

Retailers Are Making Strides with In-Store Data

Facial-recognition software and “magic mirrors” are moving mainstream

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Krista Garcia

Instead of fearing technology, retailers in the know are embracing new digital tools to help gather consumer information and improve the shopping experience.

Indeed, many retailers are implementing a **variety of in-store technologies** to stay competitive with ecommerce. These include face-recognition software that alerts staff when members of a loyalty program enter the store and so-called magic mirrors, which assist consumers with beauty products and allow them to virtually try on clothing and accessories. These techniques could provide retailers with information about popular products or individual preferences to target promotions.

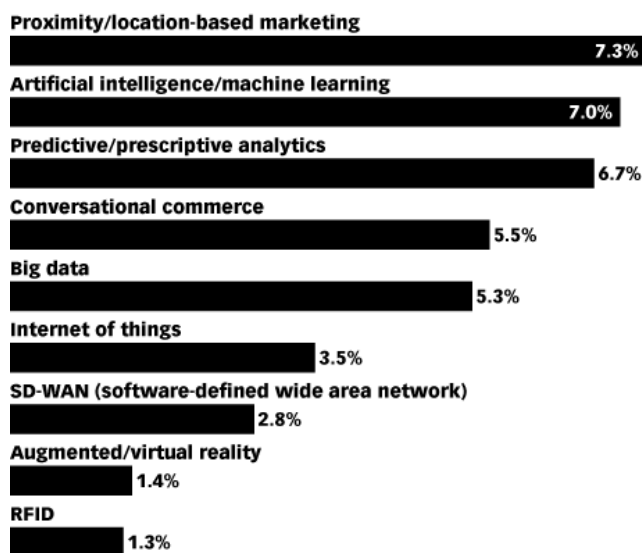
Upscale department store Neiman Marcus was an early adopter of magic mirrors (it started using the technology in 2015). But these experimental tools are starting to become more mainstream—even sporting goods store Finish Line is employing augmented reality in-store. Saks Fifth Avenue has used facial recognition since 2016 to identify VIPs—as well as known shoplifters—and it is also being used at regional fast-food chain CaliBurger to identify loyalty members, which aims to enable face-based payments this year.

Meanwhile, Amazon recently patented a virtual reality mirror, which signals mass potential, and with the popularity of iPhone X, consumers will likely become acclimated to using their face to log in on smartphones and elsewhere.

By and large, harnessing the power of technology to better understand in-store habits can help retailers better target consumers. And many are already seeing how important tech will be in their marketing efforts. October 2017 data from [IHL Group](#) and [RIS News](#) revealed that **many retailers in North America are placing technology bets** for 2018, ranging from artificial intelligence to location-based marketing.

Expected Growth in Spending on Select Emerging Technologies According to Retailers in North America, Oct 2017

% change



Note: vs. 2017

Source: IHL Group and RIS News, "Store Experience Study 2018: Retail Tech Spend Trends," Jan 9, 2018

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But all the bells and whistles in the world won't matter if retailers are opaque about data being collected, even if it helps a shopper identify a perfect shade of plum lipstick.

One of the surest ways to entice consumers is with coupons since many feel this is a fair value exchange for giving up a little privacy.

An October 2017 [Facebook IQ](#) survey of in-store shoppers in the UK, Germany, France, Italy, Spain and the US about mobile usage found that 52% of respondents would be open to receiving personalized offers on their phones while shopping (US shoppers were most receptive). The number of consumers who said they weren't open to this was the same as those who said they didn't know (31%). As far as Facebook serving ads for products available in a particular store, 63% said that would be useful and 61% said that would be relevant.