

Retail Companies Harness

AUGMENTED REALITY

FOR UNIQUE SHOPPING EXPERIENCES

A WNS Perspective



Key Points

1

Augmented reality is described as one of the hottest retail trends this year

2

AR is helping retailers to improve customer experience and boost sales

3

AR drive sales in both brick and mortar and online stores

As one of the top trends in retail now, AR offers a plethora of untapped opportunities to engage customers and enhance brand loyalty

Smartphone penetration and Augmented Reality (AR) technology progress, combined together, are driving opportunities for Retail companies, specific to enhancing customer experiences, increasing brand awareness and loyalty, and growing the bottom line. Retail now need to move fast to capitalise on the opportunities. Record growth has been registered in the AR space, with the installed user base for

AR-supporting mobile devices reaching 1.5 billion and major tech brands investing heavily in AR technology development².

In the retail sector, AR is delivering improved consumer experience in-store and online, and has become one of the hottest trends. Gartner reports that at least 100 million customers would have utilised AR-enabled shopping technologies by the end of 2019³.

AR is also making inroads as a way to personalise shopping experiences and make it a more engaging reality. AR allows

brands to virtually place their sales teams' in-store with the consumer so that the salesperson can share the brand story, show the buyer the production environment and offer product information or tips¹⁰.

AR isn't exactly a new technology - in fact, the US Air Force was the first to utilise AR in 1992. But its use in everyday business is now going mainstream. Statista predicts that the AR software market will reach USD 35 Billion by 2025 - mostly in the video games sector, but also in live events, video entertainment, retail and education¹.



Bringing Retail to Life with AR



Furniture & Homeware:

'Try-before-you-buy' was among the earliest retail forays to enter the AR space. Ikea, the homeware retailer, long known for its pioneering and disruptive strategies, first introduced an AR product catalogue in 2014 that allowed customers to view Ikea furniture within their own spaces and add them to a wish list with just one click⁵.

Ikea's AR Place app has been upgraded to allow customers to test multiple Ikea pieces in their homes. The app has consequently been downloaded millions of times⁶. Far from diverting shoppers from brick and mortar stores, the app supports sales in smaller branches that do not have space to carry a wide range of stock⁷.

In the furniture, homeware and home décor space, AR offers compelling solutions to problems such as walls painted with the wrong colour, buying a couch that won't fit through the door, or taking a chance on artwork that might not suit the space.

Apparel Industry:

AR also allows consumers to visualise how clothing, accessories and makeup might look in various scenarios. Zara, the fashion retailer, has brought AR into its window display environment, allowing shoppers to experience product demonstrations never before possible in a shopfront display⁸. Other retailers are using AR apps, kiosks and mirrors to allow customers to virtually fit garments and avoid the trouble of having to undress.



Food Industry:

Talking about the AR revolution in the food industry, there are some companies introducing AR value-adds that not only make food more fun, but they also help differentiate products on shelves crowded with competitors. By enabling an animated character, virtual chef, or celebrity to pop up in-store and talk directly to the consumer, brands can secure the already-interested consumer's full attention for a precious few seconds. These AR mediums could potentially intrigue retail customers longer than Television or online ads.

Augmented reality can also be used to enhance staff training, it will help employees find products in storage, or inform the most efficient warehouse design - all of which ultimately helps transform the customer experience too.

With such examples, it is certain that retailers are implementing AR to gain maximum business opportunities while bringing the technological touchpoints making life easier for consumers.



AR Builds the Brand Perception

While retail leaders are successfully harnessing AR to entertain and inform consumers, the technology also presents opportunities for improved personal engagement with customers, driving customer acquisition and retention, and ultimately – better brand perception and sentiment.

AR apps, directly linked with marketing, Business Intelligence, CRM and business analytics tools, might tell brands what AR features customers engaged with, what products they showed interest in, and what queries they had via the app. This information can be used for future marketing campaigns to target specific customers, upsell, or to resolve complaints in innovative new ways. It can also be used to aggregate and analyse broader market information, helping to gauge market sentiment and inform future product development.

AR also presents opportunities for retailers to bridge the growing divide between online and brick and mortar environments. Although online shopping only holds a relatively small percentage of the total retail market in South Africa – at 1.4 percent according to World Wide Worx²⁰ – this market is rapidly starting to mature. It will eventually catch up with the international markets, where 31 percent of shoppers are buying online²¹. In the US, an approximate 10.9 per cent of retail e-commerce accounted of the total US retail spend across all merchants in 2019²². However, online retail growth does not necessarily mean that traditional retail will vanish. Most leading retailers have both a brick and mortar and an online presence, and shoppers are increasingly journeying across multiple brand touchpoints during the buying process. Customers may see a product advertised on social media, view the online product details and reviews and then go into a store to experience the product, others will use an AR app to check out other colour options, and conclude the sale via an app.

AR with Impact



For AR to deliver maximum results, retailers will need to:

Lay the right foundations:

Optimal AR deployments depend on a fully digitised enterprise and a workforce upskilled to manage the systems and guide customers through AR-enabled processes.

Be consistent:

Brand consistency throughout the customer journey is increasingly important, and a well-designed AR engagement platform can help to support this. AR applications, serving as a consistent digital touchpoint, literally spanning the real and virtual worlds, taking shoppers between a brand's physical and online stores to experience the best of both, seamlessly and uniformly.

Integrate AR:

By integrating AR apps into other systems, such as enhancing an AR app with a click to order and a secure payment gateway, and effectively integrating it with existing customer data, the retail AR app can offer the unprecedented customer convenience.

Think design:

The design and deployment of the AR application depend entirely on the brand's business objectives and the intended utilisation environment of the application. Crucially, the application should add value - not create a confusing layer of unnecessary information between the consumer and the product¹⁶. Mobile AR apps, which are currently the most viable

for consumer-facing AR in retail, can also integrate QR scanners, loyalty cards, e-wallets and direct messaging to enhance the customer experience¹⁷. But to be truly useful and not detract from the overall user experience, the AR application should be easy to launch and simple to use, using location-based data and high-quality 3D visuals, with no lags in tracking.^{18, 19}

Conclusion

As one of the significant trends in retail this year, AR offers a plethora of opportunities to engage customers and enhance brand loyalty. But there is a great deal of room for growth in the AR retail space. Beyond marketing

and entertainment value, AR can also be harnessed to improve efficiencies behind the scenes. AR can be utilised to enhance supply chain management and customer service, which will ultimately strengthen the brand's

understanding of the consumer, and help inform more profitable business decisions. Augmented Reality is the retail industry's reality; the time to embrace AR is now.

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