Adoption of virtual dressing room technologies

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Abstract

The apparel industry had gradually adopted virtual dressing room (VDR) technologies aiming to reduce the risk associated with online purchases and increase customers satisfaction. In this study, we analyze how adoption of VDR changes consumers preferences between offline and online stores and decreases returns. The analysis is based on a conceptual microeconomic model of the adoption of technologies. Our main findings are (1) Larger retailers are more likely to adopt first VDRs. (2) The higher the share of online trade the earlier the adoption, and (3) Large retailers would purchase or vertically integrate VDR software developers; smaller retailers would lease.