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WITH DYNAMIC

HOW IMMERSIVE COMMERCE IS MAKING THE SHOPPING EXPERIENCE EXTRAORDINARY

Immersive experiences can dramatically improve how **customers** interact with their favorite sites

Commerce is due for a makeover

It would seem e-commerce has evolved significantly over the past 20 years. Online sales represented 14% of all retail sales in 2019 – this figure is expected to reach 25% in 2027.[1] What's more, online shoppers can now make purchases from multiple, diverse channels using their computers, smartphones, tablets, or other devices. The range of sales channels has exploded: from brand websites to mobile apps, marketplaces, social media, gaming, and more. Customers have the convenience of choosing where and how to satisfy their buying needs.

But considering the speed of advancing technology, has the standardized form of online shopping changed all that much? Are retailers taking advantage of new tools to stimulate customers with truly enjoyable and memorable experiences?

Most customers have a favorite seller website or channel they use. But why? If we exclude markdowns and fancy graphics, what really differentiates one from another? And, more importantly, is the customer experience considerably better than it was a decade or two ago? Most customers would probably say very little has changed – except maybe the accessibility of e-commerce.

Yet many physical stores keep reinventing themselves to provide a comprehensive customer experience with a focus on creating the ideal ambience for presenting their newest and coolest products while fostering greater engagement between customers and sales associates. Or that's the ambition. Let's be honest, for some this in-store reinvention hasn't quite hit the mark.

In-store transformation through innovation

About 10 years ago the idea of an experience-led retail environment began gaining traction. Stores recognized that unique or interactive experiences would help attract consumers – both existing and new. For example, offering coffee in-store became popular as it helped drive foot traffic, provided a sense of community, and gave people a reason to come back (not to mention the immersive smell of fresh coffee).

Then, about five years later, we saw the digital explosion that was all about screens. But with that came the inherent complexities, as we've all experienced touchscreens or in-store kiosks not working due to technical issues the store staff couldn't resolve.

1 https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/

If you listen to rumors,

you'd likely hear that it's the end of the bricks-and-mortar store. But, at Capgemini, we couldn't disagree more. Together The Drum and SharpEnd have created CornerShop, a live store in London, UK, where retail shopping and customer engagement have been transformed to bring to life "the store of tomorrow."

It supports retailers and brands to help them understand how digital innovation can enable new ways to evolve the customer experience and improve in-store operations so consumers can rediscover the joy of in-person retail through exciting shopping options. The space demonstrates immersive commerce at work.

CornerShop also reinforces the criticality of being omnichannel. Commerce now is a much more complex world, and you can enter the journey at any one of several touchpoints. It's not linear. Where you enter to buy is diverse. As such, connecting all of a company's touchpoints, be it a bricks-and-mortar store, web, social, email, etc., allows buyers to move seamlessly between channels. According to Forrester, on average, online adults across both the US and Europe use 5.3 connected channels during their shopping journey[2] – each touchpoint for a specific reason, a specific circumstance.

And, for those that need further proof, remember that the likes of Amazon and other internet giants are testing the bricks-and-mortar option – showing us that the future of commerce really is omnichannel and "phygital."

So, to succeed in customer engagement, brands need to sync all this together and build an immersive world made up of physical, digital, and virtual elements.

But now a new era of immersive retail is making its debut, pushing the boundaries of what an in-store experience can be like. To oversimplify (quite dramatically), we could debate that there are two faces to this:

1. **Physically "living the moment."** Immersive commerce now doesn't have to be just digital – more and more stores are introducing physical events in an effort to form a community with their buyers. This could be classes/tutorials, influencer appearances, product demos, and more.

2. **Digital immersive experience.** This is about discovering, exploring, playing, and purchasing the product or service across channels and devices in real time. This includes product visualization, digital showrooms, live shopping/streaming, gamification, digital currency, and the metaverse.

To put these two faces into context, let's look at Nike's 5th Avenue store in New York, also known as "House of Innovation 000," their flagship retail experience. From a physically living-the-moment perspective, the store boasts a basketball court

where customers can play in a gaming ambiance, complete with dazzling lights, authentic crowd noise, and a real scoreboard. They can also visit the store's "Nike by You" customization space to create their own personalized shoes that perfectly match their individual style.

