

The Impact of Augmented Reality in Physical Stores

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ABSTRACT

While online channels have the attention of consumers for their ease and convenience, brick-and-mortar have responded by integrating immersive technologies to remain competitive. Augmented Reality is revolutionizing the retail industry by seamlessly blending digital technology with traditional shopping environments. This chapter delves into the impact of AR on consumer behavior, emphasizing its role in enhancing personalization, interaction, and retailtainment within physical stores. By integrating AR technologies, retailers can offer immersive experiences that allow customers to visualize products in real-time, leading to more informed purchasing decisions and satisfaction. For instance, virtual try-ons enable shoppers to see how clothing or accessories fit without physically trying them on, bridging the gap between convenience and personalization. This chapter aims to provide an analysis of how AR technologies are reshaping the consumer experience in physical retail settings, offering insights into their potential to drive customer satisfaction in an competitive market.

INTRODUCTION

In the rapidly changing retail environment, augmented reality (AR) has proven to be a game-changing technology, revolutionizing consumer interactions in physical stores. Deloitte (2023) noted that as consumers increasingly favor online shopping, physical retailers face mounting challenges. AR provides a compelling response by merging virtual content with the real world via smartphones, tablets, or smart glasses (Kumar et al., 2023). This innovation offers personalized services and interactive digital content, creating a cohesive and immersive shopping experience. AR's growth in the retail sector has been remarkable (Aslam & Davis, 2024), and it has significantly influenced marketing theory and practice (Nikhashemi et al., 2021). However, the impact of AR on consumer experiences in physical retail settings is under-researched (Grewal et al., 2023).

According to data from NOS (2023), 61% of consumers in Portugal believe that augmented reality makes the in-store shopping experience more convenient and informative. These statistics reinforce the growing relevance of AR in enhancing physical retail environments.

This chapter addresses this deficiency by equipping retailers and marketers with insights into the elements that enhance customer experiences in AR-enhanced stores. It identifies key consumer priorities and provides actionable guidance for effective AR integration to improve the shopping journey and increase customer satisfaction. Moreover, it contributes to academic discourse, setting the stage for further inquiry into this vital area. The chapter examines three principal dimensions of consumer experience—personalization, interaction, and retailtainment—and discusses these trends in depth, concluding with an overview of the chapter's main findings, implications for marketing strategies, and recommendations for future AR research.

BACKGROUND

The emergence of new digital platforms, driven by consumer preferences for convenience and innovative experiences, is significantly altering customer behavior and steering them away from traditional retail settings. According to recent data from Eurostat (2024), over 75% of individuals in the EU made at least one online purchase in the past year, illustrating a steady shift toward digital commerce and reinforcing the need for physical stores to reinvent the in-store experience.

This trend poses a significant challenge for retailers: how to design engaging and satisfying shopping experiences that enhance customer satisfaction. Technologies like AR are narrowing the divide between physical and digital realms, facilitating seamless, personalized, and dynamic shopping experiences (International Business

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