

# RETAIL TECH TRENDS

*As retail and ecommerce markets grow, the industry uses creative tactics to tackle modern problems.*

BY: VALERIA RIVERA




SOURCE: Jonathon Beck  
[www.jonathonbeck.com](http://www.jonathonbeck.com)

## INTRODUCTION


So far, 2024 has proven to be the year of exponential growth for technology in retail and online commerce. Ecommerce was valued over \$7.4 trillion in 2024 and the market is expected to grow reaching \$9.4 trillion in 2028. Advancements in AI and AR are leading business executives to find solutions within technology and prioritizing its integration to existing processes.

AI is proven to benefit businesses in increasing productivity and costs by 73%, improving customer satisfaction by 72%, advancing marketing by 69% and helping employers find highly efficient sales associates by 64%. According to Statista, AI increased sales by 14.2% from 2023 to 2024 and profits by 8.1%. In the US 91.3 million of consumers, used VR in 2024 and analysts predict that in 2028 over 116.0 M participants will use AI software.


This journal will discuss trends that are recently used in fashion and retail to solve problems, generate intrigue, and increase profits. Virtual fitting rooms, Hyper personalization, and AI assisted checkouts are three trends that positively impact phygital shopping and supporting omnichannel business strategies.



*SOURCE: Statista*  
2024 Retail Predictions



*SOURCE: Statista*  
Retail Market Worldwide



*SOURCE: Statista*  
Global AI in 2020

# VIRTUAL FITTING ROOMS

Virtual fitting rooms work as a technology that integrates Artificial Intelligence(AI) and Augmented Reality (AR). These tailored spaces exist in various forms; In-stores as a digital mirror, in mobile devices as filters and overlays, or as Avatar platforms. Advanced virtual fitting rooms can work as stylists and help customers understand sizing. Virtual rooms can help companies solve two major challenges in the industry: product returns and engagement.

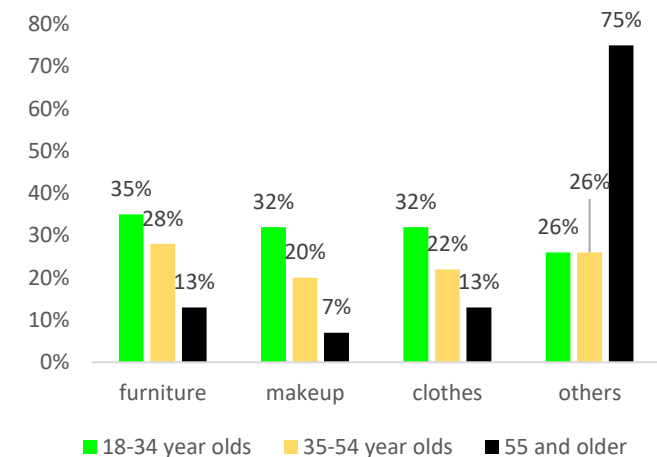
*Coresight Research* states that over 24% of all online-bought soft-goods are returned and 77% of these returns are a result of sizing. The costs of these returns amounted to \$38 billion in 2023 and the processing costs are \$25.1 billion. Some Retailers may face obstacles if garments have intricate designs. Wearer’s must also wear tight clothes for the overlays to work effectively.

Gen Z was the generation that most used the technology for beauty products with 56% of users.

The market has demonstrated consistent growth and business analysts expect it to continue advancing significantly in the upcoming years. According to Statista the virtual fitting room industry will have a market value of \$4.03 billion this year (2024) and it is projected to grow to \$18.31 billion in 2023. Executives are looking forward to implementing augmented reality fitting rooms to assist their customers. In hopes of decreasing returns, over 42% of business leaders are looking forward to doing so in the near future.

## IN AMERICA

**AUGMENTED REALITY USE BY PRODUCT CATEGORY IN 2022**



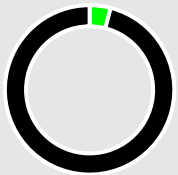
# VIRTUAL FITTING ROOMS

## PRODUCT CATEGORIES

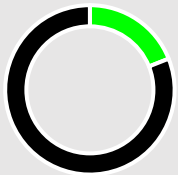
Fashion and Apparel, Beauty and Makeup, Styling, Interior design.

