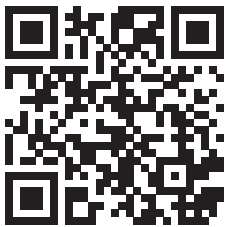




**Augmented Reality in Retail**  
Enhancing the customer experience  
through Immersive Commerce





## DIGITAL FUTURES

WATCH DIGITAL FUTURES VIDEO



WATCH VIDEO

DIGITAL FUTURES is an online content publication platform catering for technology business leaders, decision makers and users, by sourcing and sharing valuable information and best practices in connection to the latest emerging technologies trends and market developments that leverage capabilities and contribute towards enhanced enterprise-wide performance.

LEARN MORE

# INDEX

<b>Introduction</b>	<b>6</b>
<b>Section 1</b>	<b>11</b>
The biggest challenges to implementing AR technology	
Limited User-Experience	11
Implementation Cost	13
Security & Privacy Issues	16
<b>Section 2</b>	<b>21</b>
AR Benefits for retailers	
Exceeding customer expectations	21
Driving conversions via virtual testing	24
Beating online competition with AR technology	26
Enhancing customer engagement	28
Building customer loyalty	30
<b>Section 3</b>	<b>34</b>
5 High-value retail use cases for AR technology	
Use Case/Study 1 - IKEA Place	34
Use Case/Study 2 - See my Fit - ASOS	38
Use Case/Study 3 - Virtual Sneakers - Adidas	41
Use Case/Study 4 - Virtual Artist - Sephora	42
Use Case/Study 5 - Amazon Salon	44
<b>Conclusion</b>	<b>48</b>
<b>References</b>	<b>51</b>





# INTRODUCTION



SMART IDEA  
& PRACTICE

# INTRODUCTION

**Retail** is one of the most avid users of cutting-edge technologies, paving the way for marketing transformation even as customers become more demanding. Augmented Reality (AR) is being used in various areas of modern business as it can enhance the user experience. For retail, AR is the next big thing.

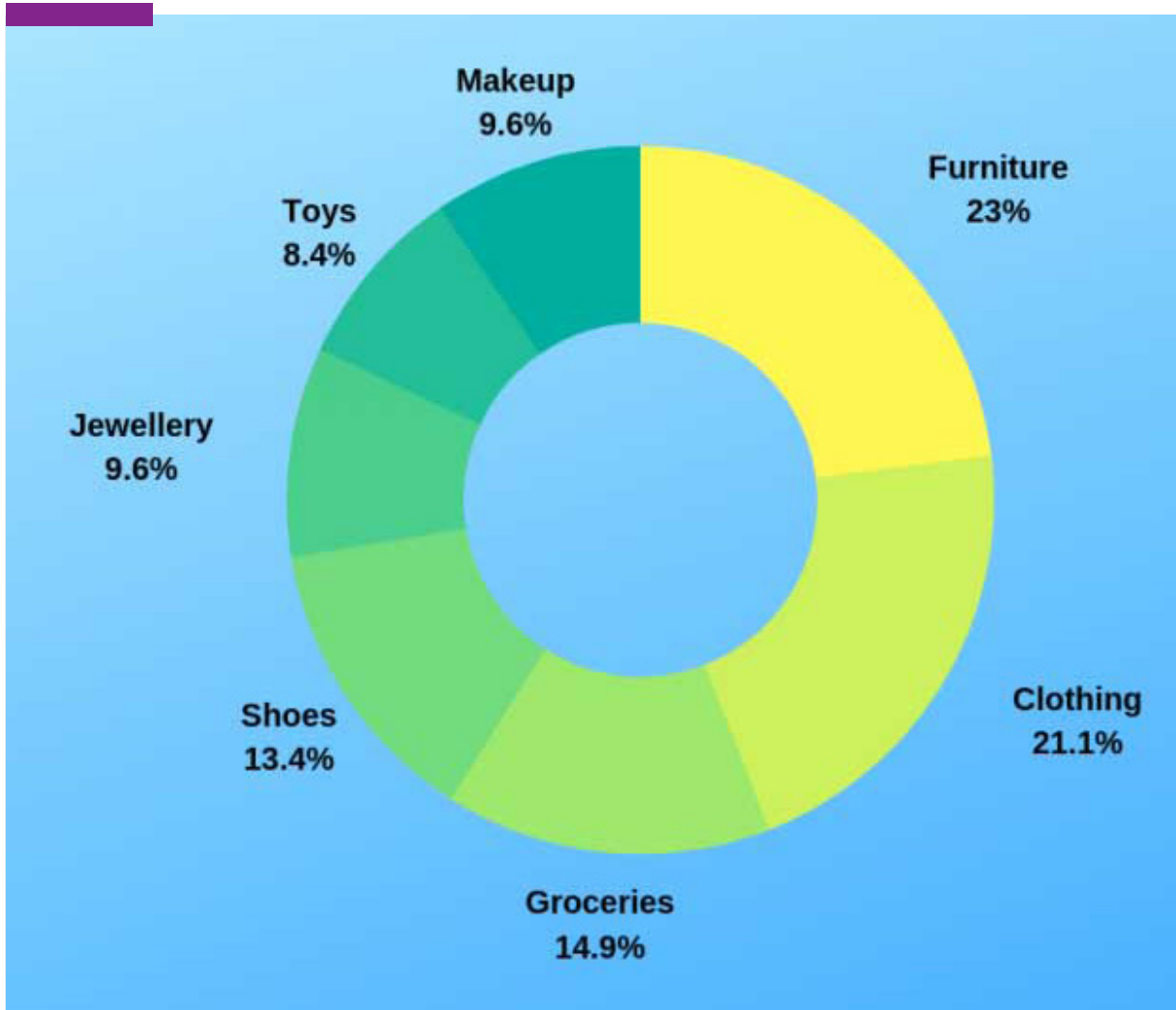
**AR** The global retail augmented reality market size was estimated at USD 2,463.93 million in 2021, is expected to reach USD 3,205.00 million in 2022, and is projected to grow at a CAGR of 30.25 percent to reach USD 12,032.9 million by 2027. The market has been analyzed for apparel customization, beauty & cosmetics, footwear, furniture & lighting, grocery shopping, and jewelry on the basis of retail type.

