

ARTILLERY DATA BRIEFS

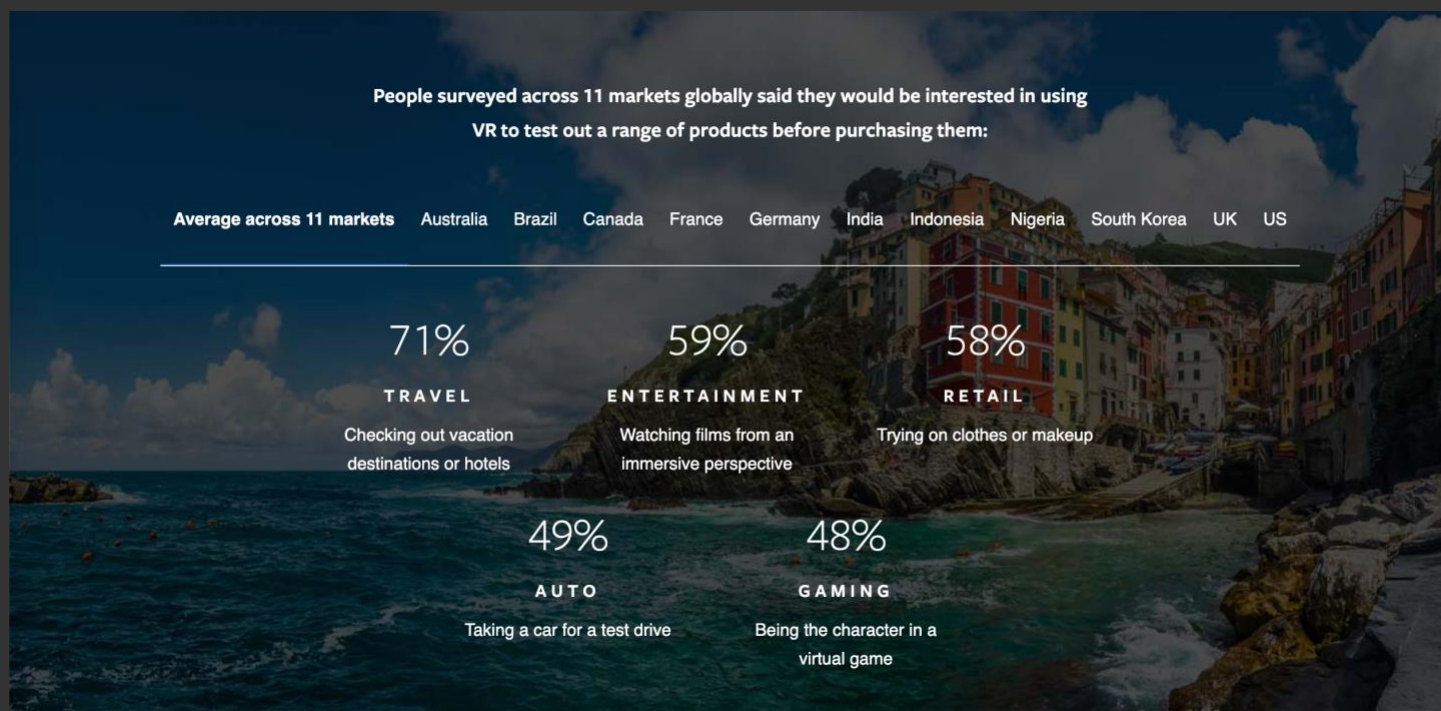
XR COMMERCE GAINING TRACTION

12/24/18



Though XR's place in driving commerce will reside more in the AR realm, VR could play a role too. Its scale will be lower than AR due to the latter's portability, versatility and in-store access (read: smartphone), but it's showing signs of interest according to new Facebook data.

63 percent of its survey respondents (n=11,300) indicated interest in using VR to view products without having to visit physical stores (we're with you there). Known as VCommerce, these figures vary by product category, with travel (71%) and retail (58%) not surprisingly leading.



