Augmented Retail, a new shopping experience

The explosion of ecommerce has put pressure on the physical retail world, but Augmented Reality is proving to be a key technology for retail innovation, creating a new concept known as Augmented Retail which adds a digital layer to the physical world and can positively influence purchase intent and weight and frequency of purchase

By Omaid Hiwaizi, *Blippar*, and Debbie Ellison, *Geometry Global UK*

Shopping is a national pastime over most of the world – from the days of medieval market squares to twentieth century mass consumerism, it's been an activity that people have undertaken because they need stuff, but also for enjoyment and social interaction.

Our shopping behaviour and expectations have also changed considerably: we expect effortless convenience, frictionlessly finding the products we want (or delighting in those we didn't know we wanted). At the same time, store formats have developed – from the local counter-based grocer, where we queue and request item by item, getting advice and recommendations as we go, to the huge hypermarkets which we navigate alone, possibly looking to mobile searches for advice and inspiration. Perhaps it is this loss of trusted expertise and social interaction which presents a great opportunity for innovation – an experience personal to consumers, products that meet their exact needs and ideas for things to buy that complement their lifestyle.

Once we grow accustomed to this kind of experience in one aspect of our lives, our expectations in other areas quickly rise. This has taken the sheen off physical store experiences for many shoppers – it being relatively laborious, a lot less enjoyable and certainly not memorable for any good reasons.

Clearly, much of this change is driven by the ubiquity of mobile devices creating the expectation of instant, easy service. Equally, retailers have been innovating their business models to reduce their cost of business, so they can offer shoppers better value and selections (while increasing profits).

This is the space which ecommerce has advanced, delivering lower prices through reducing operational cost (no physical stores, less staff), an 'endless aisle' experience to give maximum choice, and using data to personalise selections and suggestions. It's also put ecommerce in direct competition with physical commerce – shoppers 'showrooming' by using a physical store to touch and feel the product, but then purchasing it via ecommerce for a lower price. It's even the case that a retailer's own ecommerce can compete with its physical stores as they often will have separate profit-and-loss and sales targets.

It's a fluid situation for both physical retailers and ecommerce players, and there are huge opportunities to gain an advantage by innovating in the right places.

Augmented Reality adds a digital layer to the physical world. We see AR as a key technology at the intersection of these emerging concepts and innovations in retail. This is the context in which Geometry Global and Blippar have defined 'Augmented Retail'.

Turbulence in the high street is coming from a number of angles – from value players with quality brand-alike products through to ecommerce players with huge ambitions (but evasive profits).

An understanding of shopper motivations reveals how new entrants have been turning the tables on established retailers. Shoppers want good value (cheap or with extras), great experiences in store and serendipitous discovery of new things to buy. Depending on the specific mission, different aspects of these wants play a different role – and with a high proportion of missions being repetitive and functional grocery shops, it's clear how low-cost and frictionless propositions have made a huge impact for value players like Lidl. In this arena, ecommerce players, led by Amazon, can deliver wide choice, low-cost, and data-driven serendipitous discovery. Add to this the Amazon Prime offer of super-efficient delivery, and it's clear why the likes of BHS and Woolworths have disappeared.

Amazon, in particular, is seeking to export its digital vision into the physical high street and has tested its Amazon Go store format in Seattle where shoppers check in, place all their shopping in their bag and walk out, with their Amazon account automatically charged for their purchases. Its intentions are further indicated through the acquisition of Whole Foods for $13.7 billion – whose 432 branches will, no doubt, be further digitally enhanced.

Where then should retailers focus their Augmented Retail efforts? Broadly, the opportunities are to make the shopping process either more frictionless or fulfilling – memorable, even. Various models and strategies have emerged to make shopping in physical retail frictionless – ranging from self-scanning and payment, such as Waitrose Quick Check, through to stores testing Click and Collect services, adding a whole new commerce and physical retail approach. There's also been a huge range of innovation around making the shopping experience

delightful and memorable – largely from the premium and luxury end of the market, with the likes of Burberry differentiating themselves through cutting-edge technology dramatising the brand story and making the shop a destination.

A range of retailers have also been experimenting in the personal shopper space, through the use of smart mirrors and connected changing rooms, both enhancing the experience and positively influencing sales.

There are a huge number of applications and use cases for AR at all stages of the shopper journey which inspire shoppers to move forward in their journey or overcome specific barriers. What is key to all of these is to take a shopper-centric or UX approach to planning, rather than a media- or brand-centric one. This view unlocks the specific points to influence purchase behaviour, which determine which touchpoint and content to activate. Informed by Geometry Global's omnichannel purchase journey insights, below are six examples of Augmented Retail – from Snapchat augmenting the face, to Pokémon Go making the world a digital game, and Blippar adding a digital layer to brand packaging.

