weave

Retail's Future: AI Agents, Innovation & Human Connection

Paul Lennen and Andy Massey examine how AI-driven innovation is reshaping retail strategies, focusing on the interplay between advanced technology, customer experience, and the enduring value of human connection.

Introduction

In the rapidly evolving landscape of retail and technology, few voices bridge the gap between creative vision and technical execution as effectively as Andy Massey, Founder of Creative Machines, a specialist consultancy helping brands unlock value at the intersection of strategy, creativity, and emerging technology. Andy's career, which spans more than three decades, has seen him lead transformative projects from the early dot-com days through the golden era of omnichannel strategy, including roles at Lane Crawford and Chanel. His journey, marked by an ability to adapt, rethink, and drive meaningful impact, positions him as a critical observer and innovator within the retail industry's current metamorphosis.

Andy joined Paul Lennen on the Sourcing Exchange podcast for a wide-ranging conversation rooted in the zeitgeist of the National Retail Federation (NRF) conference in New York. Amidst the optimism and ambiguity surrounding artificial intelligence (AI), their discussion cut through the marketing noise. It surfaced the real, sometimes inconvenient, questions organisations must grapple with as AI moves from hype to business-critical reality.

Why does this matter now? We are experiencing a pivotal intersection in business: the convergence of accelerating digital capability, evolving consumer needs, and shifting global priorities. Technology is no longer ancillary or "nice to have"; it dictates the very shape of industry. The current wave—heralded by generative AI and the rise of agentic models—does not simply build on digital transformation but disrupts and redefines it.

Yet, Andy's message is clear: amidst rapid change, the enduring challenge remains understanding and serving people. As AI, automation, and big data become staples, the true differentiator will be the ability to create, sustain, and adapt value for customers, employees, and communities. Brands must not only keep pace with technological innovation but also re-centre the human element in all that they do.

This feature aims to unpack the key themes Paul and Andy explored, providing an analytical yet conversational roadmap for organisations hoping to innovate decisively and ethically in this era. By examining innovation strategy, organisational design, the future of commerce, and the cultural transformation required, we cast a light on both the practical and philosophical shifts shaping retail's next act.

The Evolution of the Creative Technologist

Understanding where retail is headed requires looking closely at how career journeys like Andy's have mirrored—and shaped—the technological landscape. With roots in graphic design from the Glasgow School of Art, Andy transitioned early to web design in 1995, a time of experimentation, uncertainty, and opportunity. "It was the Wild West," he reflects, evoking an era before best practices had emerged—when even the business value of a website was in question.

In the early 2000s, Andy's work with house builders typified the headwinds innovators often face. He tells the story of a CEO who doubted that homes could ever be sold online—yet within months, clear digital attribution and marketing innovation had upended this assumption. Andy and his team didn't just build websites; they designed and implemented end-to-end digital journeys, pioneering the use of personalised email and even early SMS marketing before smartphones were ubiquitous. This was about more than technology; it was about using new tools to create real, measurable value.

This ethos—problem solving, not technology for its own sake—would define Andy's next chapters. Moving to Asia sixteen years ago, Andy led the first e-commerce platform at Lane Crawford, Hong Kong's luxury retail giant. Here, he encountered early forms of resistance that would sound familiar to any change agent: the friction between online and offline teams, concerns about cannibalisation of sales, and cynicism about technological novelty. Yet, it was at Lane Crawford that Andy guided the company toward an integrated customer experience—what would later be called "Connected Commerce." Long before "omnichannel" was canonised in business schools, Lane Crawford (under Andy's guidance) pioneered a model that recognised the porous lines between digital and in-store experiences.

The lesson? Tools come and go, but connecting the right capabilities to the right customer need is the through-line of effective innovation. Andy's reflection puts it succinctly: "A telephone is not really technology to a child born today; it's just a tool. The same will soon be true for today's most advanced AI. What matters is how—or whether—it helps people and businesses do things better." His career—and perspective—give organisations a valuable template: cultivate curiosity, value breadth over narrow expertise, and always join the dots between desirability (what customers want), viability (what the business can support), and feasibility (what technology can deliver).

