

1. Mark your confusion.
2. Show evidence of a close reading.
3. Write a 1+ page reflection.

Augmented Reality Is What's in Store for Commerce

The feature will supplement but not supplant in-store shopping

Source: Laura Forman, *The Wall Street Journal*, April 20, 2022

Augmented reality could completely change how you shop, but don't expect it to dramatically change where you do it.

For a second there, it looked like bricks-and-mortar shopping would become a permanent casualty of the pandemic. E-commerce business boomed. Platforms like Shopify empowered physical stores to move online and consumers to purchase goods in just a few clicks. But it might be that nothing quite compares to being able to touch, smell and try before you buy. Technology will inevitably fill some of the gaps, but much of its utility could actually be in physical stores.

March was the first month since the pandemic hit during which e-commerce sales declined for the same period a year earlier while in-store sales rose, *The Wall Street Journal* reported last weekend. The dynamic could be a fleeting function of the renewed novelty in being able to go back into a store, but analysts like AB Bernstein's Mark Shmulik say it is durable, predicated on more than a century of habit.

That doesn't mean we can't embrace a more blended reality, though. As Meta Platforms Chief Executive Officer Mark Zuckerberg said on a recent podcast, "Most people seem to think there's a real world and a digital world...I think there's a physical world and a digital world, and the real world is actually both."

That sounds a little gimmicky, especially coming from someone building a virtual metaverse who has also called augmented reality glasses a holy grail. But it might just be true: Snapchat parent Snap Inc. says it has 200 million people engaging with AR every day—roughly the size of Twitter's entire daily user base.

Data shows AR technology appeals to consumers and advertisers. While a traditional ad might be visually stimulating, an ad that includes AR can be physically engaging. It can also be personalized: Traditional ads are designed to make their products look good on a model or in a curated showroom, but an AR ad could show you what would look good on you or in your home.

A recent Deloitte Digital study commissioned by Snap found interacting with products that have AR experiences leads to a 94% higher conversion rate.

We might one day find new satisfaction shopping with our friends as virtual avatars, but after two years physically apart, people seem to be craving in-person interaction. In a global shopping study conducted with Foresight Factory, Snap found half of consumers have missed the social aspect of shopping in-store since the start of the pandemic. The future, according to the study, is one in which physical stores and e-commerce increasingly cross over.

The best AR technology today will let you see a product, but it still can't enable you to touch it. What if you could do both? Consider the annoyance of trying on jeans in a crowded dressing room, waiting for a room, hanging up your stuff, taking off your shoes and pulling on multiple pairs.

Makeup is its own beast: If you braved communal makeup samples in the past, Covid-19 has likely made you think twice about doing it again. Snap's commissioned study with Foresight Factory found 35% of global consumers would go out of their way to visit a store if it had interactive virtual services such as a smart mirror that allowed them to try on clothes or makeup. IBM's 2020 U.S. Retail Index Report found nearly 60% of respondents had used or said they would be interested in trying a smart dressing room.

Nicole Johnson, a partner at consumer-focused venture-capital firm Forerunner Ventures, stresses the importance of the in-store shopping experience for some consumers, noting their desire to try and touch will continue to necessitate a bricks-and-mortar presence in the market, offering that "last missing piece" e-commerce lacks. She notes more than 80% of U.S. retail purchases are still conducted offline. Forerunner has historically invested in so-called omnichannel brands, offering sales online and offline, like eyeglasses company Warby Parker.

Warby Parker, which began strictly online, eventually added physical stores, even though its app features AR technology allowing consumers to try on its glasses at home. According to Co-Chief Executive Officer Neil Blumenthal, "there's nothing quite like walking to a physical space, looking around and feeling the essence of a brand." Warby Parker was doing roughly half its sales offline as of November, according to a recent Journal report.

Snap's Deloitte Digital study found nearly 75% of the global population and almost all smartphone users will be frequent AR users by 2025. But it is hardly a death knell for in-store shopping—consider it a welcome augment.

Possible Response Questions

- What will shopping look like 10 years from now? Predict.
- Do you prefer to shop online or in-person? Explain.
- Where do you interact with augmented reality? Explain.
- Did something in the article surprise you? Discuss.
- Pick a word/line/passage from the article and respond to it.
- Discuss a "move" made by the writer in this piece that you think is good/interesting. Explain.