VR/AR ASSOCIATION

VR/AR Association White Paper

Virtual and Augmented Reality Best Practices for Advertising + Marketing

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Table of Contents

This white paper is broken into the following parts so you can skip to what is of interest to you:

1 Introduction

This introduction into virtual and augmented reality will provide high level information about immersive technologies and how they will impact advertising and marketing in the not-to-distant future. These technologies represent the way humans interact with AI and the next generation of the internet and will transform how humans consume digital content—how we do our jobs, enjoy entertainment and communicate with others. From an advertising and marketing perspective VR and AR are already part of the ecosystem—their role in brand building, ecommerce and content monetization will change the industry—similarly to the digital revolution in late the 20th century. We will review VR and AR definitions, case studies, pros and cons, best practices and more.

1 Definitions: Virtual Reality, Augmented Reality, Extended Reality

A **Virtual Reality** experience is notable for its complete immersion—visual inputs are cut off from the real world and there is presence in VR—good VR feels real. The viewer has agency within the experience; in computer generated VR you can interact with certain objects, in cinematic VR or 360° stereoscopic video the user can look around and follow the scene. Virtual Reality experiences exist on a spectrum—from mobile phone based 360° video displayed in a simple headset to a completely immersive True VR room scale experience where sensors track movement and actions impact the virtual environment. Companies such as Brightline Interactive[1] and Toyota are pushing the boundaries of interactive virtual reality by integrating sensors into the steering column, gas and brake pedals allowing users to test drive the car in a virtual environment.

Augmented Reality is the ability of digital content to be overlaid upon the real world and seen through the camera of a smartphone, augmented glasses or an HMD—head mounted display. You Are Here and Porsche developed an application to help buyers customize and visualize their perfect car in their driveway through their mobile device.

[1] https://www.brightlineinteractive.com
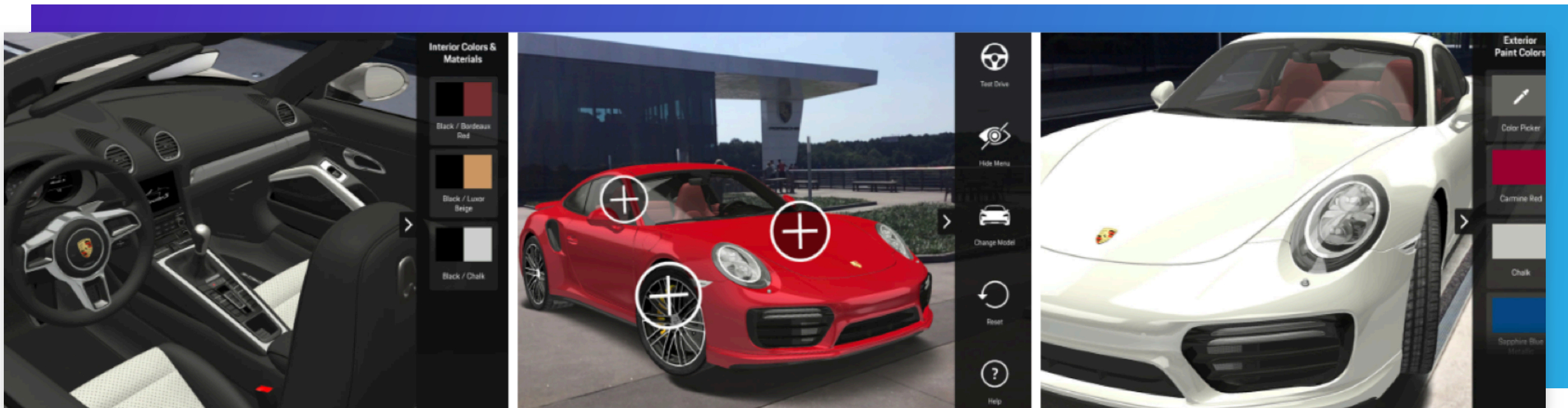
1