KEY INSIGHTS AND THEMES

The dialogue between Paul and Andy uncovered several core ideas that serve as both strategy and challenge for retail leaders in today's marketplace.

Structuring for Innovation: The Ambidextrous Organisation

One of the strongest threads running through the conversation was the importance of creating organisational structures in tune with both efficiency and discovery—what Andy described as the "ambidextrous organisation."

On one side lies "exploitation"—the relentless optimisation of established business models. These are the profit engines, focused on scaling what works, maintaining tight processes, and maximising returns. "You put a milking machine on the cow, you put a bottling plant in; it's all about making it efficient," Andy explains. Decades of management theory have emphasised these disciplines, and for good reason; absent exploitation, organisations stumble.

Yet, clinging only to efficiency breeds rigidity. The real risk, especially with technology moving at a breakneck pace, is missing opportunities to adapt or reinvent. This vulnerability gives rise to the other half of the ambidextrous equation: "exploration."

Exploration sits at the edges—charged with imagining, incubating, and validating what comes next. It asks uncomfortable questions about where the industry is heading and what customers will value tomorrow. Corporate innovation teams, often siloed, must look out for emerging trends, track new entrants, and scan for technologies that might reshape the landscape.

The difficulty lies in the handoff—the so-called "chasm"—between new ideas and real impact. A promising proof of concept can languish if operational teams resist. Organisational antibodies sensitive to "not invented here" syndrome, legacy metrics, or overburdened staff can stymie even the most promising initiatives.

"Crossing the chasm," Andy advises, requires a deliberate effort to foster cross-functional partnership, early alignment, and a narrative that connects innovation to business priorities. Success hinges as much on cultural and people leadership as it does on technical capacity.

The Three Horizons of Growth

To help leaders think through the balance between current business and future opportunity, Andy references the McKinsey "Three Horizons" framework, using it as both map and metaphor.

- Horizon One (1–12 months): The domain of incremental wins. Here, businesses deploy tested innovations—tools or practices now considered indispensable. For AI, this horizon includes commoditised applications like smart assistants or automations that improve existing workflows. The imperative in Horizon One is clear: these initiatives safeguard competitiveness, productivity, and market position.

- Horizon Two (1–3 years): The realm of intelligent wagers. This is where organisations trial and scale technologies gaining traction but not yet industrialised. Andy points to the accelerating relevance of autonomous AI agents—software and platforms that act semi-independently, blurring boundaries between automation and true artificial intelligence. While riskier, the upside is greater, and early movers often capture disproportionate value.

- Horizon Three (3–10 years): The field of uncertainty and vision. Here live the moonshots: research-based projects and speculative bets. These might include advanced robotics, physical AI, or models and prototypes so new that their value has yet to be proven. Andy draws a parallel with science fiction: much of what lives in this horizon is half-imagined, but a select few ideas will redefine the rules of the game.

Andy underscores the necessity for organisations to operate actively across all three horizons. Focusing only on one or two leads to stasis or unsustainable risk.

"Balance your bets," he advises, "and don't ignore the ideas that look outlandish now—they're the building blocks for long-term resilience."

The Rise of Agentic Commerce and the Bifurcation of Retail

Few ideas are as transformative for the future of retail as agentic commerce. Andy and Paul discuss the shift from Search Engine Optimisation (SEO) to Generative Engine Optimisation (GEO) and Answer Engine Optimisation (AEO), forecasting a future where AI agents carry out complex purchasing tasks for consumers.

Industry projections suggest a rapidly growing share of transactions will be mediated not by people, but by automated agents responding to needs, habits, and environmental cues. Andy recounts a personal experiment: by connecting his Amazon Alexa shopping list with a Hong Kong supermarket's online store through an AI browser agent, he managed to have groceries selected, priced, and added to his basket with minimal intervention—with only the press of a button separating him from a completed transaction.