The leading vendors and innovation profiles in the global augmented reality in retail market, including Ads Reality Limited, Amazon.com, Inc, Apple Inc, Augment Corporation, Blippar, Flipkart, Google, LLC, Gravity Jack, Holition, IKEA, Imagine Software Labs Pvt Ltd, INDE, Kudan Inc, Marxent Labs LLC, Microsoft Corporation, Obsess, PTC Inc, Sephora, Sotheby's, Total Immersion, ViewAR, Visionstar Information Technology (Shanghai) Co., Ltd, Wikitude, XZIMG, and Zugara.<sup>1</sup>

Augmented reality enhances the interactivity of the real-time experience of a physical environment by integrating real and virtual information. With this in mind, our study investigated the importance of augmented reality in improving the digital customer experience in retail. The main objectives of this study are to evaluate the impact of augmented reality tools on retail product marketing practices, their challenges, and their benefits, to understand customers' perspectives toward augmented reality tools, and to present five companies that use augmented reality technology.

Breakthroughs in AR tools are radically changing fashion retail marketing and advertising practices. Using this method, high-street brands stores are building immersive worlds to provide customers with an engaging digital experience and open up new opportunities to explore fashion products digitally.





**Figure 1**

Product segments that use AR technology. GoodWorkLabs Inc. (2018, October). 6 reasons to incorporate augmented reality in retail business. Retrieved from: <https://www.goodworklabs.com/augmented-reality-in-retail-industry/>



The retail industry is extremely competitive and therefore needs to use advanced capabilities to attract new customers and retain existing ones.

Immersive commerce is an advance over traditional e-commerce. It enhances the customer experience through the use of cutting-edge technology such as augmented reality. It is not the next generation of e-commerce, but an enhancement or improvement.

