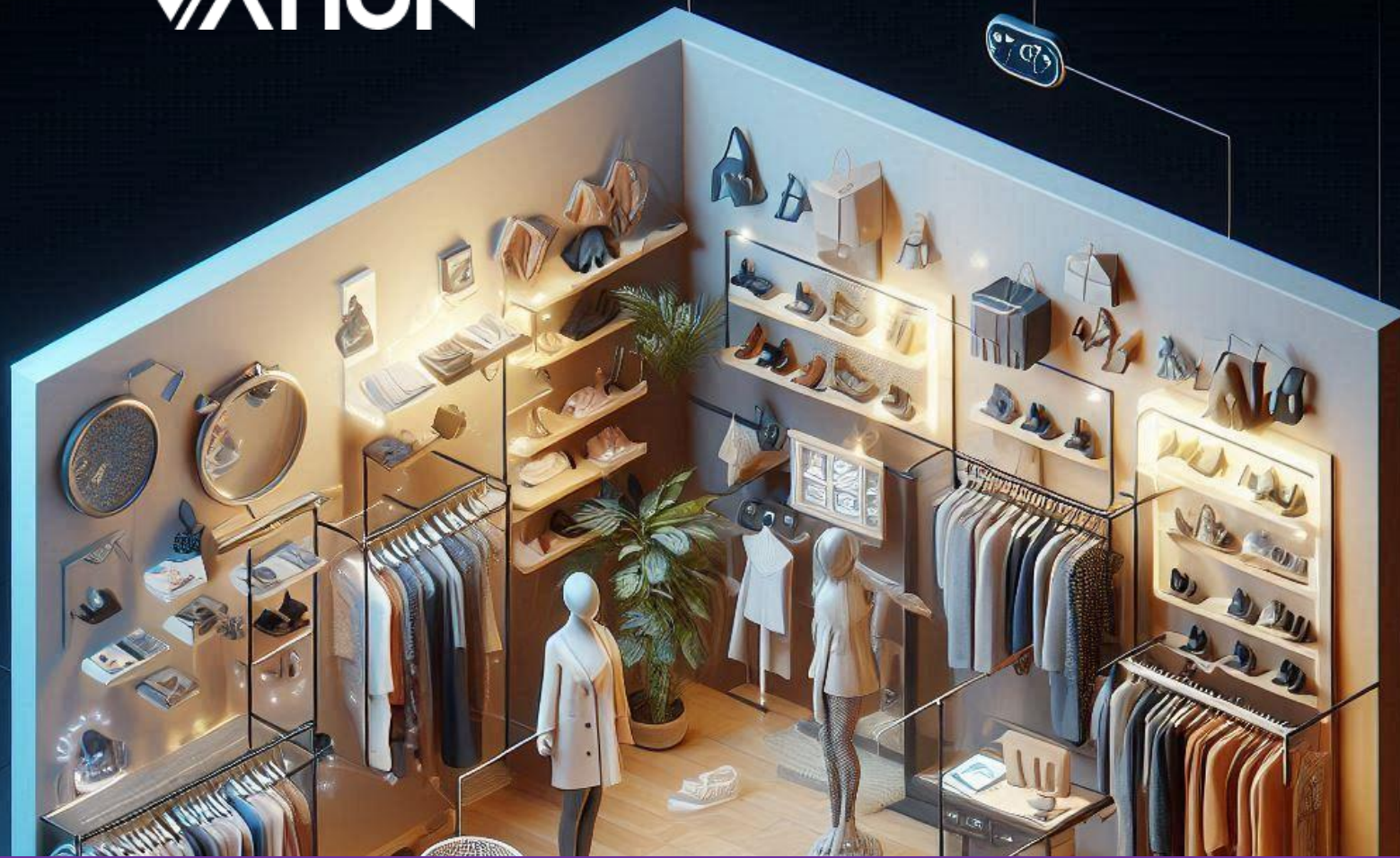


**VATION**



**THE IMMERSIVE RETAIL REVOLUTION:  
CAPTIVATING CUSTOMERS IN POST-DIGITAL  
ERA**



July 2024

eCommerce claimed only 15.6% of total US retail sales and shopping malls declined by 23%. How do we navigate this retail paradox in the post-digital era?

Physical stores survived the eCommerce storm, but shopping malls haven't been so lucky of late. This retail paradox hints at a fascinating future: the lines between physical, digital, and virtual experiences are blurring.

