# 3 Tech Trends Driving the Future of Retail

Retail has experienced ongoing digital transformation, even before COVID-19 accelerated this journey by 4 – 6[1] years. What's next for the industry? We know innovations change how customers live their lives, leading to new shopping habits and expectations retailers must fulfill. By examining tech trends, we get a glimpse into retail's future. Let's take a look at 3 new technologies taking hold, each of which have the potential to permanently alter retail as we know it.

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# **1** Augmented Shopping

The precursor of augmented reality (AR) was created in 1968, long before the Pokemon Go explosion in 2016. Virtual reality (VR) began even earlier, in 1957 with the introduction of the "Sensorama" cinematic experience[2]. Since then, these technologies have been used by NASA, the US Air Force, and to create immersive customer experiences. In each of these cases, AR/VR technology was a nice-to-have, but that's about to change[3].

After a year of staying indoors and unable to go anywhere or touch anything, consumers are more than ready to experience something new. As we gauge what pandemic preferences will stick, 71% of consumers said they'd shop more often with AR[4]. Since Shopify introduced Shopify AR, they reported consumer interactions with 3D/AR "showed a 94% higher conversion rate than for products without AR/3D." Technologies such as smart mirrors and product visualization provide shoppers with new ways of personally experiencing products, which ultimately increases conversion while slashing return rates. And AR is only getting started. IDC predicts a 77% compound annual growth rate in the AR/VR market between 2019 – 2023[5].

## 40%
of consumers would pay more for products they could customize with AR[6]

1   "COVID-19 Accelerated eCommerce Growth 4 to 6 Years," Forbes.com

2   The Very Real History of Virtual Reality, G2.com

3   Infographic, history of augmented reality, Bippar.com

4   20 augmented reality statistics you should know in 2020, Threekit.com

5   Worldwide Spending on Augmented and Virtual Reality Expected to Reach $18.8B in 2020," IDC

6   20 augmented reality statistics you should know in 2020, Threekit.com

# 2 Voice Commerce

Voice-enabled commerce has just begun to take hold. Advances in artificial intelligence (AI) and natural language processing (NLP) have led to the proliferation of 4.2 billion voice-enabled, smart speakers worldwide. Already, more than half have purchased items using their voice. As customers look to simplify their lives, this novelty will become a standard way of shopping.

This will drive how consumer brands and retailers alike do business. In an Adobe survey of business decision makers, 91% have made investments in voice technology and 94% plan to invest more in the future[9]. Starbucks began offering voice ordering back in 2017 and large retailers already offer customized voice-ordering features. As the technology improves and smart assistants become more pervasive –especially as part of smart cars – we predict major brands will optimize their digital and physical stores to support voice commerce.
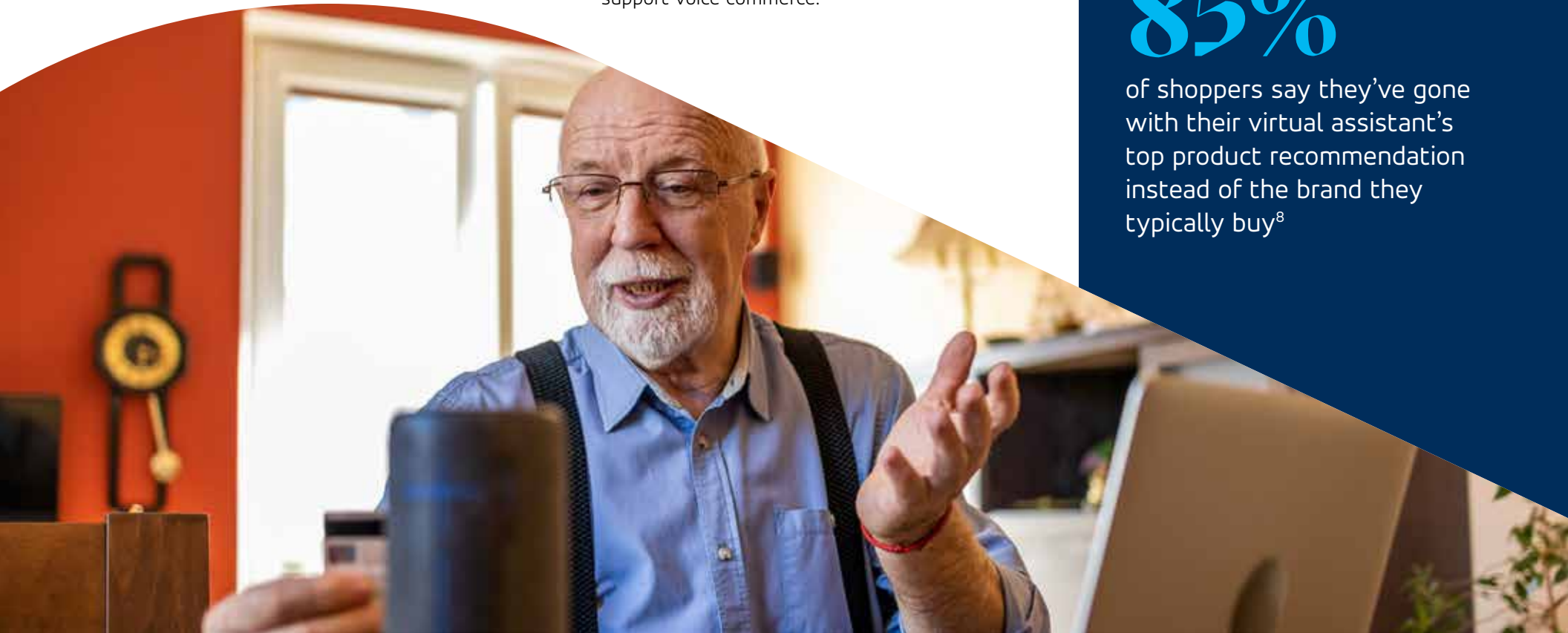
Voice shopping is estimated to reach

