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ARTILLRY INTELLIGENCE BRIEFING

MOBILE AR USAGE & CONSUMER ATTITUDES

MARCH 2018

PRODUCED IN PARTNERSHIP WITH

Thrive Analytics
smart decisions that drive success

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Executive Summary

How do consumers feel about mobile AR? Who's using it? How often? And what do they want to see next? Perhaps more importantly, what are non-users' reasons for disinterest? And how can app developers and anyone else building mobile AR apps optimize product strategies accordingly?

These are the questions we set out to answer. Working closely with Thrive Analytics, ARtillry Intelligence wrote questions to be presented to more than 2000 U.S. adults in Thrive's established consumer survey engine. The results are in and we've analyzed the takeaways in a narrative report.

This follows last month's ARtillry Intelligence Briefing[i], which examined mobile AR app strategies and business models. Now, a deeper view into real consumer usage and attitudes validates those findings, while providing new dimension on mobile AR strategy development and opportunity spotting.

As for the findings, one third of consumers surveyed have used a mobile AR app. And those consumers appear active and engaged, with more than half reporting that they use mobile AR apps at least weekly. The top app category by far is gaming, which we attribute to Pokémon Go's popularity.

Mobile AR users also indicated high levels of satisfaction with the experience. But beyond these and a few other positive signals, there are some negative signs and areas for improvement. For example, non-mobile AR users report low likelihood of adopting soon, and an explicit lack of interest.

This disparity between current-user satisfaction and non-user disinterest underscores a key challenge for immersive technologies: you have to "see it to believe it." In order to reach high satisfaction levels, apps have to first be tried. This presents marketing and logistical challenges to push that first taste.

Put another way, AR's highly visual and immersive format is a double-edged sword. It can create strong affinities and high engagement levels. But the visceral nature of its experience can't be communicated to prospective users with traditional marketing such as ad copy or even video.

The same challenge was uncovered in our corresponding VR report last August[ii] (we'll publish the second wave in Q3). This makes it a common challenge with immersive media like AR and VR. It will take time and cost reductions before they reach a more meaningful share of the consumer public.

Meanwhile, there are strategies to accelerate that process, and to build AR apps that are compelling to consumers' current standards. In the coming pages, we'll examine those strategies and unpack the rest of the survey findings. This is meant to empower readers with a greater knowledge position.
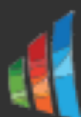
Introduction: A Snapshot

In last month's ARtillry Intelligence Briefing,[iii] we examined mobile AR app strategies and business models. This compelled us to follow up with additional dimension into AR strategies. And the best way to do that is to ask consumers how they feel. So we fielded the latest AR consumer survey.

Working closely with our data partner Thrive Analytics, ARtillry Intelligence wrote questions to present to a sample of more than 2000 U.S. adults. This represents the second wave of Thrive's Virtual Reality Monitor.[iv] And now that the results are in, there are several implications and takeaways.

The survey results are a telling snapshot of mobile AR adoption, which we'll detail in the coming pages. That will include charts and a narrative story arc that unpacks strategic takeaways, and our outlook for mobile AR. But before we take a deeper dive, here's the highlight reel of survey findings.

- 32% of consumers have tried mobile AR.
- 73% of mobile AR users are either satisfied or very satisfied.
- *% of mobile AR users are active monthly, *% are active weekly.
- *% of mobile AR users have used games, *% have used social apps.
- *% of mobile AR users want more games, *% want education apps and *% want city guides.
- *% of mobile AR users would pay $1.00 or more for an app, *% would pay $5.00 or more.
- *% of non-mobile AR users are unwilling to pay any amount for mobile AR.
- *% of non-mobile AR users are unlikely or extremely unlikely to try mobile AR.
- *% of non-mobile AR users don't know where to look for apps, or if their phone is compatible.