Today almost everyone with a smartphone can experience AR. There are about 2.5 billion smartphones worldwide; by 2022 that number will top 3.5 billion. Hundreds of apps currently offer AR for consumer use such as Blippar, Zappar, ROAR, Yelp Monocle, Google Lens and of course Pokémon Go, to name a few.
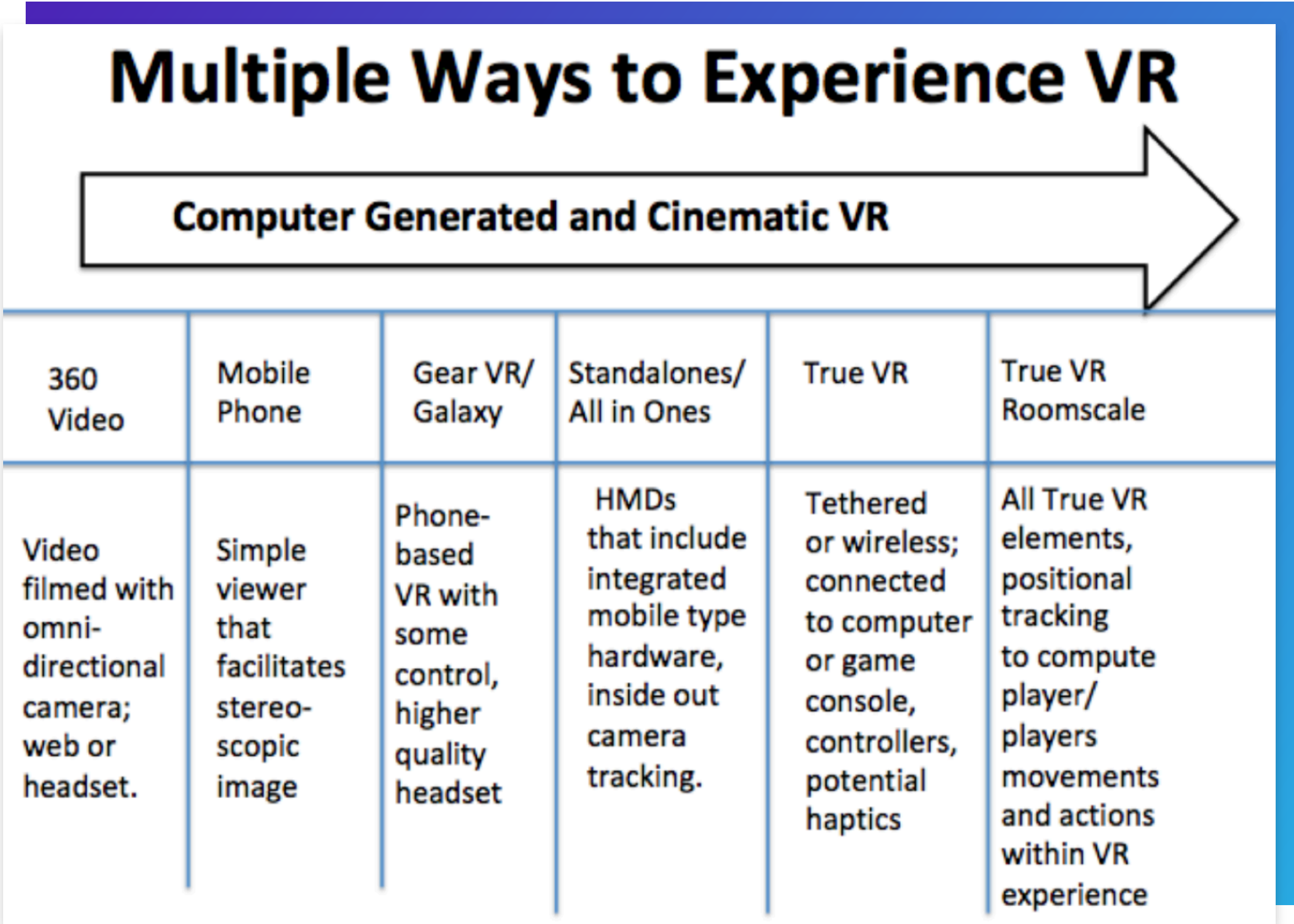
AR experiences are triggered by an image, a location, a beacon or sound—and displayed through the camera lens of the smartphone, HMD or glasses. Current consumer examples of AR are head-up displays, videos triggered from images on a package or ad, menus tied to a restaurant logo, etc. Experts agree that the future of AR is glasses—people won't want to hold up a smartphone in front of them all the time. The game will change for AR with the introduction of an AR 'hero device' for consumers. The device will have: very high quality, all-day battery life, fast mobile connectivity, an app ecosystem, telco cross subsidization in conjunction with power cloud based processing. Until those challenges are met there could be a glasses peripheral—similar to an Apple Watch—or another stop-gap solution. Commercial use of AR will be the early growth driver for the technology. AR will impact every profession and job description in the future.