This capability is not science fiction but already within reach. For fast-moving, commoditised products—think household goods, groceries, repeat purchases—consumers seek effortless solutions. The cost of time and mental energy outweighs the benefit of manual selection; hence, outsourcing these decisions to a trusted agent makes perfect sense.

Yet, Andy is quick to emphasise the limits of automation. High-consideration and experiential purchases—luxury fashion, jewellery, technology—sit at the opposite pole. These categories depend on emotion, storytelling, experience, and trust. "No one wants an AI to buy their engagement ring," Andy quips. Here, the role of retail pivots; stores become destinations, experiences to savour rather than utilities to expedite.

This bifurcation—between frictionless utility and immersive experience—marks the new frontier. The winning brands will be those who excel at both: delivering seamless automation for everyday purchases while creating environments and stories that invite deeper engagement for lifestyle and luxury products.

From Digital Transformation to AI Transformation

While much ink has been spilled on digital transformation over the last ten years, the tide now turns toward AI transformation. Paul and Andy dissect how legacy approaches to organisational change—such as waterfall project management—struggle to match the speed and ambiguity intrinsic to AI development.

Agile has arisen as an antidote, with small, empowered teams responding to feedback, iterating quickly, and pivoting as needed. Yet, even agile's efficacy depends on more than process. True agility is cultural: it requires trust, shared mission, and distributed authority.

Moreover, AI introduces fundamental complexity. Whereas traditional automation is deterministic—same input, same outcome—large language models and generative AI are probabilistic. Given identical prompts, they may produce different answers each time. This characteristic demands new

safeguards, from human-in-the-loop monitoring to dynamic validation of output.

Andy's most future-facing insight concerns the value now shifting beyond foundational models—available to all—to the interface between these models and proprietary data, context, and identity. He calls this "Personal AI" or "Enterprise AI," referring to systems that combine best-in-class algorithms with the company—or individual's—unique history, conditions, and needs. The competitive advantage will not be solely in model sophistication but in integration, curation, and application.

As Andy summarises: "AI is as good as the data you give it. The real value comes with applying it to your context—combining general knowledge with what makes your company, brand, or customer unique."

CASE EXAMPLES AND OBSERVATIONS

The "Connected Commerce" Halo Effect

One of the most vivid illustrations comes from Andy's Lane Crawford experience. When the retailer first ventured into e-commerce, offline staff saw it as a zero-sum threat, worried that web sales would erode their own commission and significance. Protective behaviours emerged, with choice stock kept hidden to avoid "competitor" cannibalisation.

The breakthrough came with data. By using tracking technology that tied online engagement to physical visits, Andy's team showed that web interactions drove a seven-fold increase in offline spending within two weeks. The online platform didn't steal sales; it was a powerful marketing tool that brought motivated, better-informed shoppers into stores.

This insight forced a mind shift. No longer "us versus them," the company adopted an integrated approach focused on owning the full customer journey. For Andy, it was a watershed moment; proof that digital and physical, managed strategically, are always more than the sum of their parts.

Museumification of Retail and the Era of Edutainment

With the rise of agentic commerce handling repetitive or utilitarian purchases, Andy sees another transformation: the emergence of stores as hybrid spaces—part theatre, part gallery, part brand embassy.

He references luxury brands that are blurring lines between commerce, culture, and entertainment. In Shanghai, Louis Vuitton's spaces have become immersive showcases featuring narrative architecture and experiential installations. Gentle Monster's flagship in Seoul, South Korea, is cited as a standard-bearer—a space filled with moving robotic faces and kinetic sculptures. Here, shopping is entertainment, an opportunity to explore, share, and connect with the brand's story.

"Instagrammable" moments abound; customers become not just buyers but active participants, marketers, and storytellers. Traditional retail metrics such as sales per square foot run headlong into new measures—dwell time, social amplification, and emotional connection.

Andy describes it as the "honey pot" effect: attract and delight, and the sales will naturally follow. In this paradigm, the store is no longer simply the point of sale; it is a brand's most immersive touchpoint.

