

Dissecting the Virtual Consumption Phenomenon and Its Implications for the Traditional Retail Industry

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Abstract: The development of digital technology has given birth to the phenomenon of virtual consumption that increasingly dominates modern consumer behavior patterns. Virtual consumption includes the purchase or use of digital goods and services that do not have a physical form, such as items in online games, virtual currency, and shopping through virtual reality platforms. This phenomenon not only has implications for changes in consumption styles, but also poses serious challenges for the traditional, physical-based retail industry. This study aims to examine in depth how virtual consumption affects the sustainability and adaptation strategies of traditional retail players. This study uses a qualitative approach through a literature study method. Data were obtained from various scientific sources such as journal articles, academic books, and research reports, which were analyzed using content analysis methods to identify key patterns and themes. The results of the study show that virtual consumption, especially through media such as e-commerce, augmented reality (AR), and virtual reality (VR), shifts consumer orientation from physical experiences to immersive and personal digital experiences. This has an impact on decreasing visits to physical stores and encouraging traditional retailers to adopt omnichannel strategies, enrich physical store experiences, and apply digital technology adaptively. This study emphasizes that virtual consumption is not just a threat to traditional retail, but also an opportunity to innovate and re-arrange business strategies in the digital era. Therefore, understanding the dynamics of virtual consumption is important for industry players to remain relevant and competitive.

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INTRODUCTION

The development of digital technology has significantly changed the global consumption landscape, especially with the emergence of the phenomenon of virtual consumption (Damen, 2022). Consumers are now not only buying physical products, but also engaging in the purchase of digital goods and services such as items in online games, virtual currencies, and other digital content (Khan, 2024). This phenomenon is growing along with the increasing popularity of digital platforms and online games (Chen et al., 2018). In this context, virtual consumption has become one of the main sources of revenue for developers, especially through the free-to-play business model that offers in-app purchases. A study by Chen et al. (2018) shows that up to 50% of revenue in free-to-play games can come from around 2% of players called "whales", who make large purchases.

Virtual consumption refers to the activity of purchasing or using digital goods and services that do not have a physical form, such as items in online games, virtual currencies, or other digital content (Shankar et al., 2021). This phenomenon is growing along with the increasing popularity of online games and other digital platforms. In the context of online games, virtual consumption has become one of the main sources of revenue for developers, especially through the free-to-play business model that offers in-app purchases (Reinartz et al., 2019). According to a study by Chen et al. (2018), up to 50% of revenue in free-to-play games can come from around 2% of players called "whales", who make large purchases (Chen et al., 2018). This study highlights the importance of understanding virtual consumption behavior to identify high-value players and optimize retention and monetization strategies.

In addition, virtual consumption also reflects the symbolic values and identities of users in the digital environment (Isharyani et al., 2024). The purchase of virtual items is often based not only on functional needs, but also on the desire for self-expression, social status, or affiliation with a certain group (Abumalloh et al., 2024). This shows that virtual consumption is not only economic, but also has complex psychological and social dimensions. Thus, a deep understanding of virtual consumption is important for developers and marketers to design effective strategies to attract and retain users in this digital era.

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The phenomenon of virtual consumption also has a significant impact on the traditional retail industry. The increasing consumer preference for digital platforms and online shopping has led to a decrease in visits to physical stores and a decrease in sales in the traditional retail sector. A study by Chava et al. (2022) showed that the expansion of e-commerce led to a 4% decrease in sales in physical stores and a 2.1% reduction in workforce (Chava et al., 2024). This indicates the need for strategic adaptation by traditional retailers to survive amidst changes in consumer behavior.

In this context, it is important to understand how virtual consumption affects the traditional retail industry and how industry players can respond to these changes. This study aims to analyze the phenomenon of virtual consumption and its implications for the traditional retail

industry, as well as provide strategic recommendations for industry players to adapt to these changes.

The urgency of this study lies in the need to understand the impact of virtual consumption on the traditional retail industry which is under pressure due to changes in consumer behavior. With the increase in virtual consumption, traditional retailers need to develop adaptive strategies to maintain their existence and competitiveness in an increasingly digital market.

Previous studies have highlighted various aspects of virtual consumption and its impact on the retail industry. Chen et al. (2018) discussed the contribution of virtual consumption to the revenue of online game developers. Lehdonvirta (2009) examined the social and psychological dimensions of virtual consumption. Chava et al. (2022) examined the impact of e-commerce expansion on sales and employment in physical stores. However, there is still a need for more comprehensive research on the implications of virtual consumption on the strategy and sustainability of the traditional retail industry.

