



# THE AI CUSTOMER HAS ARRIVED

Why customer behaviour—  
not technology—will define  
South Africa's AI  
Execution Era

## EXECUTIVE SUMMARY

Artificial Intelligence is transforming the way customers think, search, choose and buy. The retailers who understand this shift—and act on customer behaviour—will lead the next decade of growth.

## THREE KEY TAKEAWAYS



AI is reshaping customer decision-making before store visits.

Discovery, comparison and recommendation now start with AI.



South African retailers have entered the AI execution era.

Leading retailers are deploying AI at scale across the customer journey.



Behavioural intelligence is becoming a strategic competitive advantage.

Understanding behaviour beats having more data.

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**Retail  
Intelligence**  
SA  
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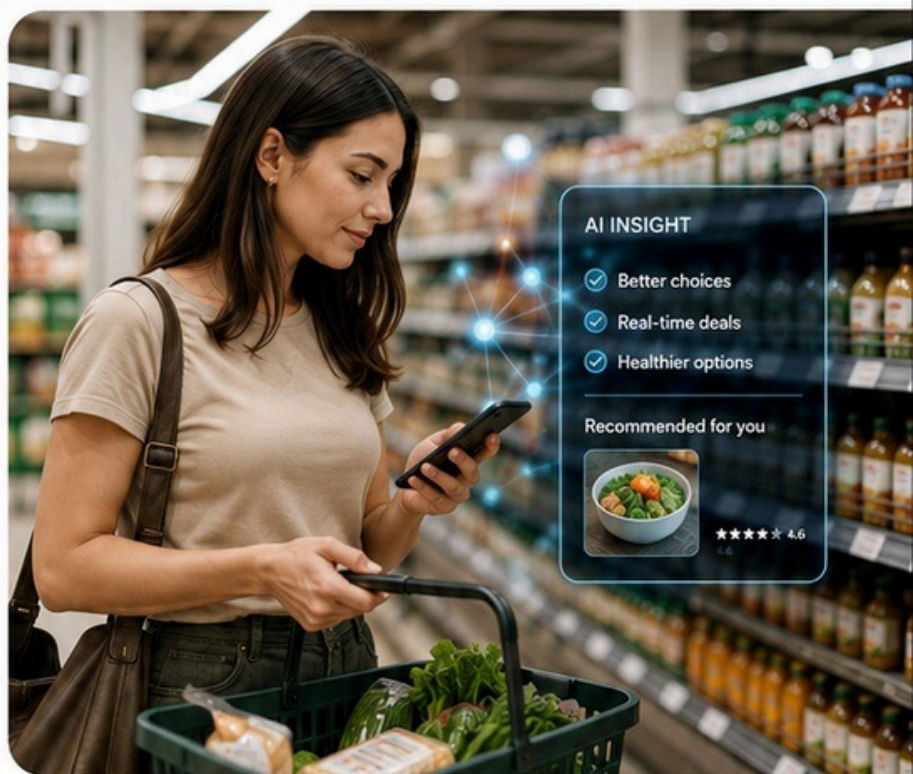




# EXECUTIVE SUMMARY

AI is not just changing how retailers operate.  
It is changing the customer.

A new generation of AI-enabled customers is emerging—more informed, more confident, and more selective. They research with AI, compare in real time, and expect personalised, seamless experiences across every touchpoint. Retailers who understand this shift—and adapt their strategies, operations and measurement—will lead. Those who don't, won't.



## THREE EXECUTIVE INSIGHTS



### 1. THE CUSTOMER IS CHANGING

AI is reshaping how customers discover, evaluate and buy. They arrive in-store already informed, with higher expectations and lower tolerance for friction.

The competitive advantage will belong to retailers who understand customer behaviour, not just data.



### 2. DATA ALONE IS NO LONGER ENOUGH

Dashboards tell you what happened. Behavioural intelligence explains why it happened—and what customers are likely to do next.

Retailers must combine data, context and behavioural insights to make better, faster decisions.



### 3. THIS IS SOUTH AFRICA'S AI EXECUTION ERA

The opportunity is real, but execution will separate leaders from followers. Those who act now—across strategy, people, technology and measurement—will define the next decade.

The time to act is now.  
The window of opportunity will not stay open.

“ The future of retail will not be shaped by technology alone, but by how deeply retailers understand their customers. AI is the enabler. Behaviour is the differentiator. ”



#### ABOUT THIS BRIEF

This brief is designed to help retail leaders understand the rise of the AI Customer™ and what it means for strategy, operations and competitive advantage in South Africa.