## CONSUMER

Consumers Using Virtual Fitting Rooms In Online Stores By Generation | 2024



Boomers: 4%



Millennials: 19%



Gen X: 20%



Gen Z: 23%

Supporters Non-Supporters

## STRENGTHS

- Market expected to grow to :  
**\$7 B in 2025**  
 \$8.5B in 2026  
 \$10 B in 2027  
 \$12.34 B in 2028  
**\$15 B in 2029.**
- Virtual Fitting rooms are known to **reduce returns by 40%**
- 20%** of consumers **trusted the technology** to be accurate in 2019. in 2024 **11%** **slightly** trust while **40%** **completely** trust it.
- 58%** of users in the U.S.A. **find virtual fitting rooms beneficial**

## WEAKNESSES

- Online safety concerns
- Users have to wear tight clothes
- Plus sizes are rarely available in programs
- Research show that in 2019
  - 53%** of customers didn't trust **Sizing**
  - 33%** of consumers said it's **unrealistic**
  - 27%** of customers worried for **privacy**
  - 11%** believed the tool is **too complex**

## KEY BRANDS

### High Fashion

- Gucci
- Valentino
- Net-A-Porter
- Balmain

### Fashion

- ASOS
- H&M
- Zalando
- Walmart

### Providers

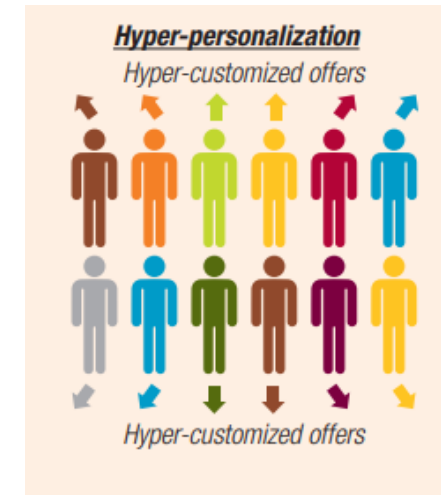
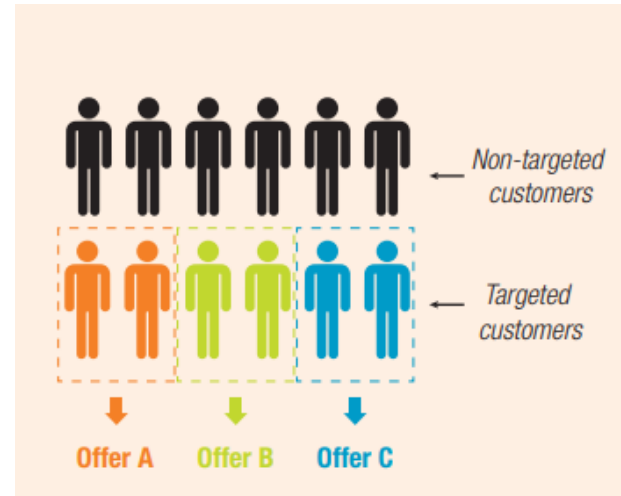
- Zyler
- 3D Look
- Bods
- Kivisense

# HYPER PERSONALIZATION

Hyper personalization in merchandizing is the action of customizing the shopping experience according to a customer's preferences and tendencies. The main idea is to use big data to deeply understand consumers and predict which products they are likely to shop. Customer feedback also helps retailers find the best way to present products to clients effectively. Hyper personalization requires a system to deeply understand human behavior, and finding the best way to connect to its audience.

Customers are seeing a more seamless transition to AI-generated customization and spend 37% more on brands that customize their sales channels. As Deloitte Digital states: "Show them the money: Customers want to see the benefits of personalization in their wallets." 84% of customers are interested in discounted purchases and 78% of them support using personalization if they are offered lower prices.

As Statista states 54% of retailers used new tech to personalize their customer experience. According to Deloitte Digital, 71% of businesses that use personalization saw improvements in customer loyalty and 48% of them surpassed their revenue goals. 54% of brands saw improvements in conversion rates, 61% of them reported higher engagement, 61% noticed an increase in their average order value, and 57% of them saw an increased customer satisfaction. Brands who used personalization surpassed their goals increasing revenue by 9.9%



