

Impact of Augmented Reality on Consumer Experience

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ABSTRACT:

Due to the emergence of Covid19, The buying behavior of consumers saw a drastic downfall. The companies came out with the use of augmented reality to reach the target audience at their place. The boost in the online commerce especially social commerce was result of the effective use of augmented reality in the market worldwide. This Technology facilitated companies stand out in the crowd, by providing the latest goods and services to serve their customers better. The consumers have witnessed an amazing experience with the augmented reality, virtual reality and mixed reality. Across a number of different industries like retail, business, gaming, healthcare, and even the military, augmented reality is used for solving various business challenges. It's important to keep an eye on these technologies to know where the industry is heading. In today's business competitive environment, organizations are striving to discover innovative ideas in order to support and promote their offerings. This paper aims at analyzing the penetration of augmented reality in the Indian consumers and how it has transformed the consumer buying experience and purchase behavior of Indian consumers. The growth and development of AR would be with a fast pace around the globe. The consumers are accepting AR as a user friendly technology and want to apply it in making product and brand choices. The augmented reality is a fruitful in driving the accelerating digital transformation of the nation.

KEYWORDS: Augmented Reality, Buying Behavior, Consumer, India, Purchase experience

Introduction:

The application of digital visual technologies to make customer feel as real-time, is termed as augmented reality. It is an enhanced version of the usage of digital tools to create more value to the customer. Augmented reality is an interactive experience in which a real world environment is enhanced with computer-generated visual elements, sounds, and other stimuli. It can provide a user with a heightened, more immersive experience than they would experience otherwise that adds to the user's enjoyment or understanding. From a commercial perspective, augmented reality can increase brand awareness and boost sales.

Augmented reality (AR) involves overlaying visual, auditory, or other sensory information onto the real world to enhance one's experience. Retailers and other companies can use augmented reality to promote products or services, launch novel marketing campaigns, and collect unique user data. Unlike virtual reality, which creates its own cyber environment, augmented reality adds to the existing world as it is.

Augmented reality (AR), which integrates virtual content into a user's perception of the real world (Rauschnabel, Babin, et al., 2022), has been identified as a technology with substantial growth potential for marketing and related areas (Grand Vision Research, 2022; Statista, 2022). Prior studies

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suggest that—compared to traditional visualization formats—AR content is perceived as more interactive (Yim et al., 2017), inspirational (Arghashi, 2022; Rauschnabel et al., 2019; Zanger et al., 2022), useful (Gatter et al., 2022), and hedonic (Flavián et al., 2021b; Hilken et al., 2017). AR also facilitates access to the metaverse, which refers to an immersive three-dimensional environment that is able to integrate physical and virtual worlds (Dwivedi et al., 2022, 2023). At the same time, AR faces important challenges, such as privacy and security concerns (S. Chen et al., 2018; Cowan et al., 2021) and the need to create a visually convincing and accurate integration of virtual objects with the physical environment (Slocum et al., 2021; tom Dieck & Jung, 2018).

Augmented reality encompasses the concept of artificial intelligence. It provides the costumers with the real time interface for purchasing the goods and services.

Benefits of Augmented Reality:

1. **Improved Engagement:** The customers feel more engaged with the websites, applications and platforms using augmented reality.
2. **Competitive Differentiation:** The brands can be conveniently differentiated with the use of AR. The companies employing AR for better shopping experience to their target market are more differentiable in the eyes of customers.
3. **Enhanced understanding:** The understanding of customers and users is likely to be enhanced with the use of AR.
4. **Reduced return rates:** The return of products seems to decrease with the products chosen with the application of AR. The customers can try before buying which results in reduced returns of goods.
5. **Incredible Accessibility:** The accessibility of users is far-fetched with the application of augmented reality.
6. **Higher conversion rate:** There are higher chances of conversion from non-users to users with AR.