From a digital immersive experience perspective, the store uses local data to stock its shelves, and re-stock them based on what the community wants. It has also developed initiatives such as "Scan to Try" (request an item to be brought to you for a quick fitting), "Shop The Look" (scan a code on an in-store mannequin, browse every item that the mannequin is dressed in, check to see if specific sizes are available in-store, and then request for a store associate to send the items to a fitting room), and Nike Instant Checkout.[3]

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Immersive design isn't just about creating experiences; it's about crafting powerful narratives that captivate audiences, forge emotional connections, and transform commerce into memorable journeys where every interaction becomes a chain of connective experiences; combining to create an unforgettable chapter in the story of customer success."

Amish Desai
Immersive Experiences Global Offer Leader, Capgemini

3 https://www.nike.com/retail/s/nike-nyc-house-of-innovation-000

Of course, a truly immersive experience would combine the two, enabling customers to live a specific moment with or without screens. For Capgemini, true immersive is the interaction of touchpoints and domains that make you feel like you've entered a new world or even a different dimension. However, the concept doesn't have to extend to augmented reality (AR) or even virtual reality (VR). When we talk about the term "immersive," we mean an experience that uses a combination of modalities, including flat UI (user interface), natural interfaces, extended reality, and the metaverse to create an extraordinary experience for the user. The overarching goal is to create a deeper, more engaging relationship between customers and brands.

Unfortunately, most e-commerce sites haven't exemplified this kind of reinvention and progress. They've remained relatively stagnant, offering little more than a product catalog. But a few are starting to attract attention, and this is where it's getting exciting.

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Immersive commerce is about diving into a brand and therefore a product as never before. It provides brands with the ability to manipulate, touch, interact, feel, configure, and customize."

Xavière Tallent,
Commerce Strategist (Europe) and Immersive Commerce Offer Leader, Capgemini

For years websites have had a very classic and standard structure: a home page, product listing pages, product detail pages, etc. But now the customer wants more. This goes back to our omnichannel comment; they want to start at one touchpoint with the potential to end on another. This might include digital, physical, and mix both human and distant human (customer service or sales associate). That's the beauty and the complexity of commerce. It's not just the single action of purchasing; it's about identifying needs, exploring, validating, servicing, purchasing, aftersales, and advocacy. It spans the domains of marketing, sales, and service. For example, a customer might want to use WhatsApp or a TikTok video to do some product discovery, then try on the product or customize it on their device, and then pick it up in-store.

Luxury brands lead the way in immersive commerce

Three-dimensional product visuals with 360-degree views are just one example of immersive technology at play. Although this improved way of showcasing products online is becoming the norm, forward-thinking luxury brands are taking an even bolder step by experimenting with more advanced immersive technologies. They're bringing products to life and offering multisensory immersive experiences that rival or surpass what shoppers can expect in-store. Customers can interact with preferred sales associates (or their avatars) in real time and get VIP treatment through personal product demos, Q&As, and consultations. For example, live streaming, the newest way to interact and sell online, allows retailers to stream sponsored fashion shows or demonstrate their exceptional product expertise, giving shoppers an up-close, live look at their offerings.

Luxury retailers see immersive experiences as an exciting extension and value-add of their brand. While some have built an in-house metaverse that opens a world of new possibilities for their brand, others are relying on virtual try-on technology to make everyday shopping more interactive and fun. For example, using a brand's augmented reality app, shoppers can turn their phones or tablets into make-believe fitting-room mirrors and then layer product visuals over themselves to see how different clothing, footwear, jewelry, glasses, or cosmetics suit their look and personality.

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With immersive technology, the luxury brand can be even more exclusive and provide an experience so amazing and unique that it improves brand attractiveness. Here are just a few examples within three emerging immersive trends:

Augmented reality

Chanel is a brand that has invested in technology that allows their customers to try products without having to enter a store, or even leave the comfort of their home. Its Lipscanner app lets customers scan any color they see, with the app pulling up the closest matching hue from its 400-plus collection. They can then virtually try on that lipstick color (and, of course, seamlessly add it to their shopping basket if they like the look).

3D visualization

Louis Vuitton has always offered personalized experiences and was keen that this remained the case both in physical and digital. They've been providing online customization options for several years – but this, until recently, was limited to 2D modeling. The brand has now joined forces with startup Threekit (a Capgemini partner) to deliver product configuration and 3D product visualization in extraordinarily high-level detail for two flagship products: the travel trunk and jewelry.

