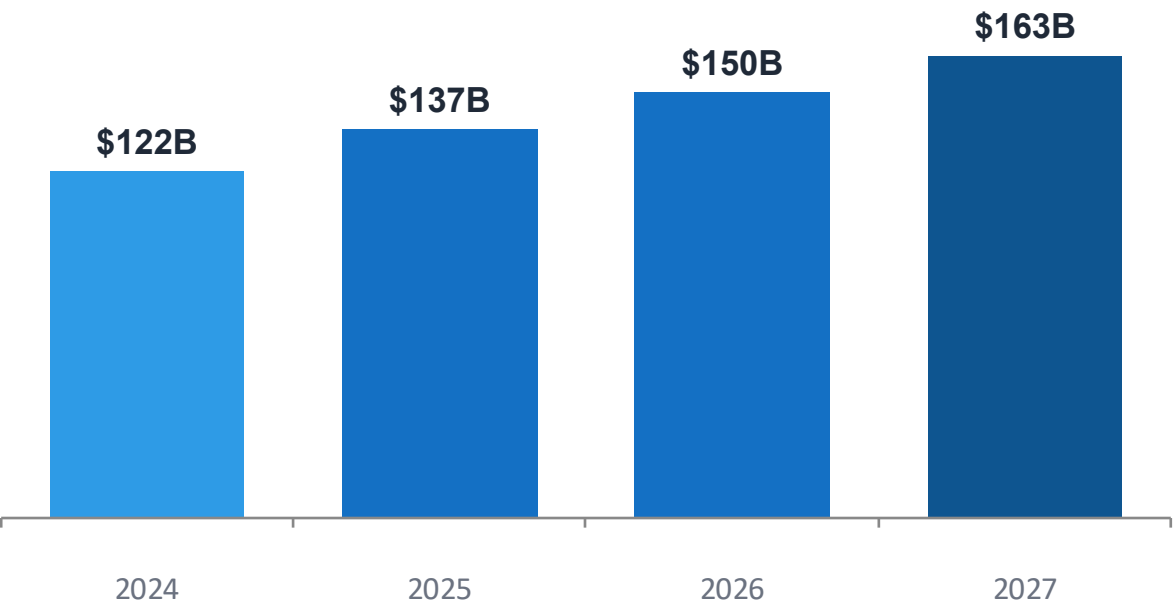
in Gen Z global spending power by 2034 — more than any generation

Source: Salesforce Shopping Index & Connected Shoppers, 2025.

The market is moving with the model

Capital is flowing into the infrastructure of AI-mediated commerce — from social and conversational channels to retail media and personalization.

Global retail media ad spend (\$B)