Consumer Experience:

The concept of customer experience was intimately conceived in the mid-1980s when Holbrook and Hirschman (1982) introduced a new experiential approach into the consumer behaviour domain. The concept of customer experience seems to create a common understanding among many experts, professionals and service scientists in discussing the topic of customer experience. Current extant literature concluded that the customer experience may act as a new weapon in the competition, especially in the new horizon of experience economy (Pine and Gilmore, 1999; Shaw and Ivens, 2002; Meyer and Schwager, 2007). Verhoef (2009, p.31) described customer experience as “the customer’s cognitive, affective, emotional, social and physical responses” to the product and service providers. Schmitt (1999) argued that the level of customer’s sense, feel, think, act and relate do influence the customer experience. Based on the extant literature, there is a lacking of studies in investigating both the direct and mediating relationships between the dimensions of customer experience (consisting of sensory, emotional and social experience) and purchase intention. Thus, this research would like to investigate both the direct and mediating relationships between the dimensions of customer experience (consisting of sensory experience, emotional experience and social experience) and purchase intention.

Carbone and Haeckel (1994) argued that “customers always get more than they bargain for, because a

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product or service always comes with an experience, that experience may be good or bad, lasting or fleeting, a random phenomenon or an engineered perception” (p. 9).

From a marketing perspective, consumers want more than just the delivery and consumption of products and services. Instead, they seek unique consumption encounters to accompany the products and services that create memorable experiences. Therefore, businesses need to shift their focus from a “delivery-focused” service economy to one that emphasizes high-quality products and services and “staged” experiences that create memorable consumer experiences (Pine and Gilmore, 1999).

New technologies such as Internet of Things (IoT), Augmented Reality (AR), Virtual Reality (VR), Mixed Reality (MR), virtual assistants, chatbots, and robots, which are typically powered by Artificial Intelligence (AI), are dramatically transforming the customer experience. The impact of augmented reality is phenomenal.

According to Mark Yi-Cheon Yim, Sun-Young Park (2019) Augmented reality (AR)-based virtual try-on product presentations allow consumers to assess how well the displayed products match their actual bodies, unlike traditional Web-based product presentations. The results reveal that consumers who perceive their body image as unfavorable record more favorable evaluations about AR than about traditional Web-based product presentations, while consumers who perceive their body image as favorable record no differences in their responses to the two presentations. Moreover, the positive and negative impacts of interactivity and media irritation on adoption intention are moderated by body image for AR but not for Web-based product presentations.

Role of Augmented Reality in building consumer experience:

Customers are more likely to purchase products from a company that offers immersive AR experience. According to Snapchat and Ipsos MORI report (2022), around 64% of consumers believe the ability to use AR in their shopping experience increases their sense of loyalty towards a brand.

Statistica reported the number of AR device users had increased steadily over the last few years. There were approximately 1.07 billion AR device users by the end of 2022. By 2023, this number is set to increase to 1.4 billion and to 1.73 billion in 2024.

Interest in new forms of AR technology is increasing. According to Grandview Research, the market value for this segment of AR was around \$5.84 billion. However, by 2030, the market should reach a value of \$12.76 billion, with a CAGR of 10.3 percent.

Software used to create augmented reality experiences is also accelerating in value. A 2022 Grand Research report found the Global AR software market was worth around \$8.58 billion USD in 2020 and may reach a value of \$137.14 billion by 2028, growing at a CAGR of 57.21 percent.

IKEA is using augmented reality for its various ready to assemble furniture, how they will look in the customers' space. The automobile companies such as KIA, BMW are providing their customers a new experience using augmented reality. Nike's SNKRS app uses AR to let customers virtually try on their sneakers and see how they look on their feet.

Conclusion:

The emergence of augmented reality has changed the perspective of consumer behavior. The consumers are more indulged with the digital technologies as most of the population has access to internet and smart phones. The augmented reality tries to provide incredible experience to consumers. The consumers are more inclined towards the innovative, creative and meaningful experience. They are opting for the brands and companies which are giving them access to 'try before

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buy' through augmented reality. Major of the companies are focusing on augmented reality advertisements and communication platforms because of changing preferences of consumers. With no doubt, the augmented reality is enhancing consumer experience to a great extent and will continue for the coming decades.

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