The metaverse and NFTs (non-fungible tokens)

Some brands are experimenting with NFTs for new ways to reward loyalty. NFTs are unique assets that can't be copied – they give customers an opportunity to own a digital piece of the brand, which can grant them access to exclusive future events and product drops. For example, a customer buying a handbag can automatically collect their certified digital copy of that bag, which can then be attached to their avatar in the company's metaverse world – or used to unlock promotions created especially for them.

Gucci is a good example of this approach. They first ventured into the metaverse in 2021, when a Roblox user purchased a Gucci Dionysus virtual handbag for over $4,000. (Note: the physical version of the same handbag retails for about $3,500.) Then again in 2022, they launched their "New Tokyo" fashion accessory line that's available on the Ethereum blockchain – named the 10KTF Gucci Grail, which includes a unique set of personalized NFTs inspired by Italian fashion designer Alessandro Michele.

An immersive experience – when contextually right for the customer at the right time, and on the right channel – will drive increased sales, engage the customer for long-term loyalty and preference, and therefore reduce the cost to supply (think reducing the number of returns). The luxury segment is certainly raising the bar on e-commerce, and its customers are enjoying a reimagined and reinvigorated shopping experience. Isn't it ironic that luxury brands were the last to adopt e-commerce and now they're the first to advance its evolution?

> "The community-driven approach the metaverse and Web3 are infusing, combined with the customization capability offered by immersive experiences and the ownership protected by NFT and blockchain-related technologies, allow a deep and long-lasting interaction between brands and consumers, driving loyalty and expanding the brand's audience."

Alexandre Embry,
Chief Technology and Innovation Officer, Immersive Technologies, Head of Capgemini's Metaverse Lab, Capgemini

What all brands need to know

But it's not only about luxury brands. Immersive experiences can also dramatically improve how customers interact with their favorite sites across a range of industries. Customers expect brands to be increasingly more innovative in their engagement approach. According to a recent survey by Capgemini Research Institute, *Total immersion: how immersive experiences and the metaverse benefit customer experience and operations,* 58% of 8,000 international respondents said that an immersive experience will play a pivotal role in influencing their buying decisions, and 77% expect immersive technologies to drive a brand's

next-generation loyalty program. These stats suggest that customers are not only hoping but counting on more engaging experiences – even if they don't really know what they want yet.

In more general terms, consumers have an affinity and a familiarity with immersive technologies and a positive affinity could translate into positive outcomes for brands and organizations.
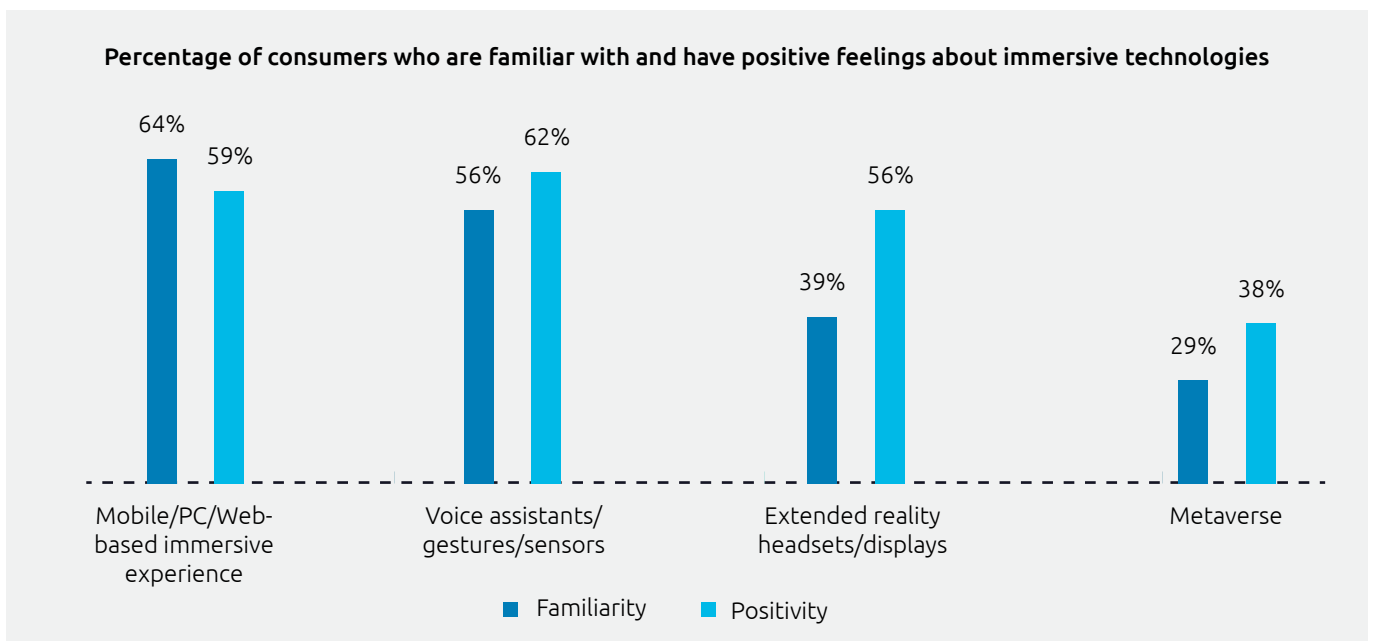
So, is it essential for brands to invest in things like virtual try-ons, the metaverse, and NFTs in their e-commerce strategies? Only if they're relevant for a particular customer segment – that's the key. Immersive experiences must be relevant for the specific context, and they should clearly drive business value. It's not about being novel but providing an experience that the consumer wants and one that increases loyalty.

