

Virtual and augmented reality herald a new era in retailing

VR and AR provide immersive and interactive experiences, and enable consumers to get up close and personal with a brand and its products, says **Richard van Hooijdonk**.

Necessity has always been the driver of change, and this has been especially clear during the ongoing coronavirus crisis. Marketing teams have had to return to the drawing board and come up with new strategies, as the tools and technologies that had previously been designed to entice customers to come to stores needed to be completely abandoned. Pre-pandemic customer touch points were plentiful, causing (marketing) companies to be hesitant to invest heavily in technologies like virtual reality (VR) and augmented reality (AR). But the pandemic led to the skyrocketing of these technologies' adoption, as they provided the only space and opportunity for customers and brands to interact during lockdowns and mass closures of brick-and-mortar stores.

PREDICTING GROWTH

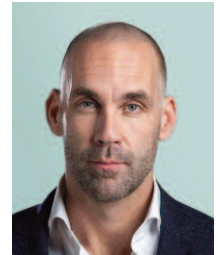
VR and AR technology have the potential to transform business models and the way in which we perform transactions. Famous international auction house Sotheby's, for instance, is starting to showcase luxury homes in VR, while the American home improvement chain Lowe's has implemented 'Holorooms' in its stores to help customers visualise their home renovation ideas.

A 2019 survey by Futurum Research showed that 69% of consumers worldwide expected to use VR and AR to try out products in 2021. Currently, 61% of online customers prefer purchasing from websites that offer AR, while 35% say that AR would increase how much they spend online. Furthermore, 49% of surveyed customers claim to be open to paying more for a product if they have the option to preview it in AR, and 45% are of the opinion that AR helps speed up purchasing decisions. And according to a study by Facebook's AR partner Vertebrae, retailers who used AR during the pandemic are witnessing a 19% increase in customer engagement. The study also found that customer conversion rates increased by 90% when consumers engage with AR.

WHAT CAN VR AND AR DO FOR MARKETING?

Virtual marketing encompasses creating a simulated but realistic environment and, depending on the environment and the device, it can be visual only or multi-sensory. A virtual reality headset, for instance, enables a fully immersive experience, while an AR filter basically superimposes a layer of virtual objects onto what can be viewed through the camera of a smartphone. Augmented reality is less expensive, more feasible for companies and more easily accessible for customers, as it only requires an app and a smartphone or tablet. Virtual reality, however, being a fully immersive experience, requires the use of a headset and a computer.

Digital reality technologies offer a degree of interaction and immersion unmatched by most other digital technologies, and enable users to transcend the limitations of time and space of the real world. These days, you can easily do things like have first-person views of a hotel room before booking, try on fashion products before buying, or even take a virtual museum tour or go on a virtual archaeological expedition.



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These technologies can be used to offer immersive and highly personalised brand experiences with serious entertainment value



Many companies already use VR and AR to enhance the dynamic between brands and customers, and to bridge the gap between experience and action. AR enables companies to enhance brand awareness and increase value as well, but with the added convenience that it is mainly used on mobile devices. The high-end virtual experiences made possible by AR can be used for trying virtually any product or service, from trying a new lipstick or a pair of glasses, to test-driving a new car or trying out a new couch in your living room. AR offers customers the 'hands-on' experience needed to thoroughly weigh their options and feel confident about their purchase.

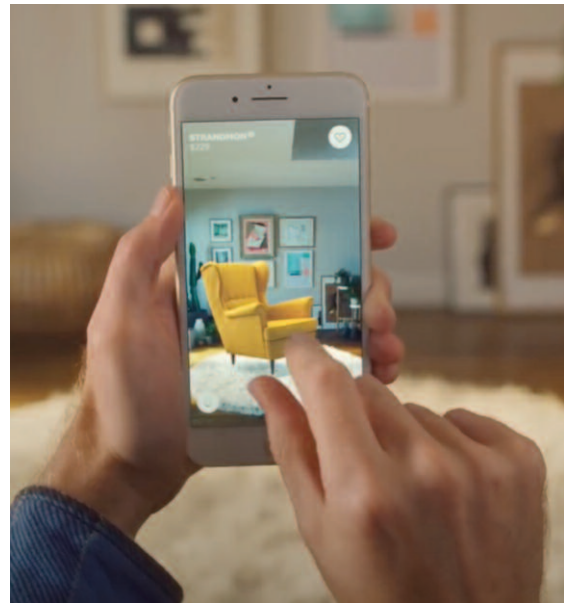
Since the start of the pandemic, more and more companies have opted to invest in VR and AR in order to enhance their customers' shopping experience or improve their marketing strategies. These technologies can be used to offer immersive and highly personalised brand experiences with serious entertainment value.

What's more, they can be leveraged across various marketing channels, using a myriad of marketing materials. Not only do VR and AR spruce up email marketing campaigns, QR-codes can also be printed on brochures or pamphlets. Once scanned, the customer can be linked to any additional information, such as video content or social media pages.