No conversation about augmented reality would be complete without a mention of Magic Leap[2]. The mysterious six year old company, which has received $2 billion in funding, just released their new product: Magic Leap One, an all in one augmented reality system. The system has three components—Lightwear HMD, Lightpack belt-worn computer and a controller. Basically Magic Leap One can do everything a computer or smartphone can do and more. From reading email and interacting with images to watching TV on a 15 foot holographic jumbotron—Magic Leap hopes to replace all the screens in your world. Their goal is bring your entire digital life to you within the HMD. Ambitious and audacious—it will be exciting to see the technology deploy in the real world.

Extended Reality (XR) refers to all real-and-virtual environments generated by computer graphics and wearables. XR is the umbrella category that covers all the various forms of computer-altered reality, including: Augmented Reality (AR), Mixed Reality (MR), and Virtual Reality (VR).

[2] https://www.magicleap.com

1   How to Experience Virtual Reality: The VR Spectrum

Multiple Ways to Experience VR

Computer Generated and Cinematic VR →

360 Video	Mobile Phone	Gear VR/ Galaxy	Standalones/ All in Ones	True VR	True VR Roomscale
Video filmed with omni-directional camera; web or headset.	Simple viewer that facilitates stereo-scopic image	Phone-based VR with some control, higher quality headset	HMDs that include integrated mobile type hardware, inside out camera tracking.	Tethered or wireless; connected to computer or game console, controllers, potential haptics	All True VR elements, positional tracking to compute player/ players movements and actions within VR experience

Virtual Reality is experienced in a head mounted display that completely replaces the real world with created content —either computer generated or cinematically shot. Some content and ways of viewing VR are more immersive than others. VR HMDs like HTC Vive, Oculus Rift and Playstation are the most immersive; headsets that enable stereoscopic viewing of 360° videos on a mobile phone are less so. In 2018 a new form factor was introduced—the Standalone HMD or AIO/ All in One. These HMDs will provide a more immersive experience than a mobile viewer and will be self contained—no smartphone necessary, and do not require the external sensors required by the true VR rigs.

On the spectrum from least immersive to most immersive we would see:

360° Video—360° video is the most primitive form of what is commonly known as VR. The content is viewed and controlled by the user can scrolling or tilting a device to change the scene. The content can be displayed in a browser as well as an app.

1

360° Stereoscopic Video content is displayed on the phone screen split into two sections—one for each eye. When the phone is placed in the viewer the eyes process the slightly different images to create depth and deliver a 3D effect. The content can also be viewed from different angles—up/down, forward/back, left/right (also called 3dof—three degrees of freedom) following the motion of the head.

Standalone VR HMDs are just starting to launch with recent releases of Oculus Quest, Vive Focus, Pico Neo, Lenovo Mirage heralding an exciting new chapter in VR accessibility and affordability. All-in-ones or Standalones, like the names imply, include high-end VR task-specific components within the headsets rather than relying on the insertion of a smartphone—they are an integrated piece of dedicated VR hardware. The new category of devices will increase quality and lower cost for home consumers of virtual reality as well as offer marketers new avenues for reaching consumers within the headset and/or at location based events. Some brands also offer inside-out tracking, which means that cameras in the HMD replace sensors for positional tracking-- increasing functionality and movement. The new entries exist on the spectrum between mobile VR and True VR in terms of technology and price. From Oculus Quest to Vive Focus—AIOs are launching at reasonable price points in the $300--$700 range. Affordability changes the game for marketers. Game developers and stores will ramp up content creation for the devices with the objective of supporting scale and monetization. Major companies like Google, Facebook, Microsoft and their hardware partners all have new AIOs and peripherals in development and most likely will develop monetization strategies that encompass advertising and marketing options. Advertisers and their agencies should be evaluating and testing VR strategies in the short term to learn more about what will work for them and the best way to communicate with their stakeholders using the new technology.

True VR is the experience within a VR headset like HTC Vive, Oculus Rift and Playstation VR, characterized by complete immersion and presence. No one can describe how it feels to be in True VR—you have to experience it personally. True VR requires a high quality HMD displaying CG or cinematic content (ideally at 90 FPS frames per second; 6 dof/ six degrees of freedom) in concert with external tracking of the HMD and controllers. True VR base stations are set up to calculate where in space the HMD and controllers are so that movement within the VR experience aligns with users' movements in real life. True VR facilitates the users' ability to impact the virtual environment using the controllers within the experience, since the HMD and the controllers are tracked by the base stations.

Roomscale VR is exactly what the name implies: all of the characteristics of True VR developed for relatively large spaces (64-100 square ft.). The user can move their entire body within the experience, interact with the VR environment and share an experience with other players. Multi-player arena scale True VR is currently available at select location-based entertainment venues. Users can see each other (their avatars anyway) within the experience and interact in the same space—on teams or individually—as they collaboratively engage in the virtual world. Currently warehouse scale True VR commercial experiences can top 2,000 square feet.