SOURCE: INSTAPAGE

Hyper Personalized Marketing: How to Do It Right | Instapage

92%

Of Companies Used AI To Personalize And Grow Businesses | 2023

55%

Of Companies Prioritized AI For Personalization | 2023

48%

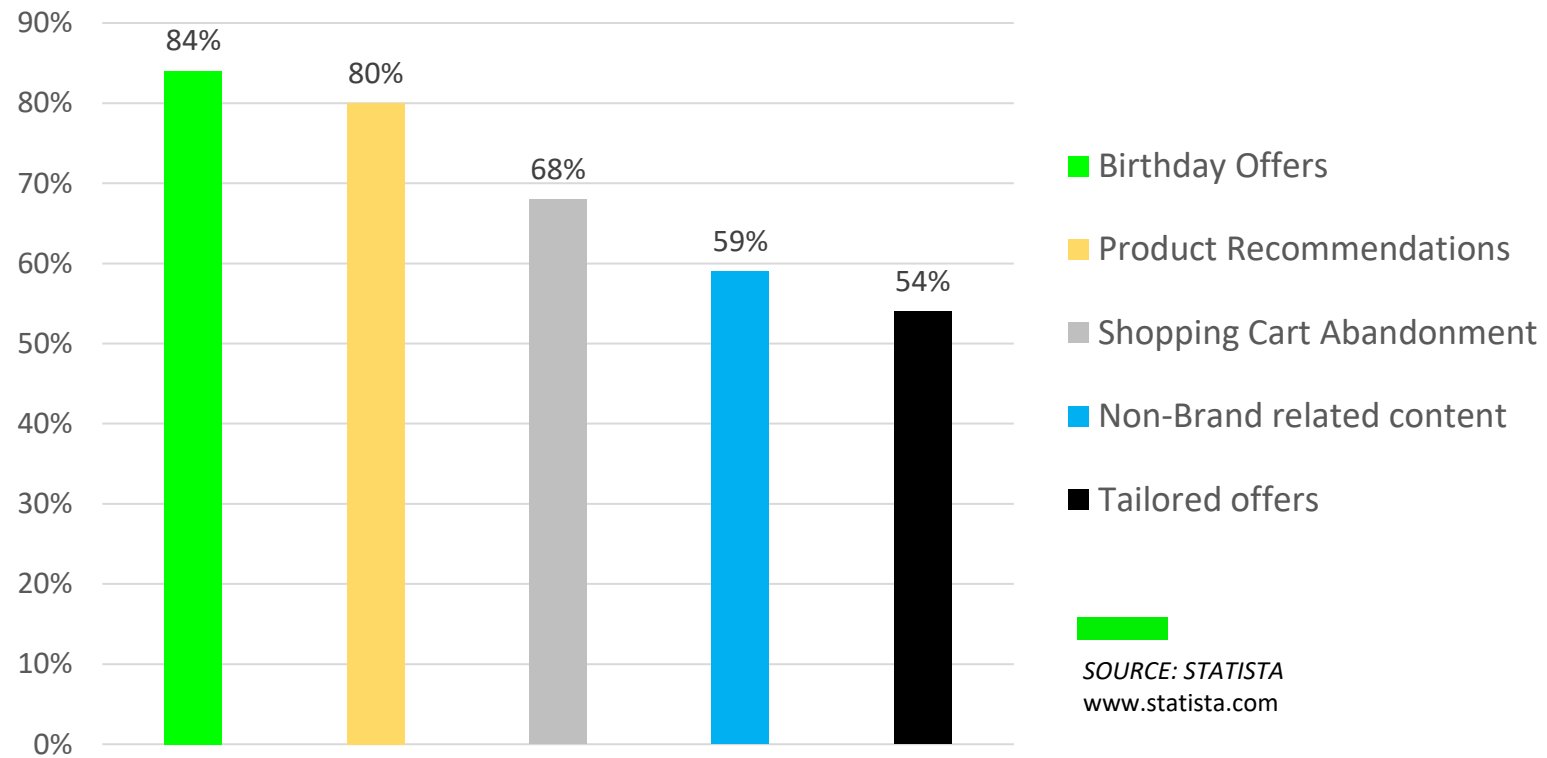
Of them used it to customize email marketing | 2023

46%

Of Them Used It To Customize Consumer Journey | 2023

# HYPER PERSONALIZATION

Customers Preferred To Shop Retailers Who Used Ai To Customize



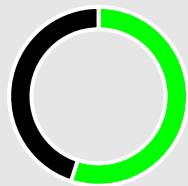
# HYPER PERSONALIZATION

## PRODUCT CATEGORIES

Online Retail: Email Marketing, Social Media, Merchandizing, Website Design, Omnichannel development.