Below are some examples of companies that have successfully incorporated these remarkable technologies into their marketing strategies.

IKEA'S APP ENABLES YOU TO TRY OUT VIRTUAL FURNITURE

Home furnishing giant IKEA offers customers its IKEA Place AR app, enabling shoppers to see how furniture will look in their homes before buying it. The free AR app is iPhone and iPad compatible and features true-to-scale, realistically rendered 3D products. Customers can try out multiple pieces of furniture simultaneously, including full room sets, and even move the furniture around to see out how the pieces look from different angles. Based on room dimensions, the app also automatically scales products. The app scans your room through your smartphone camera. You then choose one or more IKEA products from the online database and point your phone towards the desired spot in your room. You then drag and drop the selected furniture item into your space, to see how it looks. 'Augmented reality



The Ikea Place app puts furniture in your room.

and virtual reality will be a total game changer for retail in the same way as the internet. Only this time, much faster,' says leader of digital transformation at Inter IKEA Systems Michael Valdsgaard.

LEVI'S AND KOHL'S OPEN VIRTUAL DRESSING ROOM

American clothing brand Levi's, known worldwide for its Levi's denim jeans, has teamed up with various tech companies, like Zeekit, Snapchat, and Squad, as well as retailer Kohl's, to offer their customers a range of exciting digital experiences. The collaboration will lead to virtual fashion and styling events, using portal technology and augmented reality to enable customers to virtually meet up with a stylist for fashion advice and product recommendations.

The Virtual Closet, a virtual dressing room, is available via Snapchat. In the Virtual Closet, users can put together different outfits, digitally try them on, and purchase them as well. The virtual experience kicked off with spring collections and transitioned to a variety of 'athleisure' wear to accommodate customers looking to buy comfortable work-from-home clothes. The most recent collection features back-to-school apparel. 'Back-to-school season is shaping up to be anything but conventional this year. At a time when hardly anything is following tradition, we've adjusted our traditional back-to-school approach. The Levi's brand has teamed up with key partners to engage with students through new platforms,' says a Levi's spokesperson.

HOLOGRAM MESSAGE IN A BOTTLE OF WHISKY

The Glenlivet Distillery, in collaboration with the music identification app Shazam, launched an intriguing 'gamified' AR tasting experience for its limited-edition single malt whisky, The Glenlivet Code. The whisky is inspired by British war-time code-breakers, and promises a 'labyrinth of flavours that will test the senses of even the most discerning whisky drinker.' The bottle has no information about any of the ingredients. Instead, customers can scan a Shazam code that unlocks an AR experience.

The 'game' starts with a virtual room in which you are welcomed by Alan Winchester, Glenlivet's master distiller, 'who guides you while you explore the flavours of the whisky. You then receive scores on how well you can decode the whisky's ingredients. The scores can be shared on social media and measured against others.'

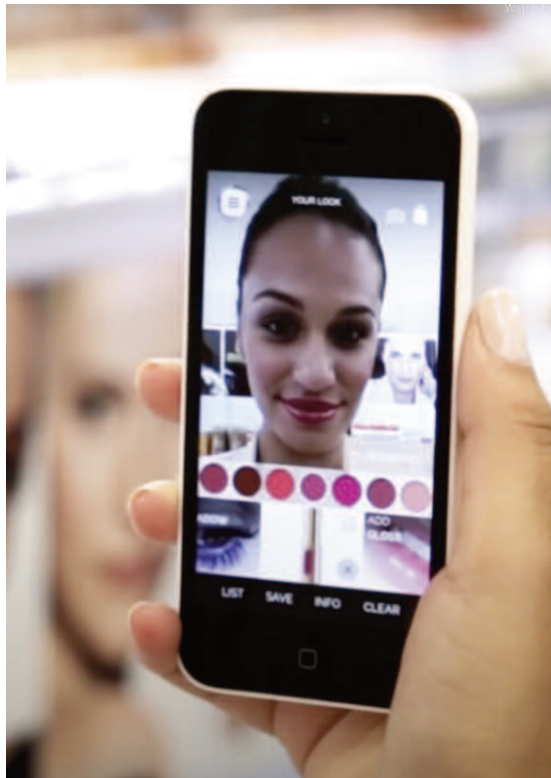
CAR MAKERS' SIMULATED SHOWROOMS

During the pandemic, car dealerships also have had to adapt and offer digital services enabling customers to buy a car from the comfort of their home. One example is Nissan, which launched a new virtual showroom to enable potential buyers to browse new models and talk to salespeople via video chat. But Volkswagen Group of America is literally bringing the dealership experience into the home. The vehicle giant, in collaboration with NBCUniversal, has unveiled a partnership with *Parks and Recreation* and *Good Girls* actress and author Retta.

The idea behind the partnership is to use comedy, holograms and augmented reality to create a simulated showroom experience and to offer new and futuristic ways to shop for a new vehicle – more specifically, Volkswagen's new EV, the ID.4. To talk about the new, customisable options and features, customers can use virtual reality to 'teleport' Retta into their homes. Customers can then use their smartphones to scan a QR code on their TV screen to start the AR showroom experience.

