

Chapter 6

From Interaction to Immersion: Exploring AR and VR's Transformative Role in Consumer Engagement

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ABSTRACT

In recent times, marketers have started using augmented and virtual reality (AR-VR) to offer unique customer experiences and enhance engagement. While the use of AR-VR in marketing has become the 'new normal', businesses are still struggling to use these tools to effectively attract and retain customers. Building on the existing literature, this chapter argues that overcoming these challenges requires understanding how to seamlessly integrate these tools throughout the customer journey. This will help businesses in curating AR-VR-enabled spaces that are aligned with customers' experiential preferences at different stages. In this chapter, the authors first summarize the impact of AR-VR technologies on customer engagement. Secondly, the challenges related to integrating these immersive technologies are highlighted. The authors then integrate the literature on AR-VR technologies and the customer journey and propose a framework and encourage academicians and practitioners

DOI: 10.4018/979-8-3693-6813-8.ch006

to focus more on the different stages of the customer journey while designing AR-VR enabled marketing strategies.

INTRODUCTION

In recent times, augmented reality (AR) and virtual reality (VR) technologies have increasingly impacted consumer behavior with personalized product visualization, enhanced engagement, and experiences (de Amorim et al., 2022; Jayawardena et al., 2023). These immersive technologies are enabling businesses to create highly personalized and unique life-like experiences that span across industries like retail (Arghashi & Yuksel, 2022; Papagiannis, 2020), tourism (McIntosh & Siggs, 2005; Yersüren & Özel, 2024), museums (Lee et al., 2020), automotive (Flavián et al., 2019), and so on. Furthermore, these technologies are also changing the events and entertainment industry, where AR-VR technologies provide customers immersive, enjoyable, playful, and interactive experiences (Kim et al., 2018; Villagran-Vizcarra et al., 2023). Seeing the significant impact of AR-VR technologies, businesses have started using different mediums and tools such as apps, VR headsets, simulations, holograms, and alike to create immersive, enjoyable, playful, and interactive experiences (Errens, 2016; Papagiannis, 2020; Yersüren & Özel, 2024).

Given the broad range of applications in marketing, particularly in engaging customers and influencing purchase decisions, these immersive tools have gained significant attention from marketing researchers and practitioners alike (Jessen et al., 2020; Qin et al., 2021; Scholz & Smith, 2016). Specifically, studies suggest that these AR-VR technologies facilitate businesses by providing (a) personalized and customized experiences, (b) brand differentiation, and (d) data-driven insights (El Abed et al., 2023; Xu et al., 2024). Furthermore, these tools not only change the traditional in-store shopping arrangement but also complement it not just by making shopping more convenient (Yim et al., 2017) but also by enhancing the shopping experience, creating an overall playful and enjoyable shopping experience (Jessen et al., 2020; Qin et al., 2021; Scholz & Smith, 2016).

While extensive research has highlighted AR-VR tools' significant role in engaging customers, a growing number of studies have pointed out the limited impact of these tools (Flavián et al., 2019; Rejeb et al., 2023). A recent study by Nikhashemi et al. (2021) suggests that while these immersive technologies positively influence consumers, AR interactivity is limited to hedonic rather than utilitarian benefits. Another point to consider is that once the consumer has experienced the product or service, it may so happen that they no longer want to consume the actual product/service (Deng et al., 2019). Further, while these immersive technologies provide consumers with personalization and increase customer loyalty, excessive personal-

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