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Retail this year: 4 technology trends to watch

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Last year, a number of global retailers announced new multi-billion dollar investments in technology, beyond what they have spent in the past. Why? Product sales, year to year, can only increase so much and, in some cases, they go down.

To create new opportunities among consumers and generate greater profits from existing shoppers, retailers are increasingly turning to new platforms.

But which technologies will move the needle? Here are four trends that emerged in 2016, with strong signs that they will continue to be large investments this year.

1. Beacons

With their countless applications, beacons offer a lot of value for retailers and marketers.

Through geo-location data, beacons can enable real-time, personalized marketing in unique new ways.

While versatile, the jury is still out on how scalable beacons truly are.

Part of this is attributable to adoption many marketers have been slow to embrace the technology. They are still concerned about the backend infrastructure and how well that can be supported long-term, especially since this is still a relatively new technology.

However, despite these challenges, beacons have proven to be useful as a customer intelligence tool. They help brands and marketers track and understand how consumers move through and around stores.

While we have yet to reach the potential beacons provide in terms of delivering personalized ads in real-time, the audience intelligence we are gleaming through them will only help us get there.

2. Data

Retail marketers have a love affair with data.

Thanks to the plethora of touch points and channels that have emerged over the past few years, collecting, analyzing and optimizing customer data is an easier and more efficient task than ever before.

But because of this, a new challenge has emerged.

Now, retailers are faced with the difficult task of activating against that data implementing it to improve business and grow revenue.

Retailers want to have a one-customer view through their datasets, isolating and predicting the buying behavior of customers across channels, as well as using this data to invest in the best media channels to reach those customers most efficiently.

This is another way to streamline operating costs and develop better go-to-market strategies.

In 2016, the industry took several steps forward in terms of technology with more self-service tools to eliminate learning curves and greater education.

But we are still in the early days of activating data at the scale most retailers need.

The solution for many is to bring on more dedicated data scientists in-house to support marketing and operations.

3. Chatbots

With Facebook leading the charge, chatbots finally mainstreamed in 2016.

Among retailers and advertisers, mobile chatbots have been a hot topic.

Retailers such as H&M and Sephora use them every day to engage with customers.

Chatbots are increasingly perceived as an alternative to applications for many retailers, since they are not challenged by some of the discovery issues in app stores. They can also work across platforms and mobile devices by integration with popular messenger services.

Chatbots signal a unique new form of one-to-one communication between retailers and a target audience. They reflect a more conversational and personal approach to commerce and engagement that consumers seem to crave.

As their capabilities grow in 2017, driven by companies such as Facebook and Microsoft, we could be poised for a surge in end-user adoption.

4. Virtual reality

Virtual reality (VR) video finally became a marketing reality in 2016.

As an example, Samsung's Gear VR showcase with Vice at Cannes emphasized the incredible potential virtual reality offers, not only to consumers, but to advertisers, agencies and publishers seeking innovative new ways to connect with their audiences.

AOL recognized this too, acquiring RYOT in April.

Unlike other marketing channels or platforms, VR enables fully immersive, interactive experiences that are essentially unmatched in terms of audience buy-in, enthusiasm and engagement.

Marketers such as Dior and J. C. Penney have already invested dollars into their own VR campaigns.

Still, there are very real challenges in scaling both the technology and the content, and many customers are slow to respond to VR because it is a complex technology with which most people have little experience.

While it is still early for the category, 2016 showed us that the industry is now looking seriously at VR and VR investments will only grow to turn that potential into reality.

IT SEEMS that technology opportunities for retailers are evolving monthly.

In 2017, however, expect retailers to home in on beacons, data, chatbots and VR as they seek new ways to boost business.

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