# WHAT THE RESEARCH SAYS

Leading global research and local insights point to the same reality: AI is increasingly influencing how customers discover, evaluate and decide—often before they ever enter a store.

The shift is already measurable. The impact will only accelerate.

01



## MCKINSEY & COMPANY

**Generative AI is reshaping customer engagement and personalisation across retail.**

AI-driven personalisation can increase revenue by 5–15% and marketing ROI by 10–30%.

Source: McKinsey & Company, 2024

02



## IBM INSTITUTE FOR BUSINESS VALUE

**Consumers are increasingly willing to use AI assistants during shopping and expect personalised experiences.**

Over 70% of consumers globally see value in using AI for product discovery, recommendations and support.

Source: IBM IBV, 2024 Consumer Study

03



## REUTERS / SOUTH AFRICAN RETAIL

**South African retailers such as Checkers, Woolworths and Pick n Pay are investing in customer-facing AI capabilities.**

Focus areas include personalised recommendations, demand forecasting, and digital customer engagement.

Source: Reuters, 2024 & Industry Reports

04



## ACADEMIC & INDUSTRY CONSENSUS

**AI changes information availability, but purchasing decisions remain driven by human behaviour, trust and context.**

Technology influences the journey. Behaviour determines the decision.

Source: Harvard Business Review, 2023

## THE SHIFT IN CONTEXT



2020

AI used mainly for operational efficiency and analytics.



2022

AI begins influencing search, discovery and recommendations.



2024

AI becomes part of the customer journey—informing decisions pre-store.



2026+

AI becomes pervasive influencer across the entire retail ecosystem.



THE FUTURE

Behavioural intelligence becomes the ultimate competitive advantage.



## RETAIL INTELLIGENCE SA INSIGHT

**The evidence suggests AI is not replacing customer decision-making. It is becoming part of it. Retailers that understand this behavioural shift will be better positioned to compete.**





# THE AI CUSTOMER

A new kind of customer. A new kind of journey.

The rise of generative AI is creating a new customer dynamic. Today's shoppers increasingly use AI assistants to research, compare and make decisions — often before they ever enter a store.

**This is the AI Customer.**

## THE AI CUSTOMER JOURNEY



### AI RECOMMENDS



Best overall choice for your goals ✓

## KEY CHARACTERISTICS

- More informed**  
 Arrives with knowledge and recommendations.
- More confident**  
 Makes faster, clearer decisions.
- More selective**  
 Higher expectations for relevance and value.
- Less tolerant of friction**  
 Expects seamless, convenient experiences.
- More value and purpose driven**  
 Chooses brands aligned to health, sustainability and lifestyle.

## BEHAVIOURAL SHIFT

| From                | To                           |
|---------------------|------------------------------|
| Limited information | AI-enabled knowledge         |
| Store discovery     | AI pre-discovery             |
| Uncertain decisions | Greater decision confidence  |
| Brand-led messaging | Personalised recommendations |
| Patient             | Low tolerance for friction   |

## STRATEGIC IMPERATIVE

Retailers must evolve from simply measuring performance to understanding behaviour — and design experiences for the AI Customer.

## RETAIL INTELLIGENCE SA PERSPECTIVE

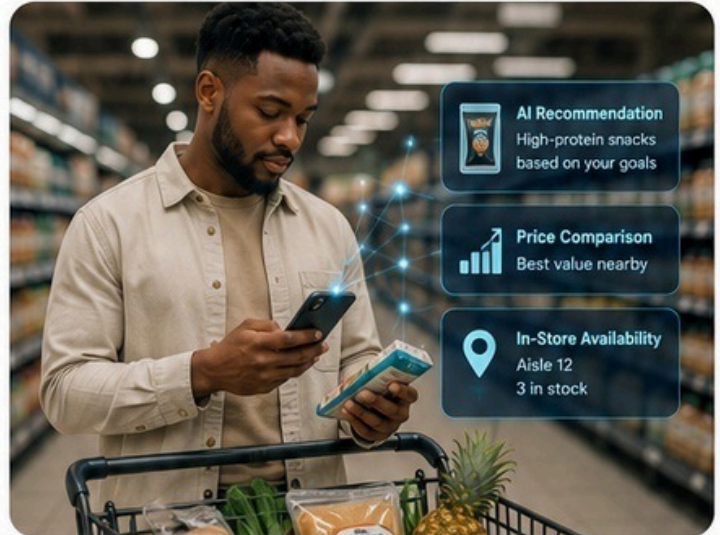
The AI Customer is not a future concept. They are already here. Retailers who understand and adapt to this new behaviour will build stronger customer relationships, grow market share and create the next competitive advantage.