This study aims to analyze the phenomenon of virtual consumption and its implications for the traditional retail industry. Specifically, this study will explore how virtual consumption affects consumer behavior, marketing strategies, and the sustainability of traditional retail businesses. The results of this study are expected to provide strategic insights and recommendations for retail industry players in facing the challenges and opportunities that arise due to changes in consumption behavior in the digital era.

METHOD

This study uses a qualitative approach with a type of literature study (library research) which aims to explore in depth the phenomenon of virtual consumption and its implications for the traditional retail industry. This approach was chosen because it is relevant in exploring theoretical concepts and empirical findings that have been developed by previous researchers. Literature studies provide a broad analytical space to identify patterns, themes, and relationships between concepts from various published scientific sources (Amruddin, 2022; Zed, 2018). In addition, this approach allows researchers to conduct a comprehensive systematic study of dynamic phenomena such as virtual consumption, which is influenced by the development of technology and digital culture.

The data sources in this study are secondary data obtained from national and international scientific journal articles, academic books, conference proceedings, research reports from trusted institutions, and other electronic documents relevant to the topic of digital consumption and retail transformation. The criteria for selecting literature are based on the suitability of the topic, actuality (published in the last 5-10 years), and the credibility of the source, both in terms of the publisher's reputation and its methodological validity. Access to literature is done through various academic databases such as Scopus, ScienceDirect, Google Scholar, and repositories of higher education institutions.

Data collection techniques are carried out through literature searches and selection with keywords such as "virtual consumption", "consumer behavior in the digital era", "retail transformation", and "impact of digitalization on retail industry". The search process follows a systematic procedure with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) approach as a guide to increasing transparency and accountability in the selection process (Tricco et al., 2018). Each literature found is evaluated and categorized based on the main theme, research method, and its contribution to the framework of this study.

The data analysis method used is content analysis, which is a qualitative analysis technique used to examine the contents of documents systematically, objectively, and replicatively in order to identify thematic meanings that emerge (Krippendorff, 2018). The analysis is carried out in three stages: data reduction, data presentation, and drawing conclusions (Miles et al., 2020). Data reduction aims to sort out information that is relevant to the focus of the research; data presentation is done in the form of a thematic narrative that combines the results of studies from various sources; while conclusions are obtained through the synthesis of literature findings to answer research questions and support the objectives of this study. With this method, it is hoped that the research will be able to produce a deep understanding of the shift in consumption behavior to the virtual realm and its impact on the existence of the traditional retail industry.

RESULTS AND DISCUSSION

The following is a table of bibliographic data that is the result of findings from 10 selected articles in a literature review study entitled *Dissecting the Virtual Consumption Phenomenon and Its Implications for the Traditional Retail Industry*. These articles were selected based on their relevance and contribution in understanding the virtual consumption phenomenon and its impact on the traditional retail industry.

Table 1. Literature Data

No	Title	Author	Findings
1	Shopping in Virtual Reality: A Literature Review and Future Agenda	Flavián et al. (2021)	VR increases consumer engagement and immersive shopping experiences.
2	Consumer Behavior in Immersive Virtual Reality Retail Environments	Erensoy et al. (2024)	Positive emotions in VR drive purchase intention; virtual environment design influences consumer behavior.
3	Virtual Reality in Retailing: A Meta-Analysis	Mishra et al. (2024)	VR experience is a strong predictor of purchase decisions; consumer attitudes toward VR influence purchase intentions.
4	The Role of Augmented and Virtual Reality in Shaping Retail Marketing	Bonetti et al. (2018)	AR and VR enhance consumer interaction and brand engagement.
5	The Role of Virtual Environment in Online Retailing	Poggesi et al. (2022)	Virtual environments influence consumer perceptions of value and satisfaction.
6	The Impact of E-commerce on Traditional Retail Sales in Emerging Economies	Sharma & Patel (2024)	E-commerce is changing consumer preferences and reducing the market share of traditional retail.
7	The Effect of E-Commerce on Traditional Retail: A Comparative Analysis	Yadav (2024)	Omnichannel strategies help traditional retailers adapt to changing consumer behavior.
8	Consumer Preference and Impact of Online Shopping on Traditional Retail Market	Singh (2019)	Consumer preferences are shifting to online shopping due to convenience and price.
9	Consumption Experience in Retail	Antéblian et al.	A pleasant shopping experience

	Environments: A Literature (2013) Review		increases customer loyalty.
10	Physical Retail is Back. And This Time It's Sustainable	Vogue Business (2022)	Physical retailers are adopting sustainable practices such as repair and resale.

