

# The Future of Luxury Retail

Immersive technology and  
personalised worlds



**verizon**<sup>v</sup>  
business

**As part of this Future of Luxury Retail series, we spoke to three experts – including retail expert Natalie Berg, technologist Matthew Drinkwater, and fashion psychologist Shakaila Forbes-Bell – to understand why personalised, virtual worlds are poised to be a core part of the consumer experience in luxury fashion.**



## Immersive technology is here.

**A lesson from history:** New technology is usually greeted by apprehension and false starts before its full potential is realised.

Starting from the late 1970s, the term 'computerphobia' was in common use. On the extreme end, "feeling aggressive towards computers" afflicted many, as noted in *The Atlantic*.<sup>1</sup>

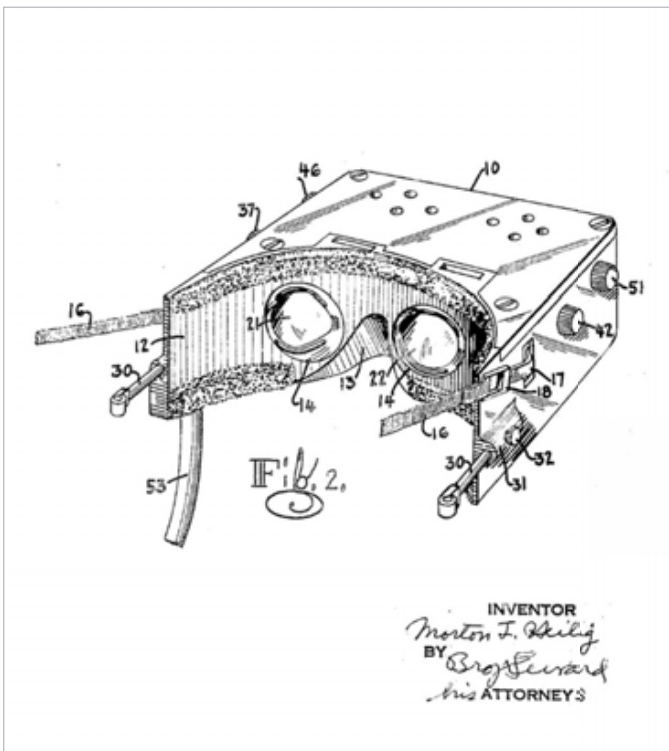
**A VR machine from 1961:** A decade before the first personal computers hit the market, in 1961, the first immersive VR machine was invented by Morton Heilig. The 'Sensorama,' which offered a 3-D multimedia experience, was roughly the same proportions as an old-school arcade booth.



### Old-school immersive technology:

In one short film that Heilig designed for the Sensorama, the viewer is taken on a POV jaunt on a motorcycle. The seat moved mechanically in tandem with the film. When the rider passed a pizza parlour, it released the (chemically simulated) smell of hot food. Jets of compressed air imitated the wind. While now an icon of tech lore, the Sensorama was not popular upon its release. His machine, far ahead of its time, was dismissed as a gimmick.

**The big question(s) today:** How do retailers tap into the potential of immersive technologies for commerce? Are they ready?



<sup>1</sup>LaFrance, A. (2015, March 30). When People Feared Computers. *The Atlantic*. <https://www.theatlantic.com/technology/archive/2015/03/when-people-feared-computers/388919/>

## The present potential of the immersive technologies (and why the ‘metaverse’ is misunderstood).

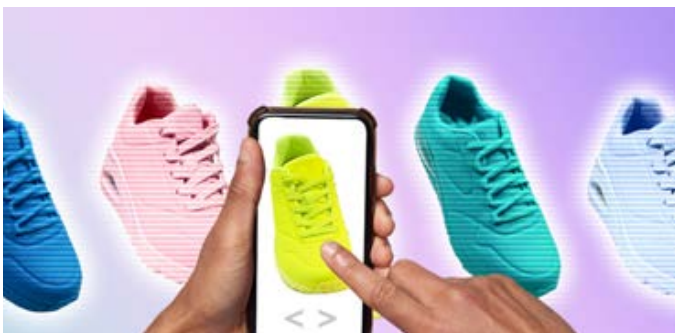
**The main takeaway:** The metaverse is currently valued at \$5 billion but could be worth \$5 trillion by 2030, according to McKinsey.<sup>2</sup> This type of growth is too big for retailers to ignore.