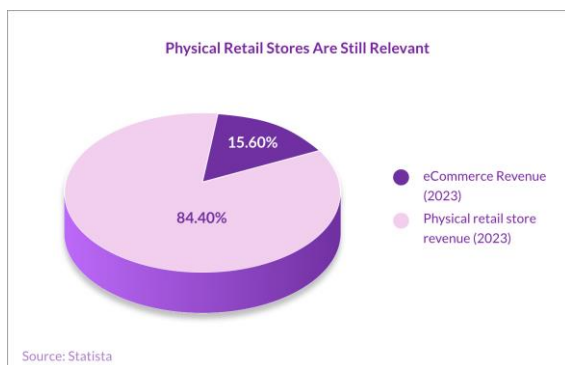
Discover how this captivating post-digital future will unfold with immersive multi-experience technologies and 3-dimensional journeys.



## The Retail Revolution: A Tale of Two Worlds

The retail landscape has undergone a dramatic metamorphosis. Pre-digital shopping meant navigating aisles with limited choices, relying on in-store interaction for product evaluation – say feeling a garment's fabric or trying on shoes. The digital era ushered in eCommerce, offering vast product catalogs, side-by-side comparisons, and convenient home delivery.

Initially, fears of eCommerce replacing physical stores ran rampant. However, even after 25 years since the advent of eCommerce, physical stores remain relevant. Statista data reveals that in 2023, eCommerce captured only 15.6% of total US retail sales, with Western Europe ranging from 15% to 30%.



This enduring appeal of physical stores stems from several factors:

- **Tangible Experience:** Customers value the ability to physically interact with products before buying.
- **Social Connection:** Browsing with loved ones or seeking expert salesperson advice enhances the experience.
- **Instant Gratification:** Physical stores offer the satisfaction of immediate purchase and possession. Easier returns and exchanges are a bonus.
- **Retail Therapy:** Shopping can be a mood booster, triggering the release of stress-reducing hormones.

**The Curious Case of the Closing Malls:** Yet, a fascinating retail paradox is emerging. Capital One Shopping research shows a significant decline in US shopping malls, dropping from 1,500 in 2005 to 1,150 in 2022.



Here's why:

- **Generational Shift:** Shopping preferences differ across generations. While 67% of Baby Boomers (1946-1964) prefer in-store shopping, 72% of Millennials (1981-1996) and 68% of Gen Z (1997-2012) gravitate towards online shopping as per various analyst estimations.
- **Pandemic Effect:** Covid-19 propelled online shopping across all ages and regions, accelerating the rise of eCommerce.
- **Malls in Transition:** Traditionally social and cultural hubs, many newer malls began incorporating more entertainment and non-retail services in larger retail sizes, leaving several smaller and old malls unattractive.

**The Future:** The post-digital era is blurring the lines once again. Immersive, multi-experience (MX) technologies – like augmented reality (AR), virtual reality (VR), 3D, wearables, and natural user interactions (NUIs: touch/voice/vision/motion) – are creating virtual shopping environments that replicate the physical store experience. This could potentially lure a segment of customers back to the digital realm.

Another segment of customers craves *phygital* experiences – essentially physical shopping experience enhanced by interactive, digital technologies.

### **Why MX will drive the post-digital future:**

**Natural & Intuitive Engagement:** AR/VR/3D technologies ditch clunky interfaces like typing and menus. Embracing natural language and 3D worlds makes MX intuitive and accessible to all customers and employees, regardless of their educational or mobility limitations.

**Powerful & Affordable:** AR, VR, 3D, wearables, and NUIs adoption is expected to explode – thanks to breakthroughs in graphic processing chips, displays, and miniaturization, making it more powerful, affordable, and accessible.

**Data-driven Personalization:** Powered by real-time data from wearables and NUIs, MX can deliver unmatched personalized recommendations, promotions, and support for each user.

**Revolutionizing Remote Collaboration:** Fueled by the COVID-19 pandemic's remote collaboration surge, AR/VR/3D tech is leading the charge in immersive collaboration experiences.

Statista predicts that eCommerce will reach 20.6% of total US retail sales by 2027. The integration of MX technologies and the rise of *phygital* experiences might push this growth even higher. The future of retail lies in a fascinating and dynamic interplay involving physical, digital, and virtual worlds.

### **Post-Digital Innovations: Captivating Customers across Physical, Digital and Virtual Worlds**

As the retail revolution further metamorphoses, fuelled by post-digital innovations, Vation envisions a future where shopping transcends traditional boundaries,

seamlessly integrating physical, digital, and virtual experiences.

This isn't a multi-channel experience. At Vation, we call it, *OneExperience* – a 3-dimensional journey that seamlessly integrates customer and employee experiences, harnessing the power of multi-experience technologies.