# $40B

in the US by 2022[7]

# 85%

of shoppers say they've gone with their virtual assistant's top product recommendation instead of the brand they typically buy[8]

# 3 IoT and Edge Technology

The Internet of Things, or IoT, has huge potential not only for the customer experience, but across the entire supply chain. GPS and RFID technologies help retailers track inventory in real time across their network, which plays an essential part in achieving real-time enterprise visibility, which ultimately leads to proactive responsiveness to potential disruptions. Retailers and restaurants alike can use GPS to know when a customer is approaching a pickup location, and RFID product tags enable checking out entire orders in bulk versus individual scanning.

Beacons and other sensors, such as temperature gauges, help ensure a safe supply chain by limiting access to sensitive goods, cleaning technologies and maintaining the cold chain for perishable goods. With so much data being monitored in real time, retailers can identify bottlenecks, reduce loss and potential theft, and deliver shipments faster and more accurately than ever. Beacons also can have a huge role in modernizing the customer experience, with location-based offers delivered at the time of the purchase decision. The possibilities are practically limitless, but retailers will have to determine the best way to incorporate these technologies into personalized experiences without being overly intrusive.

When it comes to modernizing the shopping experience, the impacts of IoT technology cannot be understated. The global smart watch market, estimated at $18.4 billion in 2020, is expected to reach $130.9 billion by 2025[11]. This is a clear indication that consumers are growing increasingly comfortable with interactive technologies. In the near future, we'll see retailers test drive biometrics identification, frictionless checkout, dynamic pricing tags and digital assisted selling technologies in the physical store.

Global IOT in Retail market expected to grow from

## 14.5B

in 2020 to

## 35.5B

by 2025[10]

15.52 PM

In Cart Budget 27.47

Banana
Orange
Yogurt

While it's not clear which will become mainstays and which might be fading novelties, one thing is clear: more and more, technologies will play a vital role in retail, whether as part of the customer experience or in the background.

With Luminate Commerce, retailers can instantly pivot, adapt and refocus to changes in demand. And, with Panasonic IoT innovations and edge technologies, the consumer experience will never be the same. Say "goodbye" to reacting when it's too late and "hello" to responding in the now.

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7   Voice-shopping, invespcro.com

8   Voice-shopping, invespcro.com

9   91% of Brands are Investing in Voice: How to Make it Work, Adobe.com

10  Internet of Things in Retail Market by Platform... Global Forecast to 2025," Marketwatch.com

11  Smartwatch Market Forecast, Marketdataforecast.com

6   20 augmented reality statistics you should know in 2020, Threekit.com