The "Phygital" Frontier: Blending Physical and Digital

When asked what "dream project" he would pursue, Andy's answer is the seamless integration of physical and digital—what he calls "phygital."

While Virtual Reality offers immersion, Andy notes its isolating qualities—"It's a bit antisocial sitting on my sofa next to my wife with a headset on." By contrast, Augmented Reality (AR) and smart glasses hold the promise of enhancing the world around us without breaking the fabric of social or sensory experience.

Imagine walking into a retail space where sensors and data inform not just the environment but the interaction—personalised guidance, content, and human engagement, all layered over the physical setting. It's technology not as separator, but as multiplier of shared moments, knowledge, and delight.

Smart retailers will invest here, not merely to wow or entertain, but to rebuild trust, excitement, and authenticity in a marketing-saturated world.

Deepening the Narrative: Expanding Strategic Implications

While the previous themes offer clear strategies for leadership, the conversation also surfaced nuanced debates about responsibility, ethics, and sustainability.

Corporate Innovation: Building Ecosystems Over Silos

Andy's observations reinforce the idea that innovation cannot thrive in isolation. Effective organisations cultivate cross-disciplinary ecosystems, breaking down silos so that ideas can move fluidly across functions, geographies, and hierarchies.

He draws a distinction between "agile in name" and "agile in practice," noting that empowerment, risk tolerance, and rapid learning cycles are required for meaningful change. Great innovation teams don't simply generate ideas; they nurture them, give permission to fail, and systematically translate learning into commercial value.

The Sustainability Imperative in Fashion and Beyond

Perhaps no industry reflects the tensions between tradition, change, and environmental urgency quite like fashion. The sector is renowned for both creativity and excess—producing far more garments than can ever be sold or worn.

Andy touches on the emerging "circular economy" as a genuine path forward. Legislation, such as the EU's digital product passports and bans on incinerating unsold inventory, are nudging brands towards greater accountability and transparency. Beyond regulation, though, it's shifting generational values—where Gen Z in particular demands not just sustainability rhetoric but demonstrable action.

The future, Andy suggests, could include pre-loved marketplaces, shared digital wardrobes (particularly for high-net-worth customers), and platforms that embed traceability and ethical verification into every stage of the product lifecycle. In the age of radical transparency, brands must not only talk the talk, but walk it.

Societal Shifts and the Human Factor

Running through the interview is a persistent reminder that, for all the power of technological tools, the core challenge remains human. Andy quotes management thinker Peter Drucker—"You can't save your way to success"—underscoring the case for growth and invention over mere efficiency.

He notes, "Innovation is about learning—test and learn. It's how humans learn. You learn to walk by getting up and falling over. It's just making that into a business process that is repeatable." Organisational leaders must create the conditions for this behaviour to flourish at scale.

Another urgent skill is anticipation: not of a single future, but many possible futures, with strategies robust enough to handle the inevitable shocks ahead. Andy's advice is pragmatic but energising: stay curious, maintain agility, and never lose sight of the problems or opportunities awaiting a creative solution.

Conclusion

As Paul and Andy's dialogue draws to a close, the call to action becomes clear: the future belongs to those who are able not only to master the tools of transformation, but to reframe, even rewrite, the rules. Retail and fashion are on the cusp of an era shaped by the interplay of agentic commerce, "phygital" experience, and high-impact sustainability.

The businesses and leaders who thrive will be those that welcome change, cross the chasm from ideas to execution, and centre humanity—not as a nostalgic afterthought, but as the essential driver of value.

In Andy's words, it's not about technology for technology's sake. "It's about solving problems and creating value—using the right tools at the right time."

As automation and AI become more pervasive, the meaningful differentiator will be the ability to create lasting connections—among technology, business, and people. The winners will ask not just "what can we automate?" but "how can we delight?" Whether building communities, harnessing AI, or telling compelling brand stories, the future is in creating opportunities that matter.

The retail revolution is underway—a blend of strategy, creativity, and emerging technology, unlocked by those unafraid to innovate at the pace of possibility.