Here's a glimpse into what this transformative *OneExperience* will unfold:

- **Immersive Discovery:** Product discovery, currently driven by flat 2D images and icons, will leap into an immersive 3D realm. Imagine navigating a captivating metaverse environment where you can virtually interact with products. BMW, for instance, introduced its virtual showroom, letting you take a virtual stroll and explore their latest models, using hotspots for easy navigation.
- **Deeper Product Exploration:** Forget static, multi-angle photos and verbose text. Product details and views will evolve into dynamic 360-degree rotations, allowing you to zoom in and experience lifelike textures, virtually replicating the physical experience. For example, REEDS Jewelers has enabled immersive, 360 degrees rotation on select range of their Women's Engagement Rings.
- **Immersive Product Configuration:** Say goodbye to manipulating 2D images. Product configuration will become a breeze in 3D, enabling you to customize, configure, and visualize the changes in real-time. REEDS, for instance, lets you virtually configure and customize your dream ring in stunning 3D. You could choose from various diamond shapes (oval, pear, marquise, princess etc.) and carat sizes.
- **Hyper-Realistic Virtual Try-Ons:** Virtual try-ons will replicate the physical store experience with

uncanny accuracy. Imagine apparel that folds realistically with your arm movements, or watches that adjust and curl perfectly on your wrist. Focus Point, a leading optical retail chain store in Malaysia, lets you virtually try-on their eyewear, using their Tap & Try feature.

- **Phygital Synergy:** In-store experiences will be elevated with the integration of interactive, spatial reality displays and life-sized virtual try-ons, creating a captivating phygital experiences. Sephora, a luxury cosmetics and skincare brand, introduced Smart Mirror Experience at some of their flagship stores, where users can virtually try-on any shade of a lipstick, eliminating the mess of physical testers.
- **AI-powered, Virtual Shopping Companions:** Forget rigid chatbots and frustrating interactions. Imagine interacting with a lifelike AI-powered humanoid – a virtual shopping companion with the expertise of a seasoned salesperson. These virtual experts assist you 24/7: co-browse and answer questions, offer advice, and guide you to the perfect purchase. In India, GRT Jewellers introduced their virtual brand ambassador, influencing the conversations on their social media channel. In China, AI clones have begun to power several live commerce channels.

### Thriving in the Post-Digital Era with OneExperience

The future retail landscape will undergo a rapid shift towards immersive technologies. However, utilizing these technologies in isolation can create a fragmented customer journey. While isolated, immersive elements may generate initial excitement, they won't unlock the full potential of a seamless customer experience.

Vation's OneExperience transcends this limitation. It's a comprehensive business strategy that leverages the power of multi-experience technologies to create a unified and 3-dimensional immersive experience across digital, phygital, and virtual touchpoints. These 3-dimensional journeys foster seamless interaction between customers and employees, elevating both experiences to a new level.

Here are 5 steps to embrace OneExperience for your business:

1. **Reimagine Journeys in 3-Dimensional Realm:** Go beyond flat screens. Think virtual showrooms, 3D product exploration, or interactive configurators to create engaging experiences.
2. **Unify All Touchpoints:** Stitch the customer and employee touchpoints together to make to one seamless experience across your retail store, online shopping sites, mobile apps, and virtual channels.
3. **Unleash the Power of MX:** Infuse immersive experiences throughout the journey, leveraging AR/VR, 3D, wearables, and NUIs.
4. **Empower Employees:** Don't stop at customer experience. Elevate employee experiences too. Engaged and knowledgeable employees become brand ambassadors, driving customer satisfaction.
5. **Drive frictionless interactions:** Prioritize seamless interactions between customers and products, as well as between customers and employees. This ensures a smooth and seamless experience for everyone.

Embrace the transformative potential of OneExperience. Partner with Vation to unlock the true power of the post-digital future and transform the shopping experience.

## **Conclusion:**

The post-digital era presents a thrilling opportunity to redefine retail experience. By embracing Vation's OneExperience – a transformative business strategy that enables immersive, 3-dimensional journeys – businesses can drive captivating experiences across physical, digital, and virtual touchpoints. This future promises to elevate customer and employee experiences, ensuring retail thrives in the years to come.

## **Vation Digital**

The essence of our brand, Vation, embodies a spirit of continuous innovation, growth, and relentless pursuit of client satisfaction.

Founded in 2021, Vation set out with a clear vision – to revolutionize the way businesses interact with their customers and employees by crafting experiences that resonate, inspire, and foster lasting loyalty.

Our mission is to accelerate business growth by enabling our clients to embrace OneExperience – Vation's strategy for transforming integrated customer, employee, and multi-experiences.

[contact@vation.com](mailto:contact@vation.com)