This type of shopping is designed to give

customers an immersive experience that allows them to really engage in the purchase rather than just look. This time investment increases the likelihood of a purchase by the consumer. In addition, the customer spends more time selecting the merchandise, getting to know it and the brand better. Better conversion rates with lower return rates, more sales, a higher average basket value, a positive brand image and more returning customers are all benefits of immersive retail.<sup>2</sup>





30. AUGMENTEs. (2021, April). Benefits of augmented reality for retail. Retrieved from: <https://augmentes.com/benefits-of-augmented-reality-for-retail/>
31. Zaw M. T. (2021, December). 7 benefits of augmented reality in your business. Pixellion. Retrieved from: <https://www.pixelliongroup.com/blog/7-benefits-of-augmented-reality-in-your-business/>
32. Miller, A. (2021, September). 5 AR benefits for retailers. AR Insider. Retrieved from: <https://arinsider.co/2021/09/23/5-ar-benefits-for-retailers/>
33. Ginsburg, R. (2022, July). Augmented reality in retail: How retailers are using AR for better shopping experiences. Shopify. Retrieved from: <https://www.shopify.com/retail/how-retailers-are-using-ar-technology-to-build-buzz-and-brand-awareness>
34. Miller, A. (2021, September). 5 AR benefits for retailers. AR Insider. Retrieved from: <https://arinsider.co/2021/09/23/5-ar-benefits-for-retailers/>
35. Fetisov, E, Talochka, A. (2022, July). 7 benefits of augmented reality in retail and e-Commerce. Jay.Devs. Retrieved from: <https://jaydevs.com/benefits-of-augmented-reality-in-retail-and-ecommerce/>
36. Klavins, A. (2020, January). 10 augmented reality retail examples for better customer experience. Overly. Retrieved from: <https://overlyapp.com/blog/10-augmented-reality-retail-examples-for-customer-experiences/>

### Section 3: 5 High-value retail use cases for AR technology

37. Ayoubi, A. (2017, September). IKEA launches augmented reality application. Zonda Media, a Delaware corporation. Retrieved from: <https://www.architectmagazine.com/technology/ikea-launches-augmented-reality-application>
38. Thompson, M. (2017, September 13). IKEA's new augmented reality app lets you try out furniture in your home. The Spaces. Retrieved from: <https://thespaces.com/ikea-place-app/>
39. Ozturkcan, S. (2020, August). Service innovation: Using augmented reality in the IKEA Place app. Journal of Information Technology Teaching Cases. Vol 11, Issue 1, 2021. Retrieved from: <https://journals.sagepub.com/doi/full/10.1177/2043886920947110>
40. Lovejoy, B. (2022, June). Next-generation Ikea augmented reality app lets you delete your existing furniture. 9to5Mac. Retrieved from: <https://9to5mac.com/2022/06/22/ikea-augmented-reality-app/>
41. Inter IKEA Systems B.V. (2020, March). IKEA to launch new AR capabilities for IKEA place on new iPad pro. Retrieved from: <https://about.ikea.com/en/newsroom/2020/03/19/ikea-to-launch-new-ar-capabilities-for-ikea-place-on-new-ipad-pro>
42. Lovejoy, B. (2022, June). Next-generation Ikea augmented reality app lets you delete your existing furniture. 9to5Mac. Retrieved from: <https://9to5mac.com/2022/06/22/ikea-augmented-reality-app/>
43. DesignRush. (n.d.). IKEA Place's app uses AR technology to engage users. Retrieved from: <https://www.designrush.com/best-designs/apps/ikea-place>
44. ASOS Plc. (2019, January). ASOS trials 'See my fit' augmented reality tool. Retrieved from: <https://www.asosplc.com/news/asos-trials-see-my-fit-augmented-reality-tool/>