## CONSUMER

Consumers supporting AI for customization by Generation | 2024



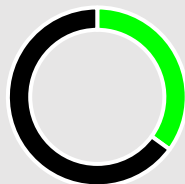
Gen Z: 55%



Millennials: 67%



Gen X: 54%



Boomers: 35%

■ Supporters ■ Non-Supporters

## STRENGTHS

- Using AI has proven to increase **sales growth by 14.2%** in 2024
- **38%** of US consumers **enjoyed using AI** due to product recommendations in 2023 and **33%** found it gave them **useful product information**.
- **39%** of US consumers found that AI helped them **discover new brands**
- **80%** of businesses report that customizing the customer experience leads to **higher consumer spending in 2024**.
- **56%** of customers that have customized experiences **become repeat customers**
- **62%** of brands saw an **increased customer retention** after implementing personalization in 2023

## WEAKNESSES

- In 2022, **17% of retail stores** stated that investing in personal AI **personalization would be a challenge**
- In 2023, **50% of brands** through that **AI would provide inaccurate data**, making it challenging to acquire related programs.
- Some consumers do not support use of their information through AI:
  - **12.2% are skeptical** about sharing
  - **16.1% are not sure** about sharing
  - **17% do not share** their info to AI
  - **8.54% Somewhat Willing**
  - **16.04% Willing**

## KEY BRANDS

### Fashion & Beauty

- Zalando
- Burberry
- H&M
- Sephora

### Entertainment

- Spotify
- Amazon
- Netflix



## SEAMLESS CHECKOUT

Seamless checkout technologies aim to reduce checkout processes through the use of advanced Artificial Intelligence, cameras, and sensor systems. Information is immediately extracted by the generative systems to reduce friction points when paying.

Statista shows that about 55% of European customers experience a poor experience when checking out online, and 28% of them would make more orders if this process had less friction. 39% of them also experience problems with product availability, making them doubtful of the retailer.

Seamless checkouts can help shorten the decision-making time by expediting payment processes making it efficient and quick. 29% of retailers are already using self checkouts and consumer apps to facilitate payments. Another 29% of businesses used tech to support contactless payments. In 2024 the market size of automated paying systems will add to \$27.15 billion worldwide.



**SOURCE:** Michael McMahon On LinkedIn  
Why Walmart's New Seamless Shopping Is Great For Shoppers



**SOURCE:** Amazon  
[www.Aboutamazon.com](http://www.Aboutamazon.com)

### CASE STUDY: AMAZON

In the last four years, Amazon launched its seamless checkout grocery store named Amazon Fresh. The division has now over 40 stores and the concept is being tested on their Whole Foods branches. Amazon faced problems with the system, due to the need of employees to supervise the systems. As a result the company designer a Smart Cart concept stores, where customers place their produce into carts. The carts automatically add products to their accounts and charge them instantly.

From February 2021 to December of 2022 Amazon Fresh companies grew 272.1% and stores had an increased amount of traffic. Stores that in the past had 7.1 visits per square foot, now have 10.6 visits per square foot showing that customers have been receptive to the adaptations. Amazon is now currently working in developing Biometric Palm Recognition. In the near future customers will use their palms to checkout.



# SEAMLESS CHECKOUT

## PRODUCT CATEGORIES

Retail stores: Hardware stores, Grocery stores, Fashion and Apparel, Pharmaceutical Stores, Department stores, Interior stores.

## KEY BRANDS

### Top 3 POS Brands in the US June 2024:

- Apple Pay (58%)
- Cash App (58%)
- PayPal (55%)

### Top seamless checkout providers:

- Google Cloud
- Microsoft
- Qualcomm
- Nvidia

### Case Study Brands:

- Amazon
- Walmart
- Sainsbury
- Decathlon

## STRENGTHS

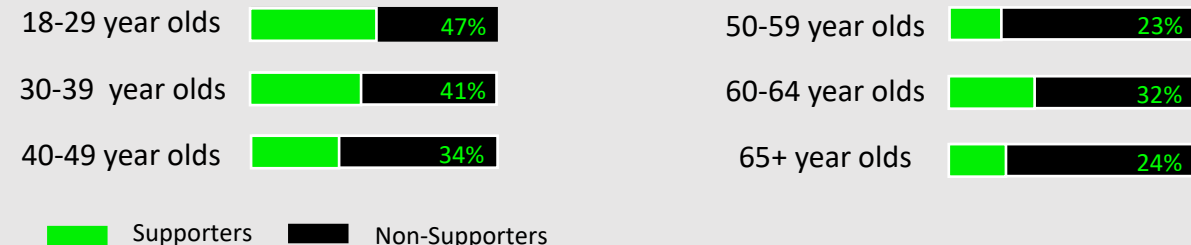
- **Reduces labor costs by 30%**
- Shown increase sales
- **Increases store traffic** due to intrigue
- **60% of shoppers would spend more if checkout was quicker** and had less friction.