# WHY IT MATTERS RIGHT NOW

AI is no longer an emerging trend. It is a **present-day force** reshaping customer behaviour and retail performance.

Retailers that act now will build lasting advantages. Retailers that wait will face rising costs, lost relevance and shrinking customer loyalty.



## THE IMPACT IS ALREADY HERE



### CUSTOMER EXPECTATIONS HAVE SHIFTED

AI has raised the bar for convenience, relevance and personalisation.

Customers now expect more—everywhere.



### COMPETITION IS INTENSIFYING

AI-native players and forward-thinking retailers are moving faster, learning faster and winning market share.



### DATA IS MORE VALUABLE THAN EVER

Behavioural data, when understood, becomes a powerful differentiator.

Most retailers aren't using it effectively.



### OPERATIONS MUST EVOLVE

From assortments to store layouts to associate training—every operational decision should be informed by customer behaviour.



### LOYALTY IS BEING REWRITTEN

Relevance drives loyalty. Relevance comes from understanding behaviour in real time and acting on it.

## WHAT THIS MEANS FOR RETAIL LEADERS



### FOCUS ON THE RIGHT PROBLEMS

Stop chasing technology for its own sake. Start with the customer problems that matter most.



### INVEST IN UNDERSTANDING

Build capabilities to understand customer behaviour across every touchpoint.



### ACT ON INSIGHTS, NOT JUST DATA

Insights only create value when they influence decisions and drive action.



### ALIGN PEOPLE, PROCESSES AND TECHNOLOGY

Sustainable impact comes from alignment across your entire organisation.



### MEASURE WHAT MOVES THE NEEDLE

Track the metrics that reflect customer value, not just operational output.



## THE OPPORTUNITY

The retailers who understand the AI Customer and execute with clarity will win in four critical ways:

- ✓ Stronger customer relationships
- ✓ Higher conversion and larger basket sizes
- ✓ Lower operational costs
- ✓ Sustainable competitive advantage in an AI-driven world

**The window to lead is open.  
The time to act is now.**



### RETAIL INTELLIGENCE SA INSIGHT

AI is not just a technology shift.  
It is a customer behaviour shift.  
The retailers who understand this will define the next decade.



# SOUTH AFRICA'S AI EXECUTION ERA

The AI Customer is here.

South African retailers have an opportunity to lead.

Local retailers are investing in technology, loyalty and data, but execution – not technology – will determine who wins.

Those who understand customer behaviour in the South African context will build stronger connections, increase relevance and deliver sustainable growth.

## SOUTH AFRICAN CONTEXT



**Digitally active and mobile-first consumers**

High smartphone penetration and data affordability are accelerating AI adoption.



**Price-sensitive and value-driven behaviour**

AI helps shoppers compare prices, find deals and make smarter trade-offs.



**A fast-evolving retail landscape**

Omnichannel, quick commerce and private label growth are creating new competitive dynamics.

## WHERE SOUTH AFRICAN RETAILERS ARE FOCUSING



### LOYALTY & PERSONALISATION

Building smarter loyalty programmes that reward relevance, not just transactions.



### DATA & CUSTOMER INSIGHTS

Integrating data across silos to understand behaviour and predict what matters next.



### OMNICHANNEL EXPERIENCES

Creating consistent, convenient experiences across online, in-store and everywhere in between.



### OPERATIONAL INTELLIGENCE

Using AI to optimise assortments, pricing, inventory, staffing and store performance.



### CUSTOMER-CENTRIC CULTURE

Empowering teams with insights, tools and training to make customer-focused decisions every day.

## THE OPPORTUNITY FOR SOUTH AFRICAN RETAILERS



**Compete on understanding, not just price.**

Retailers who understand local customer behaviour will be more relevant, more trusted and more chosen.



**Build lasting customer relationships.**

Relevance at every touchpoint creates loyalty that price promotions cannot buy.



**Lead the market.**

Those who execute now will set the standard for customer experience in South Africa.



**This is South Africa's moment to leapfrog – using AI to understand our customers better than anyone else in the market.**

## KEY CHALLENGES TO OVERCOME

- ✓ Data fragmentation and poor data quality
- ✓ Legacy systems and technology constraints
- ✓ Skills gaps and change management
- ✓ Short-term thinking in a long-term game
- ✓ Measuring the right things, not just more things

The retailers who overcome these challenges will be the ones who lead.

