

ARTILLYR DATA BRIEFS

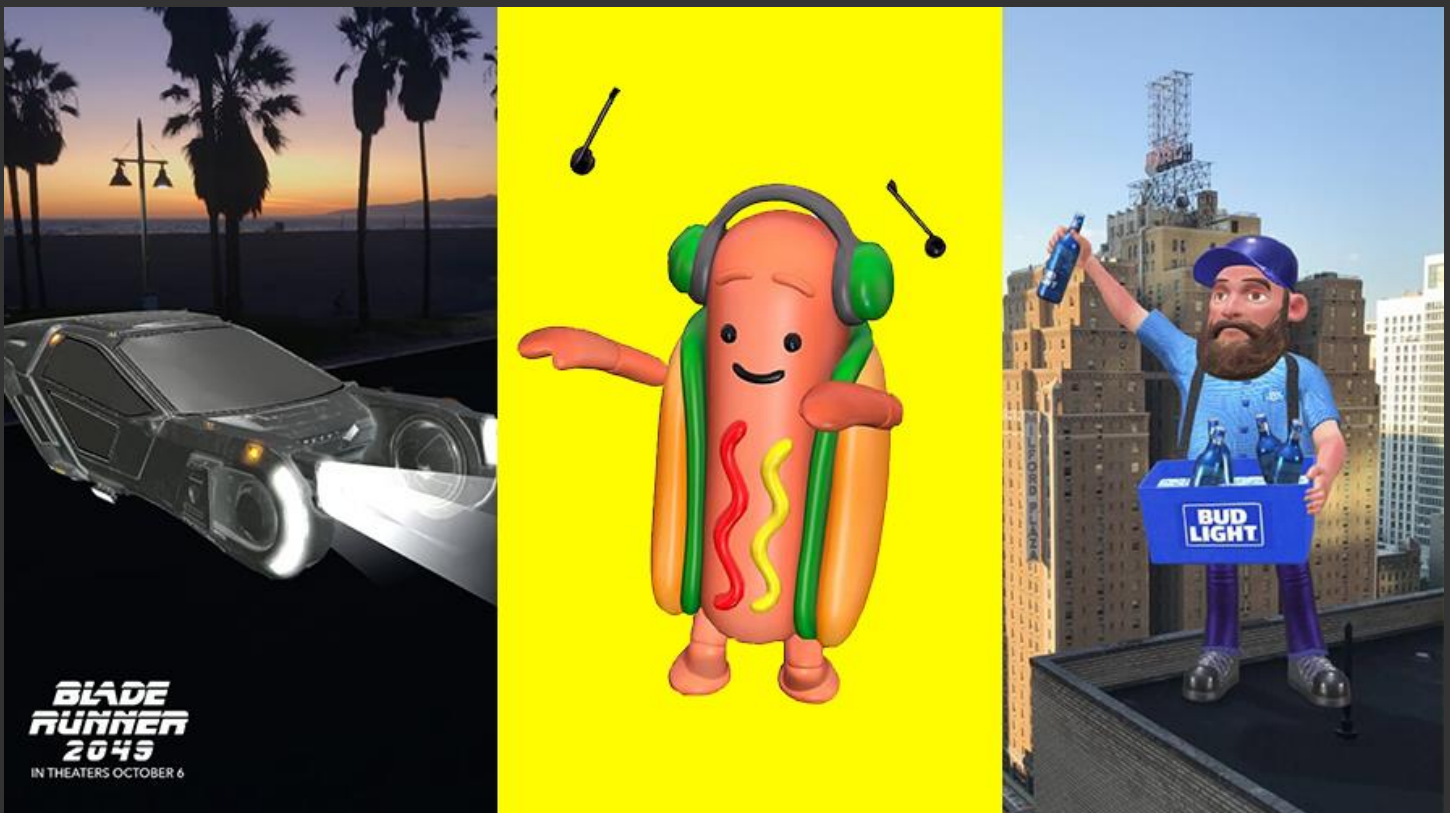
350,000 SNAPCHAT LENSES CREATED SO FAR

11/05/18

Despite status as lacking “true AR,” Pokemon Go and Snapchat Lenses are the most penetrated, albeit primitive, forms of AR. And they’ve done the technology a favor as its gateway drug. Social Lenses are also notably the most monetizable form of AR, with real brand ad revenue.

The latest evidence comes from Snapchat, which reports that 350,000 AR lenses have been created on its Lens Studio. Though most of those are from individuals, a worthwhile amount is coming from brand advertisers, such as the Jordan Brand campaign we recently profiled.

Like that example, AR ads are advantaged by ability to span the consumer purchase funnel. Not only does it feature products in demonstrable ways (upper funnel), but it increasingly has transactional functions (lower funnel) like Snap’s Shoppable Lenses and Facebook’s similar play.