L'ORÉAL'S MAKEUP GENIUS LETS YOU GET A VIRTUAL MAKEOVER

Back in 2014, the French cosmetic and haircare brand L'Oréal pioneered AR technology by releasing an app called Makeup Genius, which has since garnered tens of millions of downloads. L'Oréal Makeup Genius uses AR to enable customers to try out hair colours and



L'Oréal's app, Makeup Genius, changes your lipstick and face makeup as you watch.

makeup styles by virtually 'applying' it to a digital image of themselves. The customer can apply preset looks or try specific L'Oréal products in various shades and styles. Each selected change is applied directly on the image. This addresses a major challenge with online cosmetic products shopping, which is that customers are hesitant to buy makeup products online if they are unable to try them.

According to an Accenture survey, 91% of consumers prefer brands that provide personal recommendations. Once the customer has made a choice, the app directs them to online marketplaces to complete their purchase. The app also collects user data in order to offer a more personalised experience, such as product suggestions and information about new product launches. It works on mobile, as well as desktop devices, and the results can be shared with friends.

GUCCI'S AR FEATURE LETS YOU TRY ON SNEAKERS

Italian fashion house Gucci has joined a growing number of brands and retailers that use VR and AR to help customers make their purchasing decisions. The luxury brand launched an AR feature in the Gucci app to

promote its new line of Ace sneakers – which features no less than 19 different styles. Customers can point their smartphone camera at their feet to see how the different styles of the fashion house's signature Ace sneakers would look on their feet. The app was developed by Belarus-based company Wannaby, and the tech is pretty impressive.

As the app tracks movement, you can view the sneakers from various angles, move around, and switch between Ace styles. You can also take photos of your favourite ones, save them to your device, share them on social media, and click through to the Gucci website to purchase them. The tech is also available via Snapchat, and with millennials being avid Snapchat users and good for approximately 50% of Gucci sales, this move has enabled new avenues for more and more user-generated content and increased sales. 'The technology will allow Gucci to present the newest models to its fans, provide an engaging experience and an opportunity to interact with upcoming shoe collections that are only scheduled for release,' said the fashion house in a press release.

PRADA'S STORIES FILTER LEVERAGES ADVERTISING CAMPAIGN

Luxury fashion brands are all jumping on the AR bandwagon, and Prada is no exception. Last year, as part of a larger 2020 campaign, the Italian fashion house launched a 'Which Character Am I' Instagram Stories filter that turns the letters of PRADA into an acronym. Customers using the filter can see a white sign appearing behind them that says 'Current Prada mood', after which the sign rotates through various acronym sets before randomly landing on one, such as 'Pleasingly Refined And Deliberately Atypical', 'Pursue Rarity And Defy Apathy', or 'Provoke Reactions And Demand Attention'. The filter adds a game-like feel to the user's Story video and creates a sense of fun – since the user doesn't know what set of words she or he might get – motivating them to add the filter to their Stories.

TOMS CREATES IN-STORE VR EXPERIENCE

Toms, a Los Angeles-based company that designs and markets shoes as well as apparel, handbags, eyewear, and coffee, is widely known for its humanitarian efforts. This all started when, for every pair of shoes

purchased, the brand started donating a set of shoes to someone in need. The company recently pledged to dedicate a third of their net annual profits to charities that support causes varying from mental health and education to freedom from violence. To emphasise and leverage their buy-one-give-one model, the brand decided to team up with AT&T to create an in-store VR experience that follows the impact of the charitable endeavours. Customers wearing a VR headset can view a 360-degree video and embark on one of the brand's Giving Trips. One of these enables viewers to follow a skateboarder travelling to Colombia to donate footwear to children, with the narration describing how it feels to observe what a difference the free shoes made to these kids.

The aim of the video is to put a more real perspective on the charitable programme and enhance the positive sentiment of the brand. 'Mobility and VR are connected at the hip. VR is an immersive technology, and with the powerful AT&T network, it is something you can experience from virtually anywhere,' says Sarah Groves, senior brand marketing manager at AT&T. Keith Eshelman, Toms retail director at the time, said the campaign was wildly successful and elicited overwhelmingly positive responses.

CORNERSTONES OF THE 'NEW NORMAL' CUSTOMER EXPERIENCE

These are exciting times in the retail space. Change is happening faster and increasingly full-scale. Technology is becoming more and more sophisticated, and a digitally integrated future is closer than ever. Virtual and augmented reality provide amazingly immersive and interactive user experiences, enable consumers to get up close and personal with a brand, and are being positioned as cornerstones of the 'new normal' customer experience. VR and AR can enhance product and service awareness, offer ever increasing personalisation, and optimise the buying process. Consumers are becoming more demanding and tech-savvy, and it is no longer adequate to merely engage them. Brands need to surpass their customers' expectations – and incorporating VR and AR in your marketing strategies can help you achieve exactly that.

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