While at its core immersive commerce is about allowing customers to interact with products in a more tactile,

meaningful way, it also serves a practical purpose: increasing sales and reducing returns. By giving customers more options in how they see and experience products, brands can encourage them to make thought-through purchases of things they might not have considered before.

For example, some businesses have already seen that:

- using AR/VR in commerce can reduce return rates by 77%, conversion rates by 40%, and average order value by 20%;

- 32% of consumers are already using VR to buy physical products, including luxury goods;[4]

- AR product experiences are 200% more engaging as they deliver double the levels of engagement compared to their non-AR equivalent;[5] and

- 40% of consumers say they would pay more for a product that they could customize in AR.[6]

Percentage of consumers who are familiar with and have positive feelings about immersive technologies

Source: Capgemini Research Institute, immersive technology - consumer survey, July–August 2022, n=8,000 consumers.

4 https://www.pwc.com/gx/en/issues/c-suite-insights/the-leadership-agenda/are-you-playing-catchup-with-your-consumers-on-vr.html
5 https://www.pwc.com/gx/en/issues/c-suite-insights/the-leadership-agenda/are-you-playing-catchup-with-your-consumers-on-vr.html
6 https://www.pwc.com/gx/en/issues/c-suite-insights/the-leadership-agenda/are-you-playing-catchup-with-your-consumers-on-vr.html

Experiment, test, and measure

Although it can be difficult to know where to start, applying immersive qualities just for the sake of it isn't a recommended approach – but neither is failing to experiment with the technologies at all. That's why organizations should consider working with a solution partner that can help them analyze their brand, products, and channels – as well as their customer segments, journeys, and expectations – to learn which technologies can improve an experience and therefore increase customer traffic and sales. Because, if the immersive experience is not smooth, engaging, or purposeful, first-time customers will be reluctant to give any of the new features another go, no matter how attractive the immersive elements are.

The first step before deciding what immersive experiences to implement is to track all the customer journeys. The goal is to determine how, when, and why customers use each channel. For example, people rarely arrive on a brand's website through the home page anymore; it's likely to be through a comparison site based on a specific product search. By doing this analysis, companies can gauge and acquire insights into the challenges, requirements, and interactions that a customer undergoes prior to making a purchase. Then it's important to sync all these discoveries to build a comprehensive journey. With the goal of removing friction points, an understanding of the customer's intent will point to which experiences can be added to simplify, and, at the same time, improve each journey. The context for each customer is essential.

After that, it is a matter of experimenting, testing, and measuring whatever is introduced to assess its impact on the business. If the process works, it can be reshaped later according to customer preferences and actions. Note that having beautifully designed web pages and esthetically pleasing product discovery – although essential – is not enough on its own. While they can certainly be appealing, customers want more sensory stimulation that involves personal interactions and customized products for that one-of-a-kind experience.

Where should immersive play?

Immersive can add value at every stage of the commerce life cycle, but perhaps – because of Web 2.0 – it is most significant for the "shopping" rather than the "buying" stage. This is because shopping is about taking time to have fun; it allows imagination and engagement at the discovery and buying stages. This is, in part, because the buyer wants to be sure they're choosing the right product – one that meets expectations.

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Replace dull with dynamic: How immersive commerce is making the shopping experience extraordinary

Entering the metaverse with Tommy Hilfiger Brazil

Tommy Hilfiger Brazil is a splendid example of how luxury fashion is experimenting with immersive – in this case the metaverse to improve the customer experience.