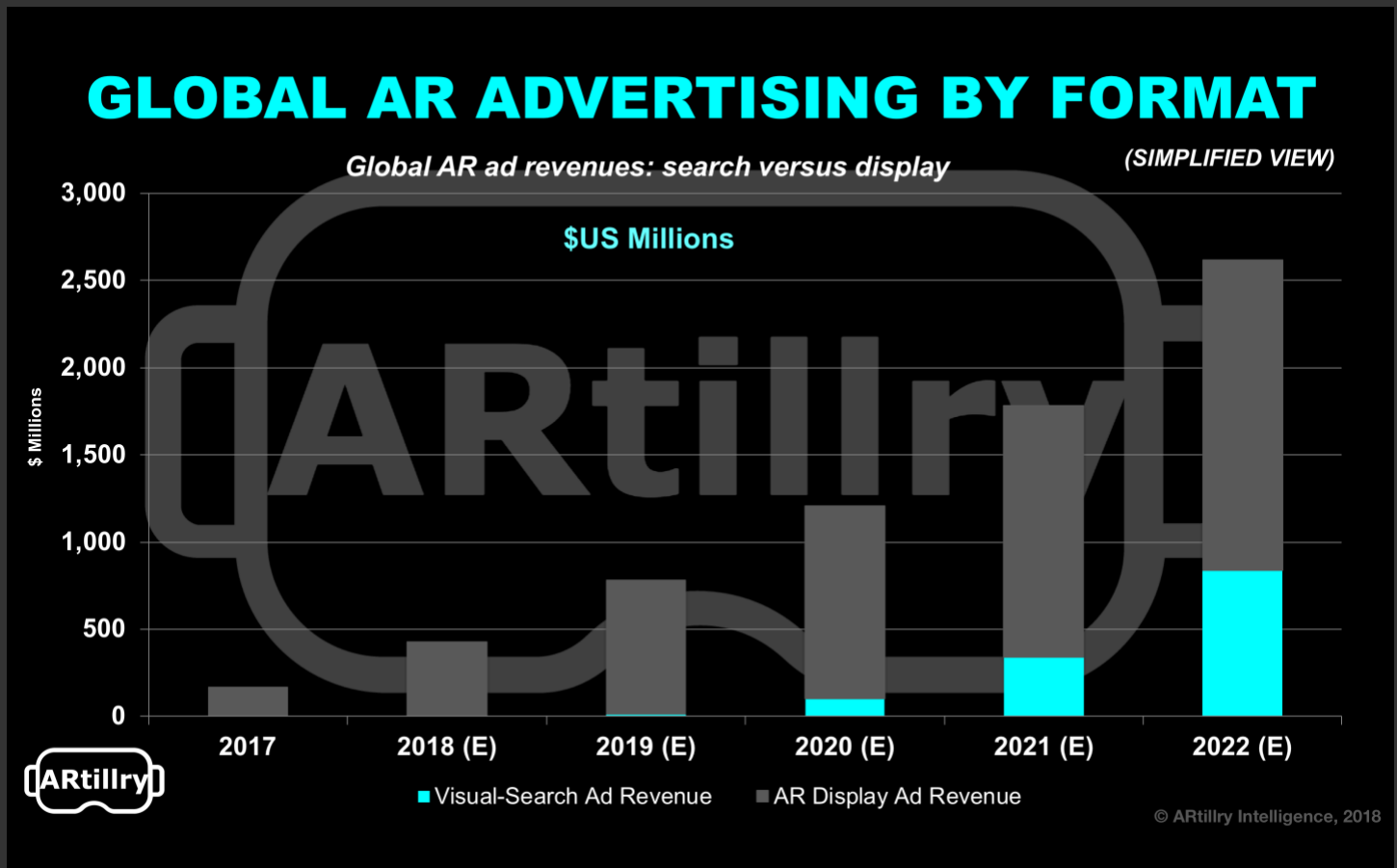


Snapchat has already achieved a 9 percent sales lift compared to non-AR benchmarks. Facebook is close behind and its overall scale means that it will likely pull ahead in the coming year. Instagram is also a sleeping giant for AR Lenses, with small integrations already happening.

Another important question is how much does it cost? We believe it’s currently under-valued as Snapchat, Facebook and others lower the price to entice the famously tech-laggard Madison Avenue. In fact, Snapchat has dropped its price for branded AR Lenses significantly.



Currently, Snapchat offers a few options. The example given above for Foot Locker's campaign involves the relatively new "Snap Ad-to-AR" ads. One of its points of appeal is cost: It has been reported to be more economical than branded AR lenses (though Ad-to-AR includes lenses).



Specifically, Ad to AR ads are auctioned at \$3 to \$8 CPMs, then placed programmatically and targeted to relevant users and affinity groups in Snapchat's social graph. Using these prices and reported reach, we've estimated the cost of the Foot Locker campaign to be \$22,000.

This compares to branded lenses which cost \$40,000 per day to run, plus an \$8-\$20 CPM. The difference between "Ad to AR" and branded lenses is how they're distributed. The former are delivered through Snap Ads, while the latter are pushed to the lens carousel of targeted users.

Though this is an admittedly a sample of one, it's a valuable data point to calibrate how AR ad pricing is shaping up today. Just like in the early days of smartphone advertising, more data will become available. We'll be watching closely and collecting it as that happens.



Video Companion

(click link to play)

<https://youtu.be/naJ9MEeb0Ws>





About ARtillery Intelligence

ARtillery 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://artillery.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 *ARtillery 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*.

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