**The tech stack:** The ‘metaverse’ has been thrown around casually to describe these technologies and many other applications – leaving most of us confused. To calculate the above figure, McKinsey looked at four core areas: immersive content and experiences; platforms (game engines, etc.); devices, networks, and other hardware; and finally enablers, such as payment mechanisms and security measures.

**The immersive end:** Immersive, multimedia experiences – which either add a digital layer to reality (AR) or construct an artificial reality (VR) – are poised for explosive growth.

**The expert consult:** Natalie Berg, a retail analyst, hosts the Retail Disrupted podcast and is a regular contributor to the BBC, The New York Times and Forbes, among others. She’s an expert on the intersection of shopping technology.

**Misunderstanding the metaverse:** “I think a lot of consumers struggle with the idea of the metaverse, because when we hear metaverse, we just assume, you know, putting on a VR (Virtual Reality) headset and entering this imaginary virtual world that at the moment doesn’t exist in the way that it might in ten years’ time,” says Natalie. “And most of us don’t have VR headsets at home. So, it’s a difficult concept to grasp.”



<sup>2</sup>Value creation in the metaverse. (2022, June 14). McKinsey & Company. <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/value-creation-in-the-metaverse>

## The collision of digital and physical spaces.



**The expert's take:** Natalie describes how the gap between physical and digital commerce is narrowing.

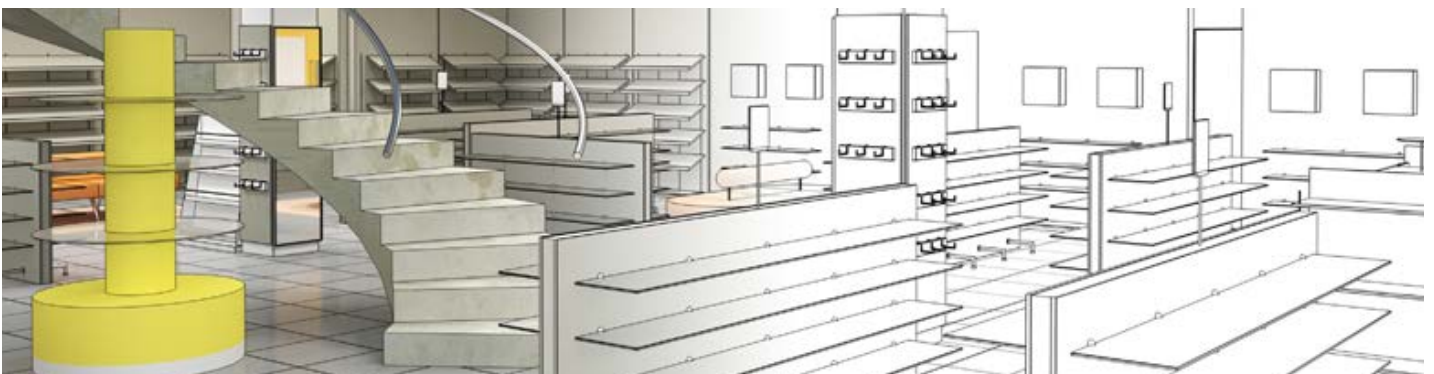
**'Phygital', defined:** The metaverse is coming to life as a mashup of 'physical' and 'digital' worlds. The intentional blending of immersive in-store experiences with a digital layer introduces the efficiency, personalisation and shareability of online shopping to physical storefronts. (Hence, phygital).