Tommy Hilfiger Brazil wanted to host their 2022 national sales convention on a fully digital ecosystem to improve future customer engagement and drive sales for the upcoming season's main trends and designs. With only two weeks to develop an ecosystem, the company needed to identify a partner that could support a rapid development and release. They chose Capgemini to work in sync with its own team to establish objectives and build the entire universe for the convention from scratch.

Capgemini's AIE (Applied Innovation Exchange) Sao Paolo team selected Spatial, a 3D social network creative tool, as their go-to platform. This addressed the major requirements of hosting a large number of users simultaneously, making the ecosystem accessible without prior software installation, and ensuring user-friendliness for the general public. Then the partners began building a universe that possessed the brand's signature and values. The project team developed the concept, 3D environment

modeling, and platform setup among other visual aspects, all using Tommy Hilfiger Brazil's main flagships from around the world.

The event itself was a roaring success. As a result, the number of people interested and attending far exceeded the room limit, therefore spilling over to the live stream on YouTube. The metaverse experience led to increased engagement and a direct connect to Tommy Hilfiger Brazil's upcoming trends and designs.

After demonstrating the value of this innovative new element of the digital experience, the fashion retailer is now poised to find new ways in which it can use technology to create more exciting experiences for customers.[7]

7. https://www.capgemini.com/news/client-stories/entering-the-metaverse-with-tommy-hilfiger/

Discover exceptional e-commerce experience delivery

At Capgemini, we offer end-to-end services that cover strategy, business impact, creativity, customization, and delivery. With the support of our immersive technology partners, Threekit and Unity, we turn preliminary ideas into full-fledged solutions that can provide the kinds of immersive shopping experiences customers dream of.

Whatever your brand maturity or experience in immersive technology, contact Capgemini. Our experts can help shape your commerce future.

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Reimagining the customer journey and employee experience

IMMERSIVE EXPERIENCES

Immersive technologies have the potential to radically transform how customers and employees interact with brands, products, and systems. Ordinary digital engagement is not enough. Recent technological advances are pushing the user experience to new heights.

So, when brands creatively design experiences that use a combination of modalities (flat UI, natural interfaces, and XR), they can create multi-sensory customer experiences at various touchpoints that are not only personalized but also go above and beyond in terms of convenience and sensory appeal. They drive loyalty and advocacy.

But these experiences need to continually adapt and evolve. Capgemini's CX team supports clients to help them meet customer and employee expectations and outperform competitors. We strategize, design, build, and execute immersive experiences that are contextually relevant, multi-sensory, and emotionally engaging. We help drive business growth for our clients by disrupting the ordinary – helping create extraordinary experiences that build memorable and emotional connections.

CAPGEMINI'S METAVERSE LAB

Capgemini believes that the metaverse will offer opportunities for a more connected and emotional experience for consumers (CX), for reinventing the employee experience (EX), and for optimizing R&D, engineering, manufacturing, operations, and supply chains (industrial metaverse).

Capgemini set up its metaverse lab, a coordinating hub for research and solutions, to help our clients explore the possibilities of emerging technologies, and shape and execute their metaverse strategies. Our team comprises senior technology experts from across the Group with a strong track record in the key underlying technologies of the Web3/metaverse and the development of disruptive actionable solutions.

Our R&D programs cover the future of immersive human-machine interfaces and controllers, work in the metaverse, digital twins, blockchain, Web3, and decentralized approaches.

OUR IMMERSIVE EXPERIENCE AND METAVERSE SERVICES

- **Immersive customer experience (CX):** We create extraordinary experiences that build memorable and emotional connections at each stage in the customer journey across devices and channels.
- **Immersive employee experience (EX):** We enable your hybrid workforce by simulating physical world training and collaboration in the virtual world. This increases employee engagement while decreasing costs.
- **Industrial metaverse:** We help business realize the value of digital twins faster, driving profitable growth and sustainability through data-driven performance.
- **Metaverse experiences:** We help our clients imagine the opportunities, plan for, and create metaverse experiences across CX, EX, and enterprise use cases, including technology infrastructure strategy and implementation.

We bring together our CX, EX, and industry expertise to develop bespoke metaverse and immersive experience solutions, from research to implementation and at-scale delivery, using next-generation technologies.

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About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of nearly 360,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2022 global revenues of €22 billion.

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