45. ASOS Plc. (2020, May). ASOS scales up use of augmented reality in partnership with Zeekit. Retrieved from: <https://www.asosplc.com/news/asos-scales-use-augmented-reality-partnership-zeekit/>
46. Matera, A. (2020, May). Photo shoots may change forever after coronavirus & ASOS is leading the way. Bustle magazine. Retrieved from: <https://www.bustle.com/p/asos-is-using-ar-technology-to-fit-models-during-coronavirus-22896404>
47. Aviles, G. (2020, January). ASOS rolls out augmented reality technology to make online shopping more inclusive. NBC news. Retrieved from: <https://www.nbcnews.com/pop-culture/pop-culture-news/asos-rolls-out-augmented-reality-technology-make-online-shopping-more-n1117331>
48. Williams, R. (2019, November). Adidas cuts out tech middlemen with in-app sneaker try-on. Industry Dive. Retrieved from: <https://www.marketingdive.com/news/adidas-cuts-out-tech-middlemen-with-in-app-sneaker-try-on/567959/>
49. 8th Wall Inc. (2021, June). Adidas uses augmented reality to debut sustainable Adidas Stan Smith collection. Retrieved from: <https://www.8thwall.com/blog/post/48548644626/adidas-uses-augmented-reality-to-debut-sustainable-adidas-stan-smith-collection#:~:text=To%20celebrate%20the%20launch%20of,make%20up%20its%20sustainable%20product>
50. Gilliland, N. (2021, May). 14 examples of augmented reality brand experiences. Centaur Media plc. Retrieved from: <https://econsultancy.com/14-examples-augmented-reality-brand-marketing-experiences/>
51. Saxena, P. (2021, August). How augmented reality is transforming the retail industry? Appinventiv. Retrieved from: <https://appinventiv.com/blog/augmented-reality-in-retail/>
52. Balcazar, C. (2020, November). How augmented reality lets Sephora “try on” something different. Medium. Retrieved from: <https://medium.com/marketing-in-the-age-of-digital/how-augmented-reality-lets-sephora-try-on-something-different-23b4446fd5c1>
53. Fetisov, E, Talochka, A. (2022, July). 7 benefits of augmented reality in retail and e-Commerce. Jay.Devs. Retrieved from: <https://jaydevs.com/benefits-of-augmented-reality-in-retail-and-ecommerce/>
54. Taoufiki, S. (n.d.). Augmented reality in e-commerce: How AR boosts online shopping? Institut Léonard de Vinci. Retrieved from: <https://mbamci.com/augmented-reality-in-e-commerce-how-ar-boosts-online-shopping/>
55. Zhang, Y. (2021, May). 6 augmented reality examples to inspire your luxury brand. Apviz. Retrieved from: <https://apviz.io/blog/augmented-reality-examples/>
56. Perez, S. (2021, April). Amazon is opening a London hair salon to test AR and other retail technologies. TechCrunch. Retrieved from: <https://techcrunch.com/2021/04/20/amazon-is-opening-a-london-hair-salon-to-test-ar-and-other-retail-technologies/>

## Conclusion

57. Aeologic. (2020, September). How augmented reality is transforming the retail industry. Retrieved from: <https://www.aeologic.com/blog/how-augmented-reality-is-transforming-the-retail-industry/>

## Legal Notice

The opinion, analysis, and research results presented are drawn from research and analysis conducted and published by APU Research, unless otherwise noted.

The facts and data set out in this publication are obtained from sources which we believe to be reliable.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. APU would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances.

Note: While care has been taken in gathering the data and preparing the report we do not make any representations or warranties as to its accuracy or completeness and expressly excludes to the maximum extent permitted by law all those that might otherwise be implied, and we accept no legal liability of any kind for the publication contents, nor any responsibility for the consequences of any actions resulting from the information contained therein nor conclusions drawn from it by any party. We accept no responsibility or liability for any loss or damage of any nature occasioned to any person as a result of acting or refraining from acting as a result of, or in reliance on, any statement, fact, figure or expression of opinion or belief contained in this report. The views expressed in this publication are those of the author(s) and do not necessarily represent the views of the APU or its network partners. Publications are submitted to as research contributions to its insight areas and interactions, and APU makes the final decision on the publication. This report does not constitute advice of any kind.

This document makes descriptive reference to trademarks that may be owned by others. The use of such trademarks herein is not an assertion of ownership of such trademarks by APU and is not intended to represent or imply the existence of an association between APU and the lawful owners of such trademarks.

*All rights reserved.*

*No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the publishers. Material content is used in accordance to Access Programs/Subscriptions licenses.*



Designed and produced by APU Insights Creative Studio  
2022® APU Commercial Information Services  
All Rights Reserved

Follow us



SMART IDEA  
& PRACTICE