In the rapidly developing digital era, the concept of virtual consumption is no longer a fringe phenomenon, but has transformed into a common practice that dominates the way consumers interact with products and services. Virtual consumption, which refers to the shopping process or consumption experience through digital media such as e-commerce, augmented reality (AR), and virtual reality (VR), is now the center of attention in retail marketing and management studies. This study examines in more depth the impact and dynamics of virtual consumption on the traditional retail industry through a literature review of ten selected scientific articles that are considered the most relevant and representative.

The article written by Flavián et al. (2021) highlights how VR technology has completely revolutionized the way consumers experience the shopping process. In a VR environment, consumers not only see products visually, but can also experience simulated interactions as if they were in a physical store. This experience increases emotional involvement, pleasure, and connection to the brand, which ultimately drives purchase intention. This concept of engagement puts pressure on traditional retailers, which have so far relied on physical interaction as their main strength. They are now required to match or even surpass the digital experience offered by VR, or at least integrate digital elements into their store ecosystem (Xi & Hamari, 2021).

Research by Erensoy et al. (2024) also deepens the understanding of the psychological aspects of virtual consumption. Using the S-O-R (Stimuli-Organism-Response) approach, they explain that the design of virtual environments has the power to deeply influence consumer emotions and perceptions. Consumers who feel comfortable, happy, and curious in virtual environments are more likely to exhibit positive consumption behavior. This indicates that not only technology is important, but also how the technology is translated into an experience that touches the psychology of the user. Traditional retailers should learn from this approach by creating physical spaces that are able to evoke similar feelings, rather than simply being a place to sell products (Erensoy et al., 2024).

Mishra et al. (2024) emphasize the importance of perceptions of user experience as a key indicator of the success of VR adoption in retail. They found that the higher the consumer's satisfaction with the virtual experience, the more likely they are to make a purchase. This means that in the modern world of consumption, the quality of interaction with the product is more influential than the physical presence of the product itself. This is a strong signal for traditional retailers to start investing in interactive technologies such as touch screens, augmented reality mirrors, and multi-sensory experiences in stores (Fan et al., 2025).

Bonetti et al. (2018) explore the role of AR and VR as marketing instruments that not only introduce products, but also strengthen the bond between brands and consumers. They show that this technology is not only used to facilitate sales, but also as a brand communication tool. In the world of traditional retail, this suggests the importance of innovation in product presentation and packaging of brand narratives, so that the in-store experience becomes a "story" that actively engages consumers (Fan et al., 2025).

Poggesi et al. (2022) provide additional insights into the importance of design and environment in online platforms. They emphasize that perceived value, ease of navigation, and the aesthetic design of a shopping site greatly influence consumer satisfaction and loyalty. From

a physical retail perspective, this opens up a discussion about how similar elements – such as store layout, lighting, color, sound, and even aroma – can be strategically designed to stimulate a pleasant and high-value experience (Poggesi et al., 2022).

Meanwhile, Sharma and Patel (2024) and Yadav (2024) take a more macro approach by analyzing the impact of e-commerce on conventional retail sales performance. They found that e-commerce has significantly eroded the market share of brick-and-mortar stores, mainly due to ease of access, more competitive pricing, and a wider range of choices. However, they also highlighted that brick-and-mortar stores still have an edge in terms of irreplaceable experiences – such as human interaction, personal service, and immediate gratification. Therefore, an omnichannel strategy is essential; combining online strengths (accessibility and information) with offline strengths (experience and direct service) (Chandra & Kumar Yadav, 2024; Patel & Sharma, 2024).

In Singh's article (2019), it is seen that the main reasons consumers switch to online shopping are time efficiency, convenience, and price. However, there is a segment of consumers who still value the social experience and physical touch in shopping. This opens up a huge opportunity for traditional retailers to focus on creating added value that cannot be offered online – for example, through consulting services, community spaces, or in-store events (Singh, 2019).