## WEAKNESSES

- Complex implantation
- Expensive set up costs
- In development (constant Updating)
- Information safety distrust
- Loss of personal touch
- In-store Theft

## CONSUMER

### Shoppers who support AI for faster shopping | 2024



# LIFESTYLE TREND: DELIGHTFUL DISTRACTIONS

Euromonitor has recently released its latest consumer trends report for 2024. Among the emerging trends, the "Delightful Distractions" trend is significantly influencing consumer sentiment in today's market. Retailers are noticing an increase in emotion-driven purchases, as consumers gravitate toward brands that resonate with their personal values and evoke strong emotions. These emotional connections prompt customers to seek out novel experiences and unconventional products that cater to their emotional needs, reshaping the retail landscape.



SOURCE: Pearl Strategy  
[Delightful Distractions - Pearl Strategy](#)

In 2024

73%

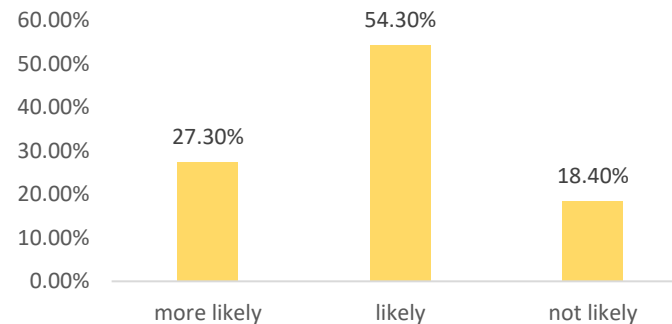
Of customers struggle with stress and anxiety

33%

Of customers shopped in stores that provided engaging experiences

SOURCE: Euromonitor  
[Delightful Distractions - Global Consumer Trends 2024](#)

## Probability of Shopping According to Emotional Connection



SOURCE: Statista  
[www.statista.com](http://www.statista.com)

### TIME ASPECT

- New

### PRODUCT CATEGORIES

- Clothing and apparel, travel shopping, luxury shopping, tech, sports, etc.

### STRENGTHS

- Opportunity to **build brand loyalty** with modern consumers and younger generation.

### WEAKNESSES

- Developing engaging atmosphere and store design may lead to **high costs**.

### GENERATIONS

- Gen Z, Millenials and Gen X

## FASHION TREND: 90'S NOSTALGIA

As fashion tends to be cyclical, the return of past trends has become more apparent in recent years. Many younger consumers are embracing styles from previous decades, using them as a way to express themselves in unique and creative ways. The 90s, in particular, have made a significant comeback, with their minimalistic and comfortable approach to fashion standing out against earlier, more extravagant styles.

This revival is driven by a sense of nostalgia that resonates deeply with today's youth, who are drawn to the relaxed and effortless vibe of the 90s. Beyond just clothing, this trend represents a desire to connect with a time that feels simpler and more authentic. The influence of the 90s continues to be reflected in everything from the casual elegance of slip dresses to the grunge-inspired look of oversized flannels and combat boots.

Another aspect fueling this trend is the rise of second-hand shopping, where younger generations are finding and reinterpreting classic 90s pieces. It's not just about replicating old looks but creating a bridge between the past and present, allowing these styles to feel fresh and relevant again.

In 2024

31.4%

Of Millennials shop Second hand to find vintage items in the US

14.3%

Of young adults use Dopamine dressing (twenties) in China

SOURCE: Statista  
www.statista.com

### CASE STUDY: ABERCROMBIE

Abercrombie has seen a boost in sales over recent months by embracing 90s fashion trends. The brand's revenue has grown to \$1 billion, and they plan to continue leveraging 90s fashion due to its successful outcomes.



SOURCE: BoF  
[Abercrombie Raises Outlook, Extending '90s Fashion Comeback | BoF](#)

### PRODUCT CATEGORIES

- Fashion and Apparel & Marketing

### STRENGTHS

- The trend is regarded as timeless and is highly likely to reemerge in the coming years, which makes it a lower-risk choice that poses minimal threats to a brand

### WEAKNESSES

- its reliance on nostalgia, which may limit its appeal to a specific demographic, such as millennials and Gen Z, while alienating older or more forward-looking consumers.
- The market could become oversaturated.