“

The future of South African retail will belong to those who understand behaviour, earn trust and deliver relevance at every moment.

”



# STRATEGIC QUESTIONS FOR RETAIL LEADERS

The AI Customer™ changes how, where and why customers decide. **The right questions today will determine your relevance tomorrow.**

Use these strategic questions to guide boardroom discussions, prioritise investment and align your organisation around the customer, not the channel.



## WHY THESE QUESTIONS MATTER

As AI becomes embedded in the customer journey, retailers must move from reacting to change, to leading it.

“The retailers who ask better questions today will build stronger customer relationships tomorrow.”

## 7 ESSENTIAL STRATEGIC QUESTIONS

01



### DO WE TRULY UNDERSTAND OUR AI CUSTOMER™?

Do we understand how our customers use AI, what influences them and what moments matter most in their journey?

02



### ARE WE PRESENT IN THE RIGHT MOMENTS?

Are we showing up where and when customers are discovering, researching and deciding – online and offline?

03



### ARE WE USING DATA TO CREATE VALUE?

Do we combine the right data sources to generate insights that drive better decisions and better customer experiences?

04



### ARE OUR EXPERIENCES TRULY RELEVANT?

Are our promotions, messaging and experiences personalised, timely and relevant to individual customer needs?

05



### IS OUR ORGANISATION BUILT FOR THIS SHIFT?

Do we have the skills, processes and culture to adapt quickly and continuously as customer behaviour evolves?

06



### ARE WE MEASURING WHAT REALLY MATTERS?

Are we measuring customer relevance, trust and lifetime value – not just sales, traffic and conversion?

07



### HOW WILL WE EARN AND KEEP TRUST?

How are we using AI ethically and transparently to build trust and demonstrate that we act in our customers' best interests?



## TURN QUESTIONS INTO ACTION

Answering these questions isn't a one-off exercise. It requires ongoing focus, investment and execution.

- ✓ Review these questions quarterly at board and executive level
- ✓ Align teams around customer-centric outcomes
- ✓ Invest in capabilities that unlock insight and activation
- ✓ Pilot, learn, scale and continuously optimise



## RETAIL INTELLIGENCE SA INSIGHT

The best strategies don't start with technology. They start with better questions about your customer.  
**Better questions lead to better decisions.**  
**Better decisions lead to better results.**



# THE RETAIL INTELLIGENCE ADVANTAGE

The retailers that understand customer behaviour will define the next era of retail.

AI is not just changing how retailers operate. It is changing how customers think, feel and decide.

The future belongs to those who understand people better and act with intelligence.



## FIVE EXECUTIVE TAKEAWAYS



01

AI is changing customer behaviour before customers enter the store.

Discovery, research and decisions are increasingly AI-influenced.



02

Behavioural intelligence is becoming a strategic competitive advantage.

Relevance, not reach, drives loyalty, growth and market share.



03

Data without behavioural context has limited value.

Insight comes from understanding the why behind the what.



04

Retail Intelligence connects operational data with customer understanding.

It turns data into decisions that improve performance every day.



05

The winners of the AI Execution Era will understand people better – not just technology.

Human understanding remains the ultimate differentiator.

“

Artificial Intelligence is not just changing retail.  
It is changing customers.

”

### ABOUT RETAIL INTELLIGENCE SA

Retail Intelligence SA delivers independent research and executive Briefs that help retailers understand customer behaviour, adopt AI with confidence and build customer-centric strategies for sustainable growth.

Evidence. Insight. Impact.  
That is the Retail Intelligence advantage.

### POWERED BY iNTERACT

iNteract is building the AI Operating System for retail – connecting data, intelligence and action to help retailers make every customer interaction count.

Understand. Decide. Act.  
Intelligence in action.

### CONTINUE THE CONVERSATION

We would love to exchange ideas and explore how Retail Intelligence can create value for your business.



Learn more about iNteract  
[www.interactaoe.co.za](http://www.interactaoe.co.za)

### SOURCES

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Deloitte – 2024 Global Retail Outlook  
PwC – Global Consumer Insights Survey 2024

McKinsey – The State of AI in Early 2024  
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Local industry reports and Retail Intelligence SA analysis

This Brief is for information purposes only.  
All data is sourced from public domain research and industry reports.

