

Agentic commerce: new frontiers

INVESTMENT INSIGHT | INTERNATIONAL EQUITY TEAM | February 2026

The question of how artificial intelligence reshapes competitive advantage has become a dominant theme for equity markets. In recent months we have explored this issue through the lens of financial information services and professional services companies within Industrials. Here, we turn to a different but equally topical area of opportunity and disruption: agentic commerce.

Agentic commerce describes e-commerce activity that is initiated or shaped by an AI system (typically a large language model, or an “agent”) after a consumer interacts with it. We think this shift matters for investors because it changes how demand is expressed, how products are discovered, and potentially where economics accrue across the commerce stack (software, payments, logistics, advertising and marketplaces). The near-term reality is likely to be evolutionary rather than overnight disruption, but the direction of travel is clear: the interface through which consumers shop is becoming more conversational, more personalised, and increasingly capable of executing transactions.

From “search and click” to “ask and buy”

In broad terms, agentic commerce occurs when a consumer engages an AI interface to find, evaluate, and/or purchase a product or service. In practice, two distinct models are emerging:

1. “CONVERSATIONAL” AGENTIC COMMERCE (HUMAN-IN-THE-LOOP)

A user interacts with their preferred AI agent to describe what they want, explore options, and narrow choices—but the final ordering and authorisation step is still taken by the user. This differs from traditional search in two important ways:

- **HYPER-PERSONAL RECOMMENDATIONS.** Over time, an AI assistant can accumulate context about a user’s preferences, constraints and prior behaviour (e.g. size, style, budget, delivery preferences, brand affinities). That context makes product discovery meaningfully more tailored than a generic query.
- **HIGHER SPECIFICITY UPFRONT.** AI prompts naturally encourage detail. Instead of searching “men’s jeans” and then filtering on a merchant’s site, a user can specify in a single request cut, sizing, colour, price ceiling and use case—often producing better first results with fewer clicks.



AUTHOR



ANTON KRYACHOK
Executive Director

“Consumers have a finite amount of money to spend, so realistically agentic commerce is not “free growth”. The more relevant debate is how spend will be redistributed across channels and business models.”

2. TRULY AUTONOMOUS AGENTIC COMMERCE (AGENT-IN-THE-LOOP)

This is the more futuristic but strategically important model where the consumer delegates the task end-to-end; the user specifying the objective and constraints—and the agent returning with a purchase confirmation. A prompt might read: “Please purchase road running shoes for 5–10km runs, UK size nine, with good cushioning, mild overpronation support, under £150, green/blue, deliver to my home address, charge my Visa.” If this model scales, it compresses the traditional shopping funnel (browse → compare → checkout) into a single instruction and an approval step.

What needs to be in place for agentic commerce to scale?

We see two practical bottlenecks that will determine the pace of adoption: product data access and payment authorisation that preserves trust and reduces disputes/returns.

First, agents need reliable, real-time access to merchant catalogues. Even today, AI-assisted shopping often struggles with stale, incomplete, or inconsistently formatted SKU¹-level data. For agentic commerce to work reliably, merchants need to expose accurate information—inventory, pricing, variants, delivery windows and return policies—in a way agents can query programmatically. That points towards a world where:

- product data becomes more standardised and machine-readable (clearer attributes, tagging, taxonomy consistency);
- merchants provide real-time catalogue access via APIs²/agent-friendly connectors; and
- successful commerce enablement platforms are strategically set up to help merchants organise and serve this data.

Second, in order to get to full autonomy, the payments infrastructure must evolve from “prove a human is buying” to “prove an authorised agent is buying on behalf of a human”. Card networks and issuers have already built much of the underlying toolkit through tokenisation (replacing sensitive card details with non-sensitive tokens) and modern authentication flows. The next step is extending these tools to agent-initiated transactions with clear consumer consent, guardrails (spend limits, merchant/category rules), and robust exception handling. The goal is to enable delegation without increasing fraud or return-related disputes. How much data is captured around these transactions, and by whom (payment networks or LLM³ providers), might have important implications for the economics of processing agentic payments.

How to think about total addressable market (TAM)

Consumers have a finite amount of money to spend, so realistically agentic commerce is not “free growth” for the system. In our view, the more relevant debate is how spend will be redistributed across channels and business models.

One hope for retailers and platforms is that agentic tools increase online penetration by reducing friction, particularly for routine replenishment such as the weekly grocery shop. Even if aggregate e-commerce spend—currently around 16%⁴ of overall retail spend in the U.S.—remains unchanged, agentic systems may well increase the number of transactions. An agent is indifferent to splitting a basket across multiple merchants to optimise price, availability or delivery. This could reshape basket composition, fulfilment patterns, and the economics of “one-stop” aggregation.