1

How to Experience Augmented Reality: The AR Ecosystem

Augmented reality activations have become mainstream through exposure in photo apps and social media. Today Snap, Facebook and other large 'lens marketing' partners have introduced AR to their users and are creating an expectation that content can be augmented in some way. For example Snap features a Sponsored Lens ad product that costs around $500,000 per day depending on day of week and estimated engagement. Taco Bell's Cinco de Mayo execution resulted in 224 million views.

The Snap Sponsored Lens example was able to aggregate viewers using Snapchat across the entire installed base of the app. Sponsored Lenses using an ad auction model offer advertisers reach and targeting at a total budget outlay that they control.

Facebook Camera Effects offer similar capabilities. From cosmetic companies offering an easy way to compare and share makeup looks to ABC's promotion of TGIT—the AR filters have something for everyone. Importantly these mass adoption platforms train users to expect the capability and look for the functionality. Easy AR games and funny overlays are instilling the expectation that content can, and perhaps should, be enhanced by AR.

2 Should Virtual Reality and Augmented Reality be Part of Your Marketing and Media Strategy?

The answer is yes. Brands and agencies should be knowledgable about VR and AR technologies and evaluating and testing these tactics for their brands. Let's take a look at True VR, 360 Video and Augmented Reality from a marketing and media perspective.

Today True VR makes the most sense as part of an experiential activation. The hardware is expensive and most consumers need help getting into a rig. Content should be aligned with the brand and leverage the immersive presence of the medium. Commercials and videos are extremely intrusive and annoying inside an HMD—but natural, organic brand integration works well—and is also well suited to a location-based experience. To create a value proposition for your brand think about passion pillars and the unique content aligned with your brand. Mine the creative brief for brand persona cues and evaluate the opportunity against the relatively small audience garnered by an experiential installation. A trade off to consider is scale vs. impact—and use tactics that can help increase number of people exposed.

Mobile-based VR experiences are more easily evaluated through a media consideration model. Publishers and networks can report views and time spent, brand video seems less out of place and there is generally enough inventory to scale. The evaluation should be made between 360° video watched on a smartphone and a stereoscopic 3D video consumed in a mobile HMD-- is it worth the premium? Best practice is to develop KPIs ahead of time that will measure the benefit to the storytelling capability, time spent, positive brand association, additional brand metrics and ultimately determine the success of the campaign.

2   VR/AR in Marketing and Advertising

How VR and AR Expand the Opportunity for Brands

The production and distribution of an openly sponsored announcement across online placements is **Advertising**. Using dedicated ad servers for its delivery and tracking, AR/VR allows advertisers to present ads with an unprecedented level of immersion to an audience. For example Oath, in partnership with Virao created a virtual smart home with ads strategically placed in different areas of the home.

The means by which an organization communicates to, connects with, and engages its target audience to build deeper & more meaningful, lasting relationships with potential customers is **Marketing**. VR and AR technology strengthens marketing tactics by allowing users to not only passively view, but actively participate in engaging, memorable and shareable experiences.

Currently brands can develop and test VR creative experiences and incorporate social amplification strategies to increase media value. Brightline Interactive's VR tractor simulator allowed consumers interact with the Cub Cadet brand by test driving a real Cub Cadet tractor in VR and sharing their experiences on their social channels. As a result, influencers weighed in and positive metrics of likes, retweets, and shares increased. Social media amplification and positive brand engagement are solid reasons to incorporate VR strategies into your marketing and media plans.

2

5 Easy Ways to Incorporate Virtual Reality

1. Define the role that virtual reality will have within the brand's marketing mix. This strategy will help determine the type of VR content to develop—360° videos to be consumed on a smartphone or web browser; stereoscopic 360° videos seen in a cardboard-type viewer; computer generated or 360° film to be experienced in a dedicated head mounted display, a true VR immersive experience at a conference, event, location, etc.

2. Set marketing goals for the VR experience. For example, 360° video that can be watched on a smartphone or web browser can offer scale; an immersive VR experience at an event delivers engagement but to a smaller audience.

3. Distribution strategy—VR content within a branded app, through a 360° video ad network across multiple channels, location based immersive experiences, branded events or LBE partnerships.

4. Develop content that supports the brand strategy and is aligned with the selected distribution channels. Amplify the VR experience through social channels, brand communications, PR releases, WOM and partner marketing.

