

POV

Is V-Commerce, the New Age of Retail?



The world is more connected now than ever before, thanks to technology. Brands are constantly searching for innovative ways to engage with the new age customers, who demand a highly personalized experience and seamless purchase process. Analogous to how the internet changed the market, Augmented Reality (AR)/Virtual Reality (VR) technologies are poised to alter the buying experience dramatically.

According to a [Goldman Sachs](#) report, the AR and VR market in retail will reach USD 1.6 billion by 2025. Two-thirds of internet users believe they would be interested in VR, and 63% of buyers claim that new technologies will affect how they purchase.



What is V-commerce?

Virtual commerce, or v-commerce, brings an element of AR and VR into the online shopping domain. It provides a memorable experience for the new-age customer with the help of cutting-edge digital technology to execute seamless purchases. The consumer can now understand how a product would look in person without needing to try it on, taking the phrase “**try before you buy**” to another height.



Why V-commerce is the next big thing in retail?

According to a survey by [Obsess](#), 70% of consumers who visited a virtual store purchased the product as opposed to a non-virtual shopping experience where the card abandonment rates are as high as 75%.

Personalization and seamless Customer Experience (CX) is the key to reaching the new-age consumer and encouraging them to become loyal customers. In fact, 86% of consumers are willing to pay more for improved CX, and v-commerce might be what companies require to make it happen.

The customer purchase journey can be divided into three stages — pre-purchase, during-purchase, and post-purchase. AR/VR technologies can assist the customer in all these stages, enabling faster decision-making and a memorable shopping experience. Let us look at the leading retailers who have enabled AR/VR solutions and the benefits they have derived from it.



The pre-purchase stage



Due to the difficulty of visualizing how certain pieces of furniture or home décor would seem in their homes, customers sometimes struggle to make the right purchasing decision. This explains why brick-and-mortar furniture stores are more in demand than online ones, as customers like to view the items in person and picture them in their space. However, understanding how the item will look in their house is difficult.

Customers can use immersive solutions to place furniture or any other items in an image of a room and determine whether it matches their house. AR applications can also display full-scale, realistic furniture models, saving buyers from physically visiting showrooms.

IKEA designed a virtual showroom where consumers can upload images of their current space and then explore different furniture in their environment in real-time. They can quickly experiment with different textiles, switch the color of the walls, and even alter the time of day to view their combinations in a new light. This makes pre-purchase decision-making seamless by simplifying the buying experience, diminishing uncertainties, and helping them best optimize their available space with furniture that fulfills their needs and is aesthetically pleasing.

Similarly, smartphone users may test drive several models of Honda Acura in an AR racing game with a twist. The AR solution gamified the Acura test drive experience by putting competitors against one another in various racing scenarios. This immersive experience provided a great test drive experience to its potential customers during the lockdown when most of the dealerships were closed and dispelled the myth that Acura's are vehicles that soccer moms drive.

The during-purchase stage

Personalization is a key to success when it comes to shopping. A shopper is usually confused when buying a product, cannot visualize the complete look, and leaves things to guesswork. This is where AR comes in handy.

Like at Macy's, the so-called magic mirrors are installed. A customer uploads their photo here and tries on the clothes virtually in the AR fitting rooms. Retail AR apps can help clients choose fresh appearances and take the uncertainty from the process within minutes. They can choose which outfit goes better with which bag, shoes etc. It has reduced the return rate to under 2% for the brand.

Similarly, at Starbucks, customers may scan AR markers to reveal entertaining visual experiences, read more about items, or even learn how coffee is roasted, keeping them engaged throughout the purchase process and building higher brand equity.



The post-purchase stage



The post-purchase lifecycle allows a brand to maintain a connection with its clients. The post-purchase experience helps brands increase brand memory by 40%. Thus, it is pivotal when focusing on repeat customers and brand advocacy. Customers occasionally run into specific problems when utilizing the product. However, AR/VR applications may make this experience incredibly simple to grasp and solve. Currently, organizations use hefty print manuals for this.

An early adopter of AR manuals was Mercedes Benz. Using a smartphone/tablet and AR software, new vehicle owners can learn how to grasp every dashboard component. A few basic instructions on how to do easy auto repairs, check the oil, and other tasks are also included in the application.

Seamless CX enabled by AR/VR



By allowing customers to explore virtual showrooms and touch, feel, and experience things, AR and VR fundamentally revolutionize the purchasing experience and give them a compelling incentive to visit online businesses. The core of VR/AR is blending online and offline experiences. Brands will benefit much from the VR environment if they can harness its immersive features. It will benefit all stages of a customer life cycle, from awareness to brand loyalty and advocacy.

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About the Author



Ankita Singh has 6+ years of experience in various marketing and research functions. She has played crucial roles across multiple projects that estimate a product or service's prospective sales, customer preferences, market circumstances, and other considerations. She has assisted brands, especially e-commerce giants, determine prospective customer segments and strategize marketing initiatives.

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