“Skate to where the puck is going, not where it is now”⁵

We focus on identifying businesses with intangible assets that underpin strong and sustainable returns on capital. Understanding how technological, regulatory or competitive changes might impact the strength of the franchises we own is a key part of our constant re-underwriting of our portfolio. We see two areas where an advance of agentic commerce might challenge or upend the status quo:

- **IMPACT ON THE POWER OF BRANDS.** Agentic commerce is likely to change how products are discovered (less SEO⁶-driven, more data-driven), and it could reward merchants that provide rich, reliable SKU data and clear service terms. It may also interact in nuanced ways with brand strength and product differentiation. Where brand differentiation is weak and products are highly interchangeable, agents are more likely to optimise aggressively on price and convenience - which could marginally level the playing field between large and small players. Conversely, products which demonstrable functionality and specific use cases may benefit; an AI agent is better placed than a human to scan hundreds of SKUs to match niche needs. This rewards companies that innovate rather than merely market.
- **IMPACT ON E-COMMERCE PLATFORMS AND AGGREGATORS.** If AI interfaces become a dominant starting point for shopping, some platforms could face disintermediation risk (reduced ad/upsell leverage), while others may benefit from incremental traffic and improved conversion. Questions around openness, “merchant of record” responsibilities, and bargaining power between platforms and AI interfaces will be central.

¹ Stock keeping unit; a code that helps sellers identify products in their inventory.

² Application programming interface: a set of rules or protocols that enables software applications to communicate with each other to exchange data, features and functionality.

³ Large language models.

⁴ Source: Data as at Q3 2025, U.S. Census Bureau <https://www.census.gov/retail/ecommerce.html>.

⁵ Quote attributed to former ice hockey player Wayne Gretzky.

⁶ Search engine optimisation.

Meanwhile, for payments, we believe that agentic commerce appears more evolutionary than revolutionary. As things stand, we believe card networks will probably be net beneficiaries as tokenisation and consent-based authentication become more valuable in a delegated world. Today, about 40% of card transactions are tokenised by Visa and Mastercard for traditional ecommerce use. Merchant acquirers, by contrast, may face pressure as some traditional revenue pools linked to

risk and conversion shrink. This is an area we continue to watch as it evolves.

Moats in the agentic commerce world

Even if agentic commerce ultimately represents a modest share of global ecommerce, it is likely to be a part of the equity debate for a while, before we settle into a new equilibrium. We will share our thoughts on these evolving topics with you in our upcoming Global Equity Observers.

Risk Considerations

There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market value of securities owned by the portfolio will decline. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in this strategy. Please be aware that this strategy may be subject to certain additional risks. Changes in the worldwide economy, consumer spending, competition, demographics and consumer preferences, government regulation and economic conditions may adversely affect global franchise companies and may negatively impact the strategy to a greater extent than if the strategy's assets were invested in a wider variety of companies. In general, **equity securities'** values also fluctuate in response to activities specific to a company. Investments in **foreign markets** entail special risks such as currency, political, economic, and market risks. **Stocks of small- and mid-capitalisation companies** carry special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. The risks of investing in **emerging market countries** are greater than risks associated with investments in foreign developed markets. **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, correlation and market risks. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). Non-diversified portfolios often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility. **ESG strategies** that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance.

IMPORTANT INFORMATION

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

A separately managed account may not be appropriate for all investors. Separate accounts managed according to the particular Strategy may include securities that may not necessarily track the performance of a particular index. A minimum asset level is required.

For important information about the investment managers, please refer to Form ADV Part 2.

The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

This material has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and the Firm has not sought to independently verify information taken from public and third-party sources.

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Charts and graphs provided herein are for illustrative purposes only. **Past performance is no guarantee of future results.**

The indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

This material is not a product of Morgan Stanley's Research Department and should not be regarded as a research material or a recommendation.

The Firm has not authorised financial intermediaries to use and to distribute this material, unless such use and distribution is made in accordance with applicable law and regulation. Additionally, financial intermediaries are required to satisfy themselves that the information in this material is appropriate for any person to whom they provide this material in view of that person's circumstances and purpose. The Firm shall not be liable for, and accepts no liability for, the use or misuse of this material by any such financial intermediary.

This material may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this material in another language, the English version shall prevail.

The whole or any part of this material may not be directly or indirectly reproduced, copied, modified, used to create a derivative work,

performed, displayed, published, posted, licensed, framed, distributed or transmitted or any of its contents disclosed to third parties without the Firm's express written consent. This material may not be linked to unless such hyperlink is for personal and non-commercial use. All information contained herein is proprietary and is protected under copyright and other applicable law.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

DISTRIBUTION

This material is only intended for and will only be distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations.

MSIM, the asset management division of Morgan Stanley (NYSE: MS), and its affiliates have arrangements in place to market each other's products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM's affiliates are: Eaton Vance Management (International) Limited, Eaton Vance Advisers International Ltd, Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, and Atlanta Capital Management LLC.

This material has been issued by any one or more of the following entities:

EMEA

This material is for Professional Clients/Accredited Investors only.

In the EU, MSIM and Eaton Vance materials are issued by MSIM Fund Management (Ireland) Limited ("FMIL"). FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at 24-26 City Quay, Dublin 2, DO2 NY19, Ireland.

