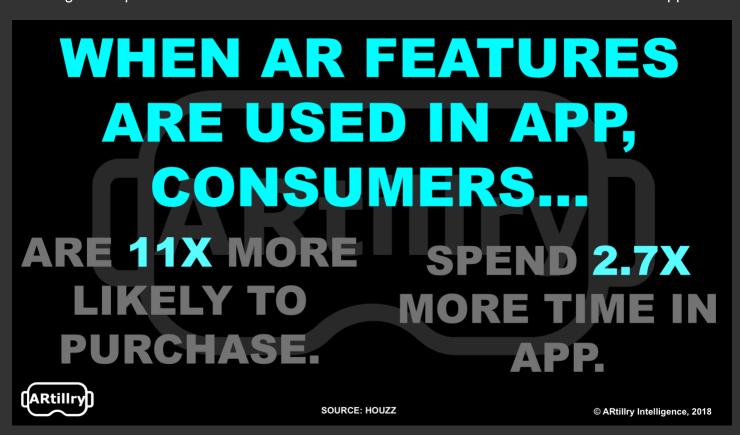# ARTILLRY DATA BRIEFS

AR BOOSTS CONSUMER PURCHASES & CONVERSIONS

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We've written a lot about AR's potential to drive commerce, such as visualizing large items in-home before purchasing. But how's that actually working? At early stages of AR, it's going to be all about moving beyond flowery rhetoric in conference presentations and rather proving its efficacy.

With that backdrop, we're seeing data points trickle out from some of the providers of AR product visualization tools, as well as various forms of AR advertising like Snapchat lenses. And the numbers paint a promising picture for AR's ability to compel actual customer conversions.

The best figure we've seen so far is from Houzz, which reports that its in-app AR furniture visualization tools have boosted conversions 11x and spend level 2.7x. And this comes from a meaningful sample of a million customer interactions with the AR visualization feature of its app.

Similarly, Amazon reports positive results for its AR View feature that lets app users visualize products in-home (side note: "AR as a Feature" is an important trend). Though it isn't as granular as Houzz's conversion metric, it has more generally stated that AR can reduce product returns.

Moving from direct commerce to advertising, AR can likewise boost user engagement and lead to conversions. Snapchat recently reported a 15 percent boost in purchase intent and 9 percent boost in conversions from branded AR lenses. And like with Houzz, this is a large (reliable) sample.

Home Depot's recent campaign let users click on an ad to launch an AR game to decorate a Christmas tree. It then led users into a conversion funnel to buy stuff. The result: 2+ minute average engagement time and a 12.5 percent click through rate (very high for display advertising).

Beyond eCommerce outcomes, we've also examined the opportunity for AR to drive local/offline commerce which is a much larger revenue pie. AR will of course apply to both, and will shine in high value product categories where there's product complexity or large items (think: cars).

But the challenge is advertisers themselves. They aren't convinced yet, per survey data we examined recently. Advertisers are typically laggards when it comes to new technology. Many still aren't fully optimizing and embracing mobile's true capabilities for ad targeting (e.g. location).

In their defense, AR doesn't yet have the scale to get excited about. Yes, the hardware installed base is about a half billion units. But the actual number of AR users is closer to 63 million users. That's further divided by usage frequency… and AR's short sessions diminish ad inventory.

But these figures will grow as consumer AR adoption does. The second half of the battle is advertiser adoption. And that will be a long period of education and acclimation over the coming years. We've seen this movie before (again, mobile/smartphones), and will get there eventually.

Video Companion

(click link to open)

https://youtu.be/_UTq8K_wbSM

ARtillry Briefs, Episode 16: AR Cloud and the 'Internet of Places'

ARTILLRY BRIEFS, EPISODE 16
AR CLOUD AND THE 'INTERNET OF PLACES'

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 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/

Contact

Questions and requests for deeper analysis can be submitted at:

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