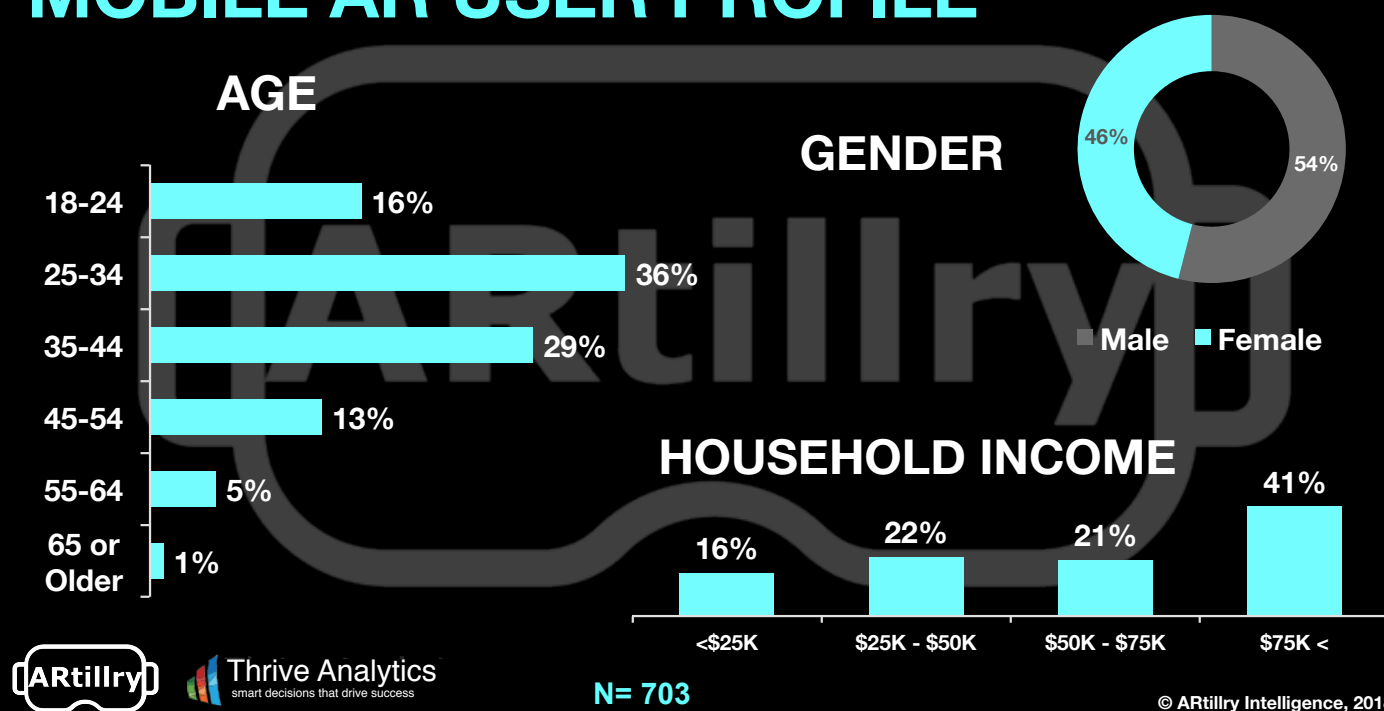*Subscribe below to see the full data set

Image Source: Google Poly

Survey Audience: The "Who?"

To first add context to the survey findings throughout this report, who's answering the questions? It includes more than 2000 U.S. adults. Going deeper into demographics and psychographics, the respondents break down as shown below. More detail and segmentation are available on request.[v]

As the data show, the survey sample spans a wide range of U.S. adult consumers. Gender breaks down fairly evenly, while age and income levels skew towards more attractive demographic groups. That includes active and buying-empowered age groups (25-34), and high-income homes ($75K+).

