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Retailers need to reassess augmented reality, virtual reality

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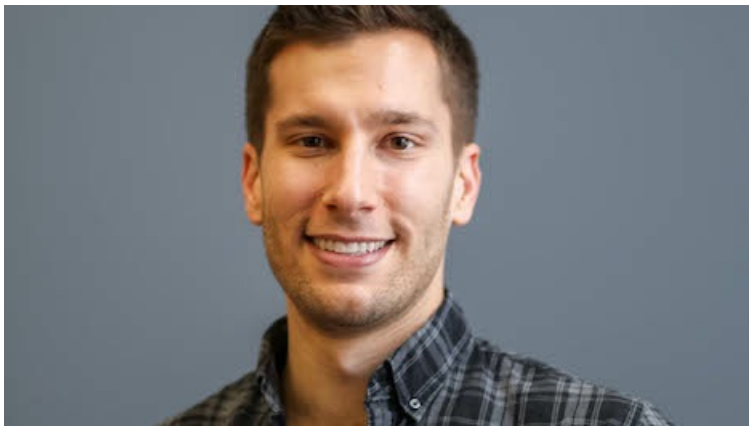

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By Evan Magliocca

With every new technology, retailers are often the first to take the plunge, hoping to gain the upper hand in the cutthroat fight for consumer market share. Augmented reality and virtual reality are no different.

Retailers are jumping into augmented reality (AR) head first, hoping that the interactive medium can enhance their marketing mix.

Yet with every new technology, there are winners and losers.

Reality of barriers

In the past, the market has seen divergent strategies on ecommerce's relationship to stores, mobile Web, applications, QR codes, omnichannel offerings and even attribution models.

AR and virtual reality (VR) will follow the same journey, and some brands are already starting to push a store-driven approach. The hope is that consumer traffic may increase to bricks-and-mortar locations through an augmented, in-store experience.

While AR may be the next major marketing shift that changes consumer behavior, barriers exist that may deter customers from flocking to stores.

The first major barrier is hardware.

Looking at the most popular forms of VR currently, the common thread is that they are all headsets. They range in style and price, from Oculus Rift and PlayStation, to cardboard cutouts that harness mobile devices.

The issue for retailers trying to drive store traffic is that they are bulky and simply too immersive for an integrated store experience.

Consumers are not going to bring their headsets to stores and stores are not going to invest in the overhead of buying VR hardware that could disrupt the store flow.

The second major barrier is the mobile-driven approach.

Through augmented reality, consumers can use their phones to create an enhanced experience in stores. Stories in the experience can be brought to life by scanning phones over products, tags or creative.

The barrier for mobile entry is that brands will need customers to download an app to initiate the experience.

While some retail apps have been successful, most of the industry has seen shallow success.

Customers are more likely to use mobile Web. With some industry leaders such as Amazon essentially mirroring mobile Web to app, the incentive to download apps is quickly devolving.

Given those barriers, a store-driven approach seems unlikely to succeed at scale.

More importantly, marketers driving a bricks-and-mortar approach are missing the reason why store traffic is down in the first place. They are missing the reason why holiday spend last year was equally split for the first time between ecommerce and stores, according to Deloitte.

Model behavior
Consumers are adapting, not to ecommerce or commerce, but simply to convenience.

Shake-ups across any vertical are mostly because consumers are tired of old models and are taking the approach that makes the most sense for their lifestyles.

Hulu, Amazon, Apple and Netflix provide more convenience than cable providers

Uber and Lyft provide better flexibility and ease-of-use than taxi services

Tuft & Needle, Leesa and Casper have disrupted the mattress industry with innovative products, customer-centric shipping models and customer service

Even Blue Apron, Peapod and now Amazon Prime Pantry have affected grocery store chains with a service-driven model

Retailers need to adjust their strategies to align to convenience.

The goal is not to bring consumers to the store. The goal is to bring the store to the consumer.

Brands need to move away from trying to force consumers into mediums and take a consumer-driven approach by executing strategies in the spheres that customers are using.

While the mobile app issue still looms over each channel, the outlook for experiences provided by headset models could bring success to approaches driven by consumers and convenience.

Simply put: why go to a store for virtual reality when I can have an immersive experience from my couch?

Furthermore, why download an app on my phone that simply augments smaller pieces of a store, when I can virtually experience the entire store through a headset?

Consider it an evolved version of ecommerce, where consumers at their own convenience can virtually try on a pair of jeans they would normally abandon because they did not want to go to a store location.

Consumers can immerse themselves in the best parts of stores and digital. They can have the sensory benefits that bricks-and-mortar can provide, with the storylines, creative and interactive strategies of the digital sphere.

The VR space still has a lot of growing pains to overcome before it will be a consistent medium for marketers, but the current outlook is promising, with major brands producing hardware at scale.

Adoption also appears to be picking up quickly with a palatable price-point for consumers, which is similar to gaming consoles.

Headsets currently range from $300 to $400, which will reduce over time as competition increases and optimization enhances the manufacturing process.

EARLY RETAIL adopters are already running the gauntlet to be first to market. Their strategies will forge the VR path for the coming years.

The divergent approaches of a store-centric model and a customer-centric model will affect not just retailers, but the VR marketplaces success, as well.

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