Antéblian et al. (2013) strengthen the argument that the emotional experience in a physical store is a key factor in creating loyalty. They show that the atmosphere, interaction with staff, and sensory experiences influence the impression left in the mind of the consumer. Therefore, it is important for physical stores to not only be a place for transactions, but also an arena for exploration and deep emotional engagement (Antéblian et al., 2013).

Finally, Vogue Business (2022) highlights an important trend that is now emerging in physical retail: sustainability. Practices such as product rental, repair, and resale are becoming new attractions for environmentally conscious consumers. Values such as social responsibility, authenticity, and community involvement are now strategic differentiations that are difficult for digital platforms to achieve. Traditional retailers that are able to position themselves as part of the sustainability movement have a great opportunity to build long-term loyalty (Vogue Business, 2022).

Overall, an in-depth analysis of this literature confirms that virtual consumption has become a disruptive force that cannot be ignored. However, rather than replacing, this phenomenon opens up space for traditional retailers to evolve and reinvent their role in the new consumption ecosystem. The key lies in the ability to create experiences that are not only efficient, but also meaningful, personal, and emotionally resonant with modern consumers.

Discussion

The phenomenon of virtual consumption has brought about major changes in the way individuals interact with the world, including in the context of work and how organizations respond to the needs of their employees. This change has driven a transformation in work-life balance (WLB) policies, which are now an important aspect in efforts to improve employee well-being. When organizations begin to adopt more flexible work patterns such as remote working or adaptive working hours, the impact on employee well-being is significant. Employees feel they have greater control over their time and personal responsibilities, which directly impacts stress reduction and job satisfaction. Feeling valued and trusted by the organization also increases motivation and loyalty to the company.

Not only from an individual perspective, the implementation of the right WLB policy also has a positive effect on organizational productivity. Technological advances and virtual consumption trends facilitate work processes, increase efficiency, and reduce unproductive time, such as commuting to work. Collaboration can still run effectively with the help of various digital tools. However, it is important to note that this flexibility must be managed properly. Without clear arrangements, the boundaries between work and personal life can blur, leading to fatigue and decreased performance. On the other hand, challenges such as lack of direct supervision also require organizations to improve how they evaluate and monitor performance.

In supporting employee well-being as a whole, organizations need to implement inclusive policy strategies. These policies must be able to adapt to the unique needs of each individual. Training for leaders and managers is also crucial so that they can effectively manage teams in a work environment that is not always physical. Additional support, such as access to mental health services and clarity on working hour boundaries, further strengthens the organization's commitment to employee well-being.

To understand how much these policies contribute to creating a productive and sustainable work environment, organizations need to conduct comprehensive measurements. Through employee satisfaction and retention rates, reduced absenteeism, and work results that are on target, companies can assess the effectiveness of the policies implemented. Internal surveys and data analysis from digital work tools also provide a deeper picture of the impact on overall team performance.

Overall, virtual consumption has accelerated major changes in modern work practices. Organizations that are able to adapt to these dynamics through humanistic and well-being-based policies will have a greater chance of growing productively and sustainably. The balance between flexibility and structure is key to creating a healthy, innovative, and adaptive workplace in the midst of an ever-evolving world of work.

CONCLUSION

This study concludes that virtual consumption has become a disruptive force in the modern economic landscape that affects various aspects of consumer behavior and the structure of the traditional retail industry. Consumers now prioritize fast, personal, and efficient digital experiences through various platforms such as e-commerce and virtual reality. As a result, physical stores have experienced a decline in visits and sales. However, this phenomenon does not immediately eliminate traditional retail, but rather requires them to transform through innovative strategies such as strengthening the experience in physical stores, integrating digital technology, and a cohesive omnichannel approach.

Traditional retailers need to immediately respond to this change by integrating online and offline services to create a synergistic shopping experience. In addition, the adoption of technologies such as AR/VR, strengthening social interactions in stores, and sustainable approaches such as product repair and recycling programs can be new competitive advantages. Retailers should also utilize digital consumer data to personalize services and strengthen customer loyalty.

This study is still limited to conceptual literature analysis. Therefore, further studies are recommended to use a quantitative approach or empirical case studies to explore the real impact of virtual consumption on the financial performance and sustainability of physical retail. In addition, cross-country research is needed to understand the differences in the retail industry's adaptation to virtual consumption in different cultural and economic context.

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