**A real-time view of all your stock:**

"So, this idea that you've got augmented reality and virtual reality and generative AI (Artificial Intelligence). We layer [products] with that with contextual info – such as where you're located, via real time-inventory visibility," says Natalie. "That way, you can see what items are in stock, for one example."

**Shopping at home, in the metaverse:**

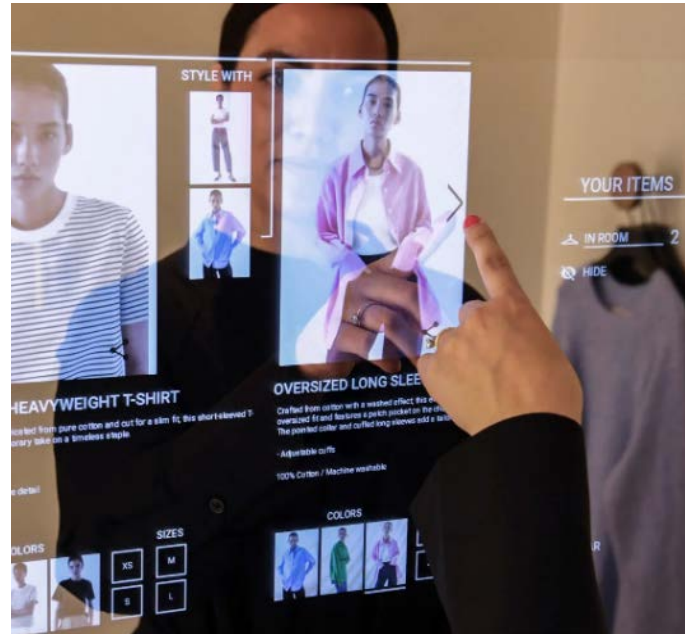
"And so maybe in the future or the near future, we won't necessarily be wandering around virtual showrooms, but will be online shopping in a way that's still very immersive, where you might have a floating website window and you can pull the product out of that screen right into your home and get a really immersive experience without even leaving your home," she adds.



## 3 immersive technologies in luxury fashion.

### Magic mirrors

Magic mirrors, also known as smart mirrors or digital mirrors, are devices that display a reflection on-screen through an in-built camera. Unlike traditional mirrors, magic mirrors also display virtual add-ons, which digitally render on the person looking at his or her reflection. These digital renderings include accessories, makeup and even clothes, all of which are superimposed over the 'reflection' in the mirror. RFID tags attached to the clothes in-store can further prompt the mirror to display the same garment in different sizes, colours and styles – and even show which stores have these options in stock.



### At-home try on

The same technology that superimposes a computer-generated image on a user's view of the real world in a magic mirror can be enjoyed at home. Consider if you were wearing a VR headset. In your view, you see a floating website window. This window displays a product, which you can pull out of that screen and into your home.



### Improved traceability

QR Codes can be attached to products to give customers the opportunity to learn more about the supply chains and the provenance of a garment. Imagine: you scan the QR code with your phone and it opens an AR/VR multimedia experience, showing you where the product is made, how it arrived at the store, etc. Full supply chain visibility is embedded.



## Main character energy, explained.

**The overview:** Immersive technologies are best for brands when the experiences they provide are customised to the user.

**The expert consult:** Shakaila Forbes-Bell, a renowned fashion psychologist and best-selling author of the book *Big Dress Energy*. She regularly contributes at *The Times*, *i-D*, *Grazia*, *This Morning* and *Marie Claire*.

**Main character energy:** “[We’re seeing] a lot of main character energy. We’re seeing public people really feel like they’re centre stage. Everyone is like the Beyoncé of their own world. And I think because of that, consumers are looking to brands to have that increased level of personalisation. That level of customisation they want to feel like they are the celebrities.”

