

RESEARCH

## Are retailers ready for shift to virtual reality shopping?

April 27, 2016



Promotional image for Tag Heuer content on NYT VR

By CHANTAL TODE

A wave of virtual reality content is hitting the market this year and consumer adoption could quickly follow, bringing with it growing demand for shopping experiences using the technology, according to a new report from the Center for Advancing Retail & Technology.

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

The report, Retail Innovation: U.S. Retail Technology Insights and Analysis, insists that many retailers are still struggling with integrating mobile into their strategies even as the pace of technological innovation speeds up. As a result, many retailers will be unprepared for the shift to virtual reality.

"Few people in the retail industry understand how the world has changed as technology driven innovation accelerates," said Gary Hawkins, CEO of the Center for Advancing Retail & Technology. "Change happens increasingly fast, especially with technologies like AR and VR which are great examples of how consumer technology adoption forces retail to adjust and adopt.

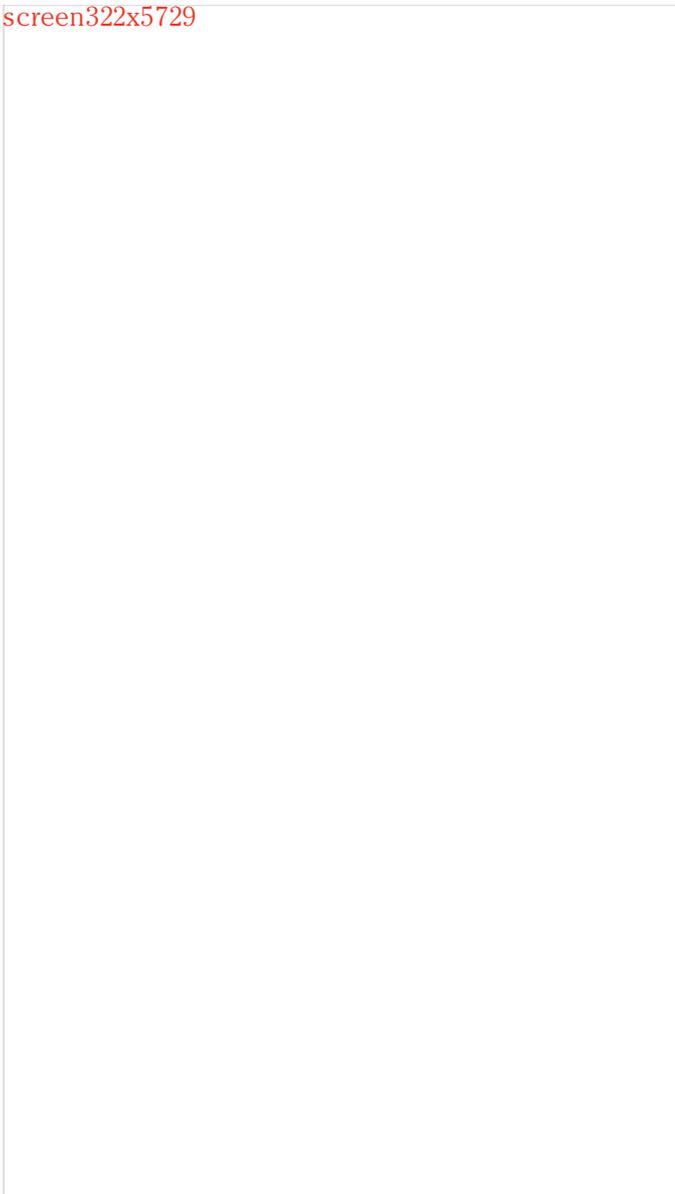
"Retailers need to be watching very closely because when VR hits the market adoption tipping point its going to go fast and shoppers will be expecting to be able to shop from home with a VR experience akin to what they have in the store," he said.

### VR shopping

The implications of virtual reality for shopping are substantial, per the report. Shoppers can be at home, sitting on a couch and put on a headset to go shopping.

Forward-looking companies are already developing these solutions and working with big-name retailers in different sectors while others are in deep discussions or working towards pilots, per the report.

In market examples include Hulu, which is using virtual reality to help drive app downloads, while Rukkus is using the technology to drive sales of tickets to live sports events and IKEA customers can explore kitchen interiors with virtual reality.



*The Rukkus app uses virtual reality to sell tickets*

Two things need to happen for VR to explode and they are both in process, per Mr. Hawkins.

The first is content creation for VR environments. A number of publishers have announced VR content programs this year while the ability to create such content is becoming more easily accessible and less expensive.

Secondly, consumer adoption needs to reach a tipping point. Already, a number of consumers are being exposed to the technology via gaming. However, VR is likely to be used more in education going forward, which will significant adoption, per Mr. Hawkins.

Also, headsets such as Google Cardboard and others are available for less than \$50 and provide a high-quality virtual reality experience using a smartphone.

"As the cost of creating VR content plummets we are going to see an explosive growth in VR and AR related shopping," Mr. Hawkins said.

#### Internet of Things

The Internet of Things is another area that is evolving quickly as Amazon aggressively stakes a claim for home replenishment of consumables. Amazon's Dash button and the integration of the Dash Replenishment Service into home appliances is a threat for retailers across a growing number of product categories.

Other retailers are beginning to strike back. For example, Sears just announced a series of IoT devices under its brand names.



*Sears' connected home air conditioner*

"The big takeaway is that the world is getting ever more challenging for retailers," Mr. Hawkins said. "There is an innovation-implementation gap that CART is seeing develop as retailers are becoming overwhelmed by having to sort through the sheer number of new innovative solutions and capabilities to determine what to focus their limited resources on."

The bigger picture

Store infrastructure and the impact of technology here is one area where retailers are paying closer attention, according to the report.

While online sales continue to grow, retailers are slowing down a bit and considering how ecommerce fits into the bigger picture of their operations and other systems, per the report.

"We see retailers grappling with store format and operations as they think through how ecommerce will increasingly impact their business," Mr. Hawkins said. "As ecommerce grows, do retailers continue to fulfill out of operating stores or do they set up dark' stores dedicated to ecommerce fulfillment?"

"If fulfilling out of operating stores, how does the store - and outside the store - layout change," he said. "Retailers need dedicated space for staging click and collect orders and delivery.

"How does the parking lot layout change to accommodate a growing number of click and collect orders? Retailers need to consider a growing number of changes to the brick and mortar store as the physical and digital worlds merge."