Outside the EU, MSIM materials are issued by Morgan Stanley Investment Management Limited (MSIM Ltd) is authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

In Switzerland, MSIM materials are issued by Morgan Stanley & Co. International plc, London (Zurich Branch) Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered Office: Beethovenstrasse 33, 8002 Zurich, Switzerland.

Outside the US and EU, Eaton Vance materials are issued by Eaton Vance Management (International) Limited ("EVM") 125 Old Broad Street, London, EC2N 1AR, UK, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.

Italy: MSIM FMIL (Milan Branch), (Sede Secondaria di Milano) Palazzo Serbelloni Corso Venezia, 16 20121 Milano, Italy. **The Netherlands:** MSIM FMIL (Amsterdam Branch), Rembrandt Tower, 11th Floor Amstelplein 1 1096HA, Netherlands. **France:** MSIM FMIL (Paris Branch), 61 rue de Monceau 75008 Paris, France. **Spain:** MSIM FMIL (Madrid Branch), Calle Serrano 55, 28006, Madrid, Spain. **Germany:** MSIM FMIL Frankfurt Branch, Große Gallusstraße 18, 60312 Frankfurt am Main, Germany (Gattung: Zweigniederlassung (FDI) gem. § 53b KWG). **Denmark:** MSIM FMIL (Copenhagen Branch), Gorrissen Federspiel, Axel Towers, Axeltorv2, 1609 Copenhagen V, Denmark.

MIDDLE EAST

Dubai: MSIM Ltd (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158).

This document is distributed in the Dubai International Financial Centre by Morgan Stanley Investment Management Limited (Representative Office), an entity regulated by the Dubai Financial Services Authority ("DFSA"). It is intended for use by professional clients and market counterparties only. This document is not intended for distribution to retail clients, and retail clients should not act upon the information contained in this document.

This document relates to a financial product which is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any documents in connection with this financial product. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. The financial product to which this document relates may be illiquid and/or subject to restrictions on its resale or transfer. Prospective purchasers should conduct their own due diligence on the financial product. If you do not understand the contents of this document, you should consult an authorised financial adviser.

U.S.

NOT FDIC INSURED. OFFER NO BANK GUARANTEE. MAY LOSE VALUE. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT A DEPOSIT.

LATIN AMERICA (BRAZIL, CHILE COLOMBIA, MEXICO, PERU, AND URUGUAY)

This material is for use with an institutional investor or a qualified investor only. All information contained herein is confidential and is for the exclusive use and review of the intended addressee, and may not be passed on to any third party. This material is provided for informational purposes only and does not constitute a public offering, solicitation or recommendation to buy or sell for any product, service, security and/or strategy. A decision to invest should only be made after reading the strategy documentation and conducting in-depth and independent due diligence.

ASIA PACIFIC

Hong Kong: This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore:** This material is disseminated by Morgan Stanley Investment Management Company and should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); (ii) to a "relevant person" (which includes an accredited investor) pursuant to section 305 of the SFA, and such distribution is in accordance with the conditions specified in section 305 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This publication has not been reviewed by the Monetary Authority of Singapore.

Australia: This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

JAPAN

For professional investors, this material is circulated or distributed for informational purposes only. For those who are not professional investors, this material is provided in relation to Morgan Stanley Investment Management (Japan) Co., Ltd. ("MSIMJ")'s business with respect to discretionary investment management agreements ("IMA") and investment advisory agreements ("IAA"). This is not for the purpose of a recommendation or solicitation of transactions or offers any particular financial instruments. Under an IMA, with respect to management of assets of a client, the client prescribes basic management policies in advance and commissions MSIMJ to make all investment decisions based on an analysis of the value, etc. of the securities, and MSIMJ accepts such commission. The client shall delegate to MSIMJ the authorities necessary for making investment. MSIMJ exercises the delegated authorities based on investment decisions of MSIMJ, and the client shall not make individual instructions. All investment profits and losses belong to the clients; principal is not guaranteed. Please consider the investment objectives and nature of risks before investing. As an investment advisory fee for an IAA or an IMA, the amount of assets subject to the contract multiplied by a certain rate (the upper limit is 2.20% per annum (including tax)) shall be incurred in proportion to the contract period. For some strategies, a contingency fee may be incurred in addition to the fee mentioned above. Indirect charges also may be incurred, such as brokerage commissions for incorporated securities. Since these charges and expenses are different depending on a contract and other factors, MSIMJ cannot present the rates, upper limits, etc. in advance. All clients should read the Documents Provided Prior to the Conclusion of a Contract carefully before executing an agreement. This material is disseminated in Japan by MSIMJ, Registered No. 410 (Director of Kanto Local Finance Bureau (Financial Instruments Firms)), Membership: the Japan Securities Dealers Association, The Investment Trusts Association, Japan, the Japan Investment Advisers Association and the Type II Financial Instruments Firms Association.