1 TRIGGERING THE NEED, CREATING SHOPPER MISSIONS

Traditionally the domain of above-the-line media, AR can have a powerful role in triggering consumers into a category. A great example of this in QSR (quick-service restaurants) is the Taco Bell Cinco de Mayo Snapchat Lens, which turned users into a giant taco and was viewed 224 million times in one day, creating social buzz and getting people thinking about snacks. Pokémon Go also launched a new medium recently: sponsored 'gyms'. When it launched in Japan, 3,000 McDonald's branches were made destinations in the game, which meant players would go to the stores and perhaps stop by.

Another example is the Coke 'Names' campaign in Japan, where a drinker could send an AR personalised bottle to a friend with their name on it, again triggering the friend to think about grabbing a drink. AR experiences have also effectively been used to trigger interest in car purchase directly from targeted digital banner ads using Blippar technology: when the user clicks the banner, they get a 360° view of the inside of the model, highlighting features and tempting the user to request a test drive.

2 CHOOSING AND GETTING TO A STORE

AR really starts to come into its own when location is factored into the experience. Enabling the content displayed to be contextual, allows it to help in navigating physical environments – not just showing a store on a map but pointing out the route and the destination when you're close. A whole range of apps offer this across the widest range of stores – the first of which was the Yelp app, which incorporated their ratings and reviews, an invaluable tool for getting to the right establishment for your purchase. Stella Artois showed how this kind of utility could work for a brand with its Le Bar app, which enabled users to find a bar that specifically serves their favourite beer all over the world.

3 NAVIGATION AROUND A STORE TO THE AISLE
Large-format stores, in particular, present a navigation challenge, in that shoppers can find it difficult to locate the category they're after. While this might result in a purchase of some other product, it more than likely results in them walking away without making a purchase.

Google's virtual indoor mapping technology, which has been piloted in Walgreens in the US, overcomes this. Using Google Project Tango technology to drive location and AR, and store map data from Aisle411, Walgreens enables shoppers to locate particular products and aisles using AR flags and direction signs. AR technology, coupled with store data, proves to be a potent mix which can enable personal shopping experiences – adding a huge amount of value to the physical store.

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4 PRODUCT SELECTION
In many categories, choosing exactly the right product can be confusing: which exact foundation, pain treatment, shaver or jacket is just right for my needs? While people can do mobile searches, it really is a moment when we could benefit from an expert standing by. Indeed, in many retail environments, the staff are trained to do exactly this, but that expertise isn't always available.

Max Factor solved this with an AR experience called 'Makeup artist in my pocket'. Shoppers were prompted at the point of sale to scan any product with the Blippar app on their smartphone to get ratings and reviews, images of the look you could achieve with the product, helpful video tutorials from beauty consultants, and other products to use alongside the one being considered (increasing basket size). The experience also helped shoppers choose the right shade of lipstick or foundation by using AR to compare their skin tone with samples on the phone – 70% trusted the recommendation and said they would buy. Smart mirrors featuring virtual try-ons and recommendations have also been used to great effect by clothing brands and retailers.

5 PURCHASE AND CHECKOUT
Scanning, checking out and payment is being implemented by many retailers, including Sainsbury's with its Scan & Go mobile app. This functionality could be incorporated into in-store AR experiences offered by the retailer. In some instances, purchase has been implemented by retailers in and out of store in interesting ways; for example, Net-A-Porter has made the clothing in its shop windows shoppable. So even when closed, you can shop the look. This extends to *Porter* magazine, where pages are shoppable via its app.

6 PRODUCT USAGE
Perhaps the most powerful moment for Augmented Retail is post-purchase, helping the shopper get the most out of the product. Enhancing the usage occasion will not only drive loyalty and frequency of purchase, but also word of mouth. Brands have achieved this in a number of ways. For example, ThermaCare pain relief products show users how best to use the product in an AR experience delivered through Blippar, and Knorr herbs and spices packets under the 'What's for Dinner?' campaign in Walmart Canada to offer recipe inspiration through the same platform. In contrast, the Vivino app offers tasting tips on wine scanned via the app and allows users to give feedback, enriching their content for others. Brands also seek to drive frequency of engagement by presenting content which consumers engage with on multiple occasions. This can be through gamification, as Nesquik cereal did with an underwater sea adventure, or through episodic content as Milo did, presenting weekly programmes featuring sports stars around the Asian Games. Both of these were delivered via the Blippar app, enabling the respective brands to use their widely distributed products as a publishing platform for their own content.