MOBILE AR USER PROFILE

AGE

Age	Percent
18-24	16%
25-34	36%
35-44	29%
45-54	13%
55-64	5%
65 or Older	1%

GENDER

- 46% Female
- 54% Male

HOUSEHOLD INCOME

Income	Percent
<$25K	16%
$25K - $50K	22%
$50K - $75K	21%
$75K <	41%

N= 703

Thrive Analytics
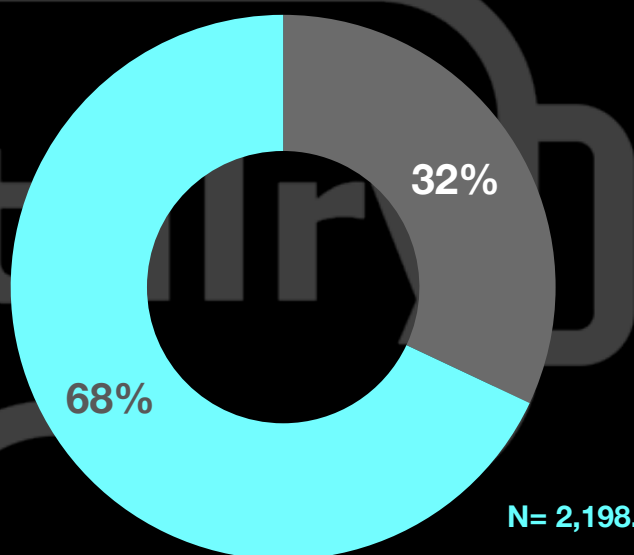smart decisions that drive success

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Usage: The "How Many?"

Starting our analysis at the very top, what's the overall penetration and adoption of mobile AR among consumers? Survey results indicate that it currently stands at about a third (32 percent). This isn't surprising, however it's slightly greater than expected when measured against anecdotal evidence.

This is a positive sign for the health of consumer-based mobile AR: These figures represent a combination of healthy adoption (considering the early stage) and lots of room to grow. We expect usage levels to accelerate quickly in future survey waves, similar to early smartphone adoption.

MOBILE AR APP USAGE

Have you used mobile AR ?

32%

68%

N= 2,198.

Yes No

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Video Companion: Mobile AR Usage & Consumer Attitudes

(click URL to open)

https://youtu.be/vRQiKzrfDGs

To read the rest of this report, subscribe to ARtillry Insights.
https://artillry.co/subscribe/

About ARtillry Insights

ARtillry Intelligence partners with the VR/AR Association to deliver a research package. Known as *ARtillry Insights*, it will equip subscribers in AR and VR sectors to make informed business decisions.

FEATURES
Original Research: Monthly reports and weekly briefs on XR data, opportunities and dynamics.
Curated Research: ARtillry analysts collect, analyze and filter recommended reading and data.
Conference Talks: We watch, select and summarize video from XR events.
Slide Bank: We assemble charts for your presentations and knowledge building.
Slack Channel: We're here to answer your XR questions.

2018 EDITORIAL CALENDAR
January: Enterprise XR: Impacting the Bottom Line
February: Mobile AR: App Strategies and Business Models
March: Mobile AR Usage and Consumer Attitudes (this report)
April: Local Commerce and the AR Cloud
May: XR Global Revenue Forecast
June: The State of XR: Mid-Year Review
July & Beyond: To Be Announced…

COST
VR/AR Association Members: **$39/month**
Non-VR/AR Association Members: **$89/month**

https://youtu.be/WTruV4arTl0

ARtillry Insights: Gain a VR/AR Knowledge Position

About ARtillry Intelligence

ARtillry is a publication and intelligence firm that examines augmented reality and virtual reality, collectively known as XR. Through writings, data and multimedia, it provides deep and analytical views into the industry's biggest players and opportunities. It's about insights, not cheerleading.

Run by career analyst and journalist Mike Boland, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though fun and games permeate VR and AR (especially the former) long-term cultural, technological and financial implications are primary.