**The takeaway:** Increased personalisation is one of the most appealing elements of the metaverse for consumers. People are asking more of the brands they choose. People like it when Burberry makes shopping more exciting<sup>3</sup> – and that’s more the metaverse than a cartoon Mark Zuckerberg without any legs. (Though they’ve added legs now<sup>4</sup>, most remember the launch.) They want to have personalisation at every touchpoint. This makes them feel special – and that keeps them coming back.



<sup>3</sup>Burberry launches new augmented reality shopping tool to celebrate the Lola bag. (2022, June 7). Burberry Plc Corporate. <https://www.burberryplc.com/news/brand/2022/burberry-launches-new-augmented-reality-shopping-tool-to-celebra>

<sup>4</sup>Ghaffary, S. (2022, October 11). Mark Zuckerberg’s metaverse finally will have legs. Vox. <https://www.vox.com/recode/2022/10/11/23399439/metaverse-mark-zuckerberg-connect-avatar-legs-meta-microsoft-apple-vr-ar>

## The return on investment for retailers.

**The big picture:** Realistic renderings in AR and VR translate into tangible sales.

**The expert consult:** Matthew Drinkwater is head of the Fashion Innovation Agency, at London College of Fashion. “I lead a team that has a remit to explore any emerging technology and its impact on the fashion and retail industries,” he says.

**Consumers demand immersive experiences:** According to Vogue Business, 72% of luxury fashion consumers in the UK say it’s important that brands provide AR solutions as part of their shopping experiences.<sup>5</sup> “It’s becoming simply a must have for retailers to begin to create in 3D and give their consumers much more in-depth experience around the content that they’re creating,” says Matthew.

**The business case:** “The more work that we do in augmented reality and the research that we are doing behind it would suggest the click through rates on 3D models are higher. Anywhere between 20 to 40% higher, and conversion rates are higher. And return rates are lower.<sup>6</sup>” says Matthew.

**“Technology is affecting every part of the industry. And so, it’s essential that brands begin to understand how to implement that technology and what they’re doing.”**



<sup>5</sup>Nast, C. (2023, August 3). What luxury fashion consumers want from augmented reality. Vogue Business. <https://www.voguebusiness.com/technology/what-luxury-fashion-consumers-want-from-augmented-reality-snap>

<sup>6</sup>The ROI on AR: How Augmented Reality is boosting ecommerce sales. (2022, April 29). Shopify. <https://www.shopify.com/uk/blog/ar-shopping>



## The (near) future of immersive technology in retail.

**The expert consult:** James Hughes is the Retail CTO for Verizon Business, EMEA. He implements advanced technology ecosystems, which deliver retail transformation.

**Luxury brands making the metaverse happen:** According to James, immersive technology is predicted to grow exponentially, as key investors such as Meta and Epic Games look to drive growth. “We’re already seeing the use of magic mirrors in store and many luxury brands such as LVMH, Burberry and Gucci<sup>7</sup> have already taken part and activated in the metaverse. At Verizon, we expect to see many more luxury brands take part and we will eventually see luxury consumers see the metaverse implementation and all the personalisation that comes with it as a standard part of their shopping experience,” says James.



**“72% of luxury fashion consumers in the UK say it’s important that brands provide AR solutions as part of their shopping experiences.”**

– Matthew Drinkwater

Learn more about how Verizon can help you explore and adopt the technology that’s reinventing retail at [verizon.com/gb/retail](https://www.verizon.com/gb/retail)

<sup>7</sup>Boyd, D. (2023, February 9). Luxury fashion meets Immersive commerce: Luxury in the Metaverse era. Forbes. <https://www.forbes.com/sites/forbesbusinesscouncil/2023/02/09/luxury-fashion-meets-immersive-commerce-luxury-in-the-metaverse-era/>

<sup>7</sup>Nast, C. (2023, August 3). What luxury fashion consumers want from augmented reality. Vogue Business. <https://www.voguebusiness.com/technology/what-luxury-fashion-consumers-want-from-augmented-reality-snap>