These numerous examples of brands, retailers and other platforms implementing AR in physical stores and on physical products present many methods of enhancing shopping in ways we love. The Retail Perceptions study told us that 71% of shoppers would shop at retailers more often if they offered AR – and we've found no question that shoppers love experiences which help them choose and use products which inspire and entertain them (61% of shoppers prefer to shop at stores that offer AR over ones that don't). What is also clear is that purchase intent, and weight and frequency of purchase can be positively influenced by Augmented Retail. Executed well, it means that shoppers, brands and retailers can all win.

AR executed well in a retail/shopper environment can enhance the shopping experience. The key thing is to implement it well. Our experience tells us to start planning any activity with powerful shopper insights which identify drivers and barriers to purchase behaviour. Marketers must then design solutions to overcome these directly, at specific touchpoints and relevant moments. The final consideration is that project pilots should be constructed with a 'minimum viable product' mindset – that is, be executed as quickly and cheaply as possible but with all of the support in activation they need. Only then will the pilot generate insights which will enable the activity to be scaled effectively rather than being a technology innovation experiment that has no lasting impact.

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FOCUS

Using VR in consumer research

The traditional methods of asking respondents to react to past or future situations 'in the moment' have always presented difficulties for market researchers. Now, Virtual Reality technology is overcoming these limitations by creating immersive, real-world experiences to which respondents can react with emotional truth and accuracy, thereby giving more reliable feedback

By Dr Alastair Goode, *Gorilla In The Room*, with Laura Anderson and Ian Bramley, *Populus*, and Elisabeth Mary, *O2 (Telefónica UK)*

The challenge for consumer research has always been to predict consumer behaviour. However, during the past few years behavioural economics has revealed why this is often difficult. We know that what people say is not what they do, but we now better understand the psychology behind why this is so. One main reason is that research often asks people to consciously mentally reconstruct future or past events, then pass judgement on them, rather than what the brain is better at doing, namely responding to real, rather than 'in-the-moment' situations. However, using new visual technologies, we are now able to create immersive stimuli that get the brain to respond as if it is in a real situation. As such, we can not only get a more accurate measure of future behaviour but also measure new things that up to now traditional methods have found hard to assess. This study shows how Virtual Reality (VR) allowed us to undertake the first in-home point-of-sale (POS) research.

Testing points of sale is challenging. Forced presentations of messaging and configurations can check for comprehension and understanding; however, we know from behavioural economics that context is key, so if we were to devise a truly accurate test, it would involve setting up bays in real stores, which for research purposes alone would be impractical.

O2 faced this problem, so it chose 'soft launch' – having a product with its POS in a few stores to check customers' response. The initial feedback suggested there was confusion on what the product offer was. As such, O2 needed to establish how better to communicate the product and needed quantitative data to validate it.

Adapting the current fixtures would be costly, changing them and recruiting large numbers of respondents to visit stores. So Populus, together with visual technology company Gorilla In The Room, combined to provide an entirely new virtual solution. They created the UK's first virtual research panel, with virtual 360° content that a quantitative sample of respondents could view.

The aims of the research were twofold. First, as the virtual experience was more akin to a real-world experience, we wanted to establish if changes to the O2 POS made any difference to noticeability and standout. Also, to establish if the new bay configurations assisted with comprehension of the offer. The secondary objective was to validate that this approach did generate meaningful findings in quantitative research. As no-one had created a VR research panel before, we also wanted to know whether it added to the research experience and could be a new tool in addressing declining response rates in quantitative research.

A 360° camera was used to produce a 360° view of an existing POS in a store, which people could view in a virtual headset and move their head so their experience was of standing in the store looking around. The camera position chosen was akin to the one people would have if they had just entered the store. The target POS bay was on a wall at the front of the store, so that respondents had to look to their right to see it. Once filmed, four separate versions were created where CGI and physical changes were used to alter the look of the POS. The CGI was done photorealistically so respondents would not notice a film had been altered.

In total, five sets of stimuli were created:
- Stimulus 1: Control (no devices) with original POS, original messaging and configuration.
- Stimulus 2: Devices added to bay that were part of the package, including CGI labelling.
- Stimulus 3: Devices added to the bay with CGI labelling and with a new primary message order.

"VR allows for a whole new level of behavioural research that at the moment can only be imagined, and is set to be the biggest innovation in research since the shift to online and mobile"