

10 THINGS TO KNOW

THE TOP 10 RETAIL TRENDS FOR 2016

Nothing stays the same for long. Here's our list of the top 10 **technology, marketing and consumer** trends that can have an impact on retail sales in 2016. See which ones can enhance your year.



TREND 1 WEARABLE TECHNOLOGY

Fashion and function are coming together in exciting new ways—fueling consumers' craving for wearable technology. What's hot? Wearable headsets, smartwatches, fitness devices, healthcare monitoring and bespoke fashion design. On top of that, wearable technology is promising to change how consumers shop. In fact, according to a study by eMarketer, 8 in 10 shoppers interested in wearables want devices to enhance in-store experience.¹

Retail implications

Retailers should align the shopping experience with growing consumer adoption of wearables in areas such as payments and personalized, real-time marketing.

TREND 2 NEW RETAIL HOLIDAYS

Consumers love holiday promotions. But why limit them to just the 20 holidays found in the standard U.S. calendar? To spur sales and increase customer acquisition, some retailers are creating their own shopping holidays—and reaping big rewards. For example, the Alibaba Group, a Chinese eCommerce company, logged a record \$14.3 billion in sales on Singles' Day, a holiday they created that's similar to our Valentine's Day and is targeted to singles.²

Retail implications

Large retailers have the clout and customer loyalty to create their own sales holidays with great success. Consider opportunities that fit with your brand and be prepared to launch a competitive response when this happens.

TREND 3 VOICE TECHNOLOGY

Voice-enabled search is catching on in a big way with both teenagers and adults. Speed is the key advantage for both audiences. Searching for products and services via voice technology can be up to four times faster than type-and-click.

The retail advantages of voice technology go beyond search. For instance, a large home improvement retailer recently unveiled a robotic in-store assistant that customers can interact with via its touchscreen and voice recognition module. This technology allows retailers to enhance the customer experience in-store, make their large store less intimidating and free up employees to concentrate on more complex tasks.³

Retail implications

Retailers should understand how consumer search behavior is becoming more voice-based and optimize online platforms for natural language.

TREND 4 VIRTUAL REALITY IN THE SHOPPING EXPERIENCE

Virtual reality (VR) is a computer-simulated reality, different from the physical reality in which we live. VR can create sensory experiences that the user can interact with. Progressive retailers are already using VR to create personalized immersive shopping for customers directly in their homes—everything from a virtual store tour to trying on new fashions. VR is a great fit for mobile, too. With their higher screen resolutions and processing power, smartphones are now capable of delivering a VR experience.⁴

Retail implications

Virtual reality can enhance the shopping experience for customers by providing them with a personalized, interactive retail context that can lead to more sales across all channels.

TREND 5 VIDEO STREAMING

Video streaming has taken off, particularly among millennials. Using video streaming in a sales context, retailers can answer consumers' questions, show the product in action, explain its chief benefits and/or demonstrate how to use it. All of these retail applications can help increase sales. In fact, 85% of customers say they are more likely to make a purchase after watching a product video.⁵ With millennials driving this trend, video-on-demand traffic is expected to double by 2019.⁶

Retail implications

Retailers should assess where there might be opportunities in their own sales process to use online streaming video for product demos, display or customer service.

TREND 6 INTERNET OF THINGS

It used to be that retailers collected most of their consumer data at the point of sale. But the rapidly expanding Internet of Things (IoT) is changing that. Today, retailers are deploying and connecting millions of low-cost microdevices and sensors ("Things") just about everywhere in the retail environment. The payoff: more data collected in more places, providing rich and invaluable insights into consumer behavior, market trends, buying patterns, customer engagement and the like. IoT also helps retailers bring forth new revenue streams with new products and services. It can also lead to cost savings through productivity improvements.⁷

Retail implications

Retailers should leverage the data collected through connected devices to their best sales advantage.

TREND 7 MOBILE PAYMENTS & ALTERNATIVE PAYMENTS

While mobile payments accounted for only 1.6% of total retail sales in 2015, the percentage is expected to rise more than threefold in 2016.⁸ And, as more and more consumers adopt this payment platform, its impact on the future of commerce will be tremendous. Many market forces are driving this trend:

- More smartphones are offering mobile wallet apps (e.g., Samsung Pay) and capability (NFC + biometrics)
- More wearables like watches are featuring NFC payment capabilities (e.g., Samsung Gear S2 w/ Samsung Pay)
- More retailers are transitioning to NFC POS terminals
- More banks and retailers are launching branded wallets

Retail implications

Retailers should monitor the ever-changing payment market closely and update their POS terminals and eCommerce platforms to accept new payment methods.

TREND 8 SOCIAL NETWORK BUY BUTTONS

Good news for retailers—social network providers are going commercial. They're adding **Buy** buttons, which allow users to shop directly on their sites. While adoption has been slow with millennials and retailers, the growing use of mobile is advancing this trend. That's because, functionally, it's difficult to navigate between apps on a device. So the ability to shop directly inside the app you're already using rather than being directed to a new site or app is likely to be a tantalizing one for consumers and retailers alike.⁹

Retail implications

Integrate your marketing message with the top social media companies to ensure your products have presence where consumers are "browsing."

TREND 9 INCREASED SPENDING ON PETS

Americans love their pets. And the numbers confirm it—79.7 million American households own at least one pet and 42% of all households own more than one pet. It's little wonder, then, that consumer spending on pets has risen a whopping 25% over the past five years.¹⁰ What's more, we expect sales growth will continue to rise, fueled by changing mindsets toward pet ownership and consumer demographics:

- 63% of U.S. pet owners consider their pets a member of the family¹¹
- Many urban couples are now opting to become dog owners as they wait longer to have children
- 76% of millennials are more likely to splurge on a non-essential item for their pet than themselves¹²

Retail implications

Retailers and veterinarians should focus on understanding the Millennial pet owner's needs and resource appropriately for the increasing demand.

TREND 10 PERSONALIZATION

The days of the one-size-fits-all customer experience model are waning. Consumers today want personalized experiences and offers tailored to their unique needs. In fact, 77% of shoppers would be more loyal to stores that provided their personal top three customer experience benefits.¹³ Thanks to data analytics and IoT, retailers are now able to deliver exactly that. Large department stores are using beacon technology to push relevant ads to customers' mobile devices while they are still in the store. Online retailers use product recommendation engines to recommend products based on consumers' previous browsing history. And some retailers are tailoring their loyalty programs to customers' specific interests.

Retail implications

Retailers should invest in personalization tools to boost customer loyalty and repeat spending.

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