Social commerce

37% CAGR

toward \$24T+ globally by the early 2030s

Conversational commerce

\$17B → \$63B

market value, 2025 to 2034

Personalization software

25% CAGR

as real-time engines replace static segments

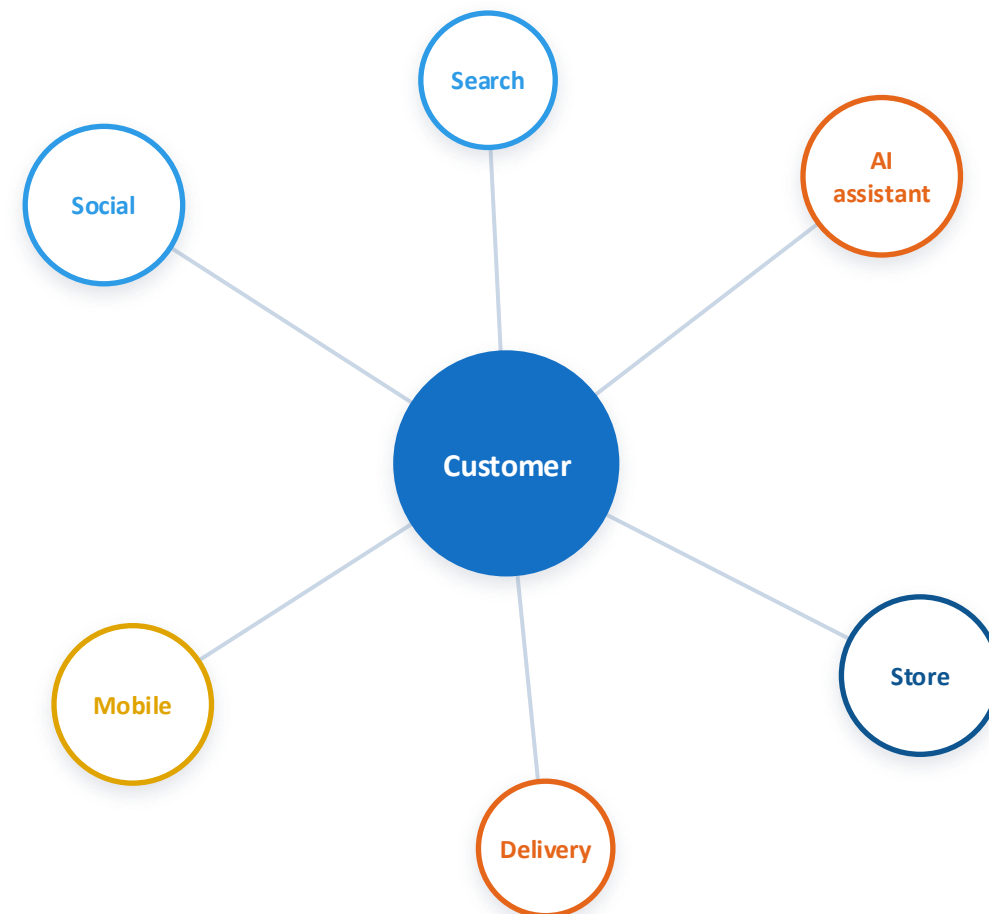
Sources: Grand View Research; Market.us; GroupM; Envive, 2024–2026. Figures illustrative; estimates vary by source.

From funnel to dynamic network

Rather than a funnel, engagement now behaves like a network of interconnected interactions. Customers may begin anywhere, skip stages, and revisit decisions repeatedly.

- Multiple simultaneous entry points
- Continuous feedback loops
- AI-driven, cross-channel personalization
- Contextual, adaptive recommendations
- Predictive, anticipatory engagement

The journey increasingly resembles an ecosystem rather than a sequence.



What this means for the C-suite



Marketing

Optimize for AI discoverability, conversational interfaces, and real-time personalization — not campaign-driven funnels.



Merchandising

Provide structured, machine-readable product content and complete attributes AI can interpret and recommend.



Digital & Technology

Unify customer, inventory, and operational data to enable real-time decisioning across channels.



Store Operations

Reposition stores as experience, service, and fulfillment hubs that complement digital, not compete.



Customer Experience

Orchestrate coherent interactions across AI assistants, apps, social, contact centers, and stores.

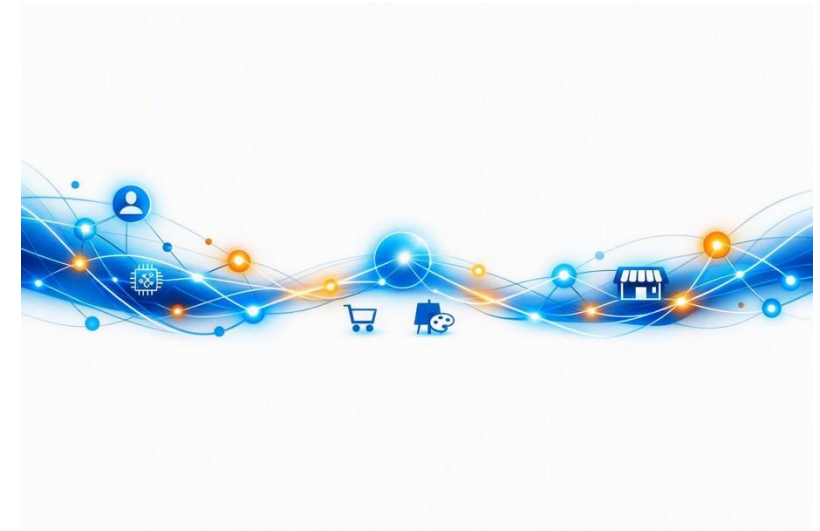
From customer journey to customer ecosystem

The strategic question is no longer

“How do we move customers through our funnel?”

It is:

“How do we ensure our brand is present, trusted, and preferred wherever intelligent systems and consumers make decisions?”



Organizations that keep optimizing isolated touchpoints will fall behind. **Those that redesign around adaptive, data-driven ecosystems will lead as retail enters the era of intelligent commerce.**