5. Launch VR campaign and measure ROI through standard metrics like views, heat mapping, time spent as well as VR centric measures like gaze through and gaze tracking. Develop a post-campaign analysis or case study and share learnings with brand stakeholders.

Augmented reality is at the tipping point. Snapchat was one of the first to implement AR into their strategy using crafty filters on user's faces and backgrounds. Their strategy evolved from a fun social communication platform to incorporate brand filters such as X-men and Kraft Mac & Cheese who wanted to get their message out to the public.
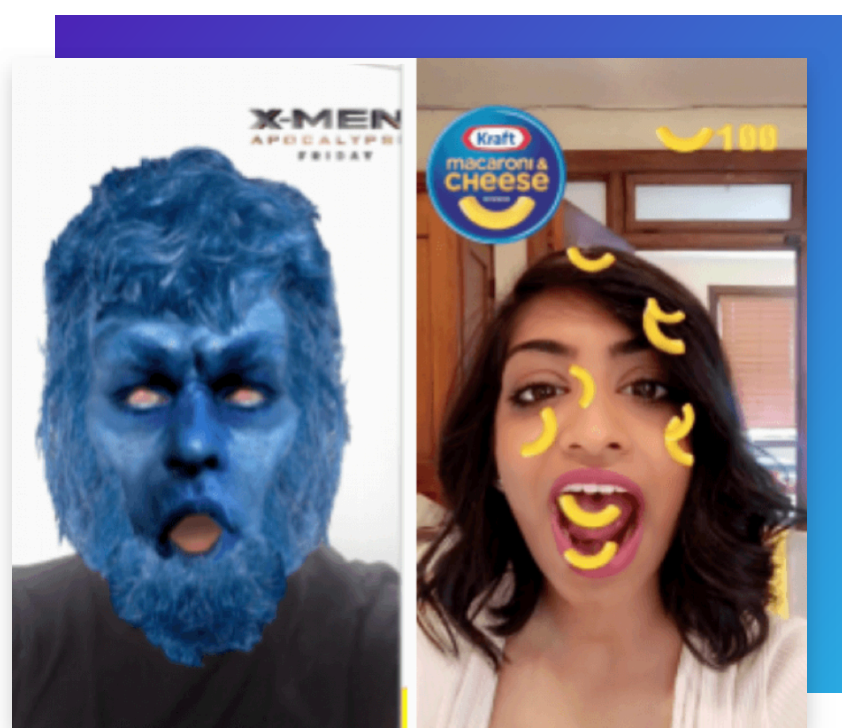
Today it isn't unusual for consumers to use AR at home or in retail environments to redeem coupons, research competitors, try on clothing, see interior design options, explore beauty looks or have a fun brand engagement. Soon there will be an expectation of digital content attached to most objects, products and locations. Image search will become as common as text-based results—the ultimate lens marketing opportunity.

2

5 Easy Ways to Incorporate Augmented Reality

1. Define the brand's campaign objectives and set measurable goals for adding augmented reality to the communications plan. Develop a budget for production, distribution, calls to action and measurement.
2. Determine how to tactically implement AR: use your branded app with a white label AR integration; a third party app with built in AR recognition; a social media AR extension from Facebook, Snapchat, etc.
3. Create content for the augmented experiences: connect your content to selected AR triggers.
4. Execute the distribution strategy—CTA so that customers know how to access AR experiences; support in brand's marketing channels, media support, PR buzz, event activations and WOM to inform consumers.
5. Launch your brand's AR experiences, engage marketing support, measure, optimize and repeat. Develop a post-campaign analysis or case study and share learnings with brand stakeholders.

Large tech brands like Facebook, Snap, Apple, Google and Oath are paving the way with AR capabilities that scale to millions and billions of smartphone owners. Multiple apps deliver extensive functionality today—AR-centric apps like Blippar and Zappar as well as white label solutions that power AR inside branded apps from IKEA, Sephora, BMW and even distillers like Patron Tequila. As a marketer, particularly in the CPG, Retail, Entertainment, and Local space, the time is now to evaluate the best way to use AR to connect the physical and digital worlds your brands exist in.

A case study from Nike illustrates the integration of AR into a suite of successful marketing tactics that Nike has long leveraged—exclusivity with limited-edition product and early access for fans, social influencer involvement, gamification and celebrity endorsements. The AR layer is incorporated when the experience is revealed to users who have followed the clues and viewed the sneakers showcased on a pedestal on a red carpet. Included in the AR content is buy- now capability which provides fans a way to purchase the shoes as part of the sales event.