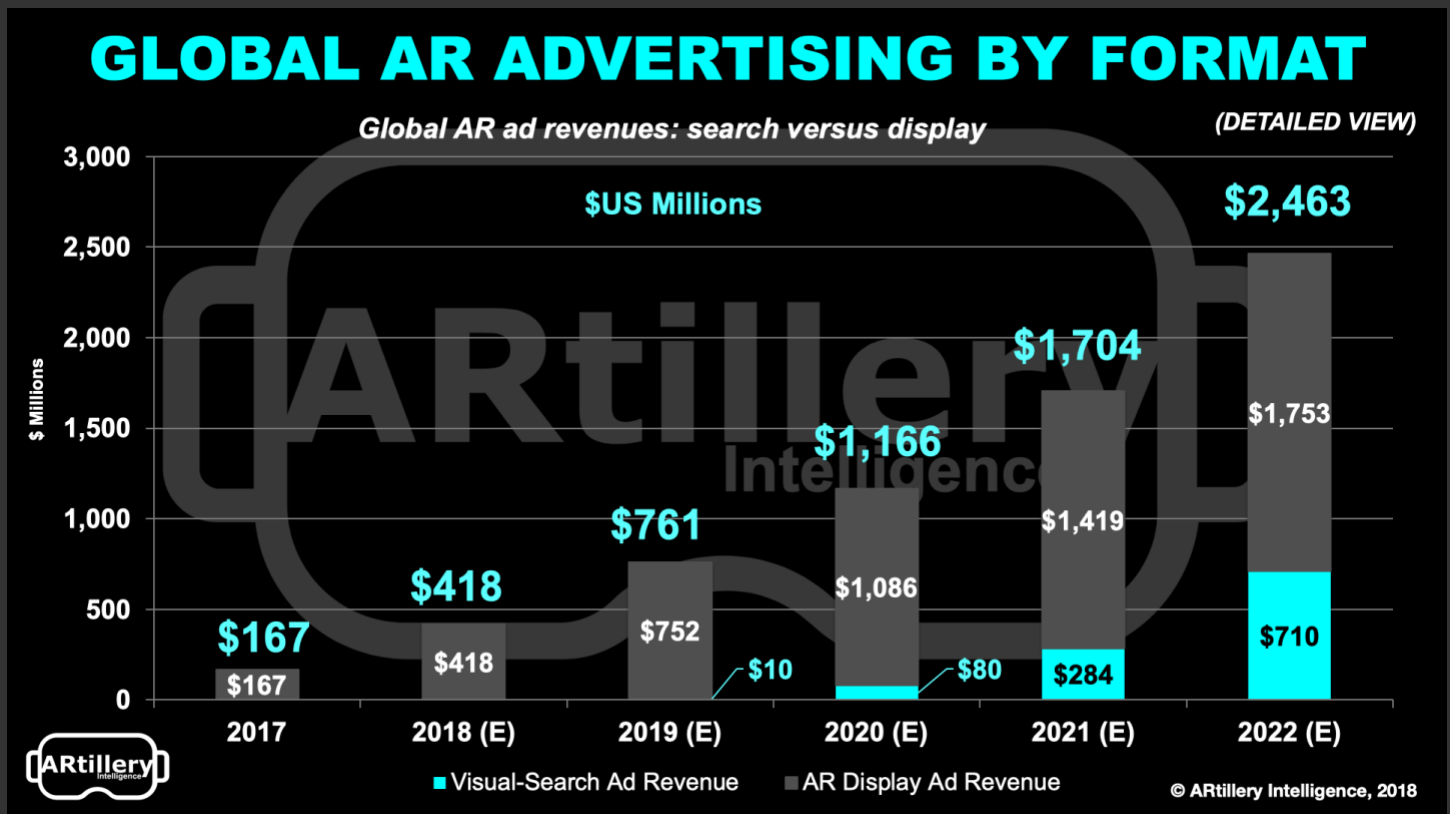
Back to AR, the survey also asked about branded AR experiences. But instead of aspirational sentiments (like the above), it addressed actual use. And the discovery is that 63 percent of internet users surveyed have indeed tried AR experiences such as branded lenses.

This is important because it further validates the business case for AR advertising. We've examined other proof points such as the efficacy, ad performance metrics and ROI, which are all positive. The issue is that brands are famously laggard to new tech in the aggregate.

This resistance will break down, but it could take a while. Going by historical lessons, mobile advertising took years to reach meaningful scale. That goes for both advertiser adoption, and the technology finding its native footing with effective ad formats — a process still underway.

In our recent XR Global Forecast, we pegged AR advertising at \$167 million, growing to \$2.4 billion in 2022. That's lower than other research firms, and informed largely by the above cultural dynamics on the "buy side," not to mention the relatively low ad inventory (AR active usage).

But beyond that admittedly scrutinizing take, we're still supportive and positive on AR's impact in advertising. Heck, it's one of the only sub-sectors of AR that's making money today, aside from the runaway in-app purchases of Pokémon Go. And we will see growth — albeit slow — in 2019.



Video Companion

(click URL to view)

<https://youtu.be/naJ9MEeb0Ws>



About ARtillery Intelligence

ARtillery Intelligence chronicles the evolution of augmented reality (AR) and virtual reality (VR). Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies. It's about insights, not cheerleading.

Run by analysts and former journalists, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though there are lots of fun and games in AR & VR, long-term cultural, technological and financial implications are primary.

Products include the *AR Insider* publication and the *ARtillery PRO* research subscription., which together engender a circular flow of knowledge. Research includes monthly Intelligence Briefings, market-sizing forecasts and consumer survey data, all housed in a robust intelligence vault.

Learn more at <https://artilry.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* and Editor-in-Chief of *AR Insider*.

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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