Chapter 7

The Shop of the Future: Bridging the Online/Offline Experience Gap in Fashion Retail Through Virtual Reality

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ABSTRACT

Fashion customers often regard shopping online for clothing as being more of a convenience-based event rather than an experience-bearing touch point, lacking both relational and sensory attributes (Cai, Shen, & Guo, 2012). In a clear attempt to add further dimensions to online retailing, virtual reality (VR) clearly emerged at CES 2015 (Consumer Electronic Show) as a promising solution to watch (Housley, 2015). Within the context outlined above, this chapter set out to explore whether and how online retailers within the fashion industry could bridge the gap between the offline and online customer experience through the use of virtual reality solutions. More specifically, the objectives of this chapter are to: (1) explore the potential impact and possible applications of VR within the fashion retailing industry, (2) identify and critically analyse consumers’ and fashion retailers’ attitudes towards VR, (3) assess contributing factors and barriers to investment in VR solutions by fashion retailers.

INTRODUCTION

The Battle of Realities

Fashion customers often regard shopping online as a convenience-based event rather than an experience-bearing touch point, lacking both relational and sensory attributes (Cai et al., 2012; Mintel, 2015). In a clear attempt to add further dimensions to online retailing, virtual reality (VR), augmented reality (AR) and, more recently, mixed reality (MR) have emerged as promising solutions to enhance customers’ experiences by bridging the gap between physical and digital dimensions. Recent studies show that the augmented reality and virtual reality segments have absorbed approximately $668 million of investments.

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in 2016 and nearly $4bn since 2010 with sales of headsets expected to hit $2.7bn by 2020 (Chandler, 2016; Vanian, 2015). Investment bank Digi-Capital estimates that the market value for these solutions will total $30bn within the next 4 years (Merel, 2015). Fashion retailers including Tommy Hilfiger and Nike have already started experimenting with the new medium (Painter, 2016; Tabuchi, 2015), acknowledging the need for innovation amid changing demographics, and the emergence of new distribution channels and business models, in conjunction with a demand for more personalised marketing approaches.

Virtual reality has undoubtedly been one of the key priorities in the world of technology for a few years, but questions now arise as to why the level of investment is suddenly escalating and why key industry players are finally pushing for its diffusion. Figure 1 illustrates the key potential drivers of the increased interest and investment level in virtual reality solutions.

The opportunities for VR and its business application do not lie only within its obvious potential for the gaming industry but are spread across several sectors. For example, businesses could streamline activities and hold virtual conferences, products could be tested in a more realistic way, hotels could be toured virtually before being booked, and fashion items could be bought directly from an immersive

Figure 1. Key drivers for VR investment