Learn more at **https://artillry.co/about**

About Thrive Analytics

Thrive Analytics is a leading digital marketing research and customer engagement consulting firm. With clients spanning leading national brands as well as publishers and agencies serving the small business community, it pairs proprietary market research services and data analytical tools with time-tested business insights and methodologies to help organizations measurably improve customer experience, loyalty and sales results. Its mission is to provide superior research and support services that inspire clients to make smarter decisions. For more information or to contact, visit:

http://www.thriveanalytics.com

About Virtual Reality Monitor

Virtual Reality Monitor™ is Thrive Analytics' proprietary survey of virtual reality/augmented reality technology users. These surveys, conducted semi annually, track the adoption rates, usage, satisfaction levels, profiles and many other areas related to VR/AR users. Each wave has a customizable section for client specific inquiries. Results & key insights are communicated in advisory reports & presentations, charts & infographics, newsletters & articles and custom data views. Information from these studies are used by marketers, product managers, consultants and other people working in the technology space.

About Intelligence Briefings

ARtillry Intelligence Briefings are monthly installments of VR/AR data and analysis. They synthesize original and third-party data to reveal opportunities and dynamics of VR and AR sectors. In addition to data, a layer of insights is applied to translate market events and raw figures into prescriptive advice.

More information, past reports and editorial calendar can be seen at:
https://artillry.co/artillry-intelligence/

About the Author

Mike Boland was one of Silicon Valley's first tech reporters of the Internet age, as a staff reporter for *Forbes* (print) starting in 2000. He has been an industry analyst covering mobile and social media since 2005, and is now Chief Analyst of *ARtillry Intelligence*, covering emerging tech.

Mike is a frequent speaker at industry conferences such as VRLA, ad:tech and LeadsCon. He has authored in-depth reports and market-sizing forecasts on the changing tech & media landscape. He contributes regularly to highly read online news sources such as *TechCrunch*, *Business Insider* and the *Huffington Post*.

A trusted source for tech journalists, his comments have appeared in A-list publications, including *The New Yorker*, *The Wall Street Journal* and *The New York Times*.

Further background, history and credentials can be found at:
http://www.mikebo.land/

Methodology

ARtillry Intelligence has partnered with Thrive Analytics by writing the questions for the Virtual Reality Monitor consumer survey. These questions were fielded to 2,198 U.S. Adults. Additionally, ARtillry Intelligence wrote this report, which contains its own insights and viewpoints on the survey results.

For market sizing and analysis, *ARtillry Intelligence* follows disciplined best practices, developed and reinforced through its principles' 15 years in research and intelligence in the tech sector. This includes the past 2.5 years covering AR & VR exclusively, as seen in research reports and daily reporting.

Thrive Analytics likewise follows best practices in consumer research, developed over its long tenure as a consumer research firm. More information and background on each firm can be seen in the preceding "about us," sections, or through the website links included with those descriptions.

More details about the survey sample (demographics, etc.) can be seen in this report's introduction.

Disclosure and Ethics Policy

ARtillry has no financial stake in the companies mentioned in this report, nor was it commissioned to produce it. With respect to market sizing, ARtillry remains independent of players and practitioners in the sectors it covers. It doesn't perform paid services or consulting for such companies, thus mitigating bias — real or perceived — in market sizing and industry revenue projections.

ARtillry's disclosure and ethics policy can be seen in full at:

https://artillry.co/about/disclosure-and-ethics-policy/

Contact

Questions and requests for deeper analysis can be submitted at:

https://artillry.co/contact/

References

[i] ARtillry Intelligence Briefing, *Mobile AR: App Strategies and Business Models*, February, 2018
http://artillry.co/artillry-intelligence/mobile-ar-app-strategies-and-business-models/

[ii] ARtillry Intelligence Briefing: *VR Consumer Usage & Attitudes,* August 2017:
http://artillry.wpengine.com/wp-content/uploads/2017/08/intelligence-briefing-august-abridged2.pdf

[iii] ARtillry Intelligence Briefing, *Mobile AR: App Strategies and Business Models*, February, 2018
http://artillry.co/artillry-intelligence/mobile-ar-app-strategies-and-business-models/

[iv] Thrive Analytics *Virtual Reality Monitor*:
http://www.thriveanalytics.com/Virtual%20Reality%20Monitor.html

[v] Contact us at: https://artillry.co/contact/