# FASHION TREND: 90'S NOSTALGIA

## IMPACT ON BRAND & CONSUMER

The resurgence of 90s fashion trends impacts brands by providing an opportunity to tap into nostalgia, creating a connection with both older and younger consumers who seek familiarity or want to explore iconic styles.

For customers, especially Gen Z and millennials, these trends offer a way to express individuality while embracing a sense of nostalgia. Brands that incorporate 90s-inspired designs can appeal to consumers' desire for both vintage authenticity and modern reinterpretation, driving sales and engagement.



**SOURCE:** *Hypebae*  
www.hypebae.com



**SOURCE:** *The New York Times*  
www.thenewyorktimes.com

### TIME ASPECT

- Ongoing

### GEOGRAPHIC DISTRIBUTION

- Mostly America, Europe and Asian Markets

### GENERATIONS

- Gen Z & Millennials

### PRICE POINTS

- \$20-\$60

### CORE PRODUCTS

- Oversized Blazers
- Baggy Jeans
- Bucket Hats
- Slip Dresses
- Crop Tops
- Chunky Sneakers

### CORE BRANDS

- Ralph Lauren ( Preppy Style)
- Abercrombie & Fitch
- Fila (90s Athleisure)
- Calvin Klein (Minimalism)
- Tommy Hilfiger (Branding & Logo)

# TECHNOLOGY TREND: AR/VR SHOPPING

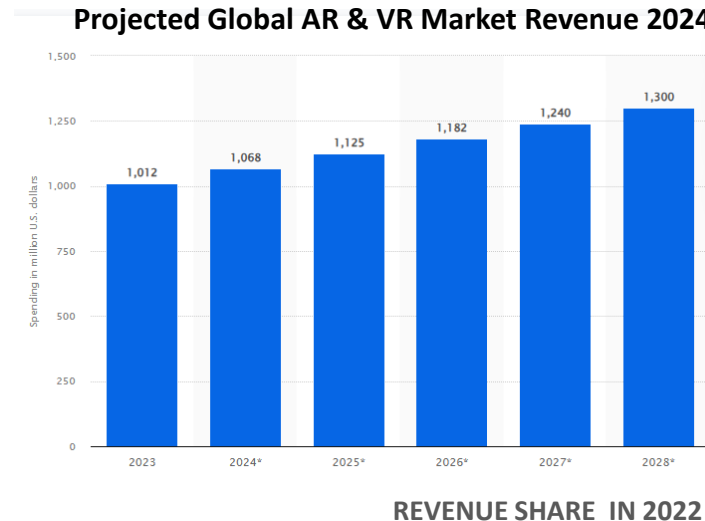
AR shopping, or augmented reality shopping, is a technology that allows customers to try on products virtually before making a purchase. Using a smartphone or tablet, shoppers can see how clothing, accessories, or even furniture would look on them or in their space without being physically present. AR shopping helps create a more interactive and engaging experience, making it easier for customers to make confident decisions when shopping online. Brands use AR to enhance convenience and offer a modern way to shop from anywhere.

AR shopping can help solve several challenges, especially for online shoppers. It reduces uncertainty by allowing customers to visualize products, like clothes or furniture, in real time, which helps prevent dissatisfaction with purchases that don't fit or look as expected. It also minimizes the need for returns, saving both customers and brands time and money. Additionally, AR shopping enhances customer confidence, making it easier to make informed buying decisions without the need to visit physical stores

In 2024

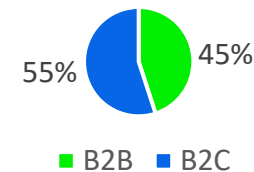
**\$40.3 B**

Is the projected global AR and VR Market Value Worldwide



SOURCE: Statista  
www.statista.com

REVENUE SHARE IN 2022



## TIME ASPECT

- New

## PRODUCT CATEGORIES

- Clothing and apparel, interior design, beauty, footwear.

## STRENGTHS

- AR and VR technologies are driving **high sales** and **generating consumer intrigue**.

## WEAKNESSES

- AR platforms require advanced technology and high costs
- The technology is still being developed.

## GENERATIONS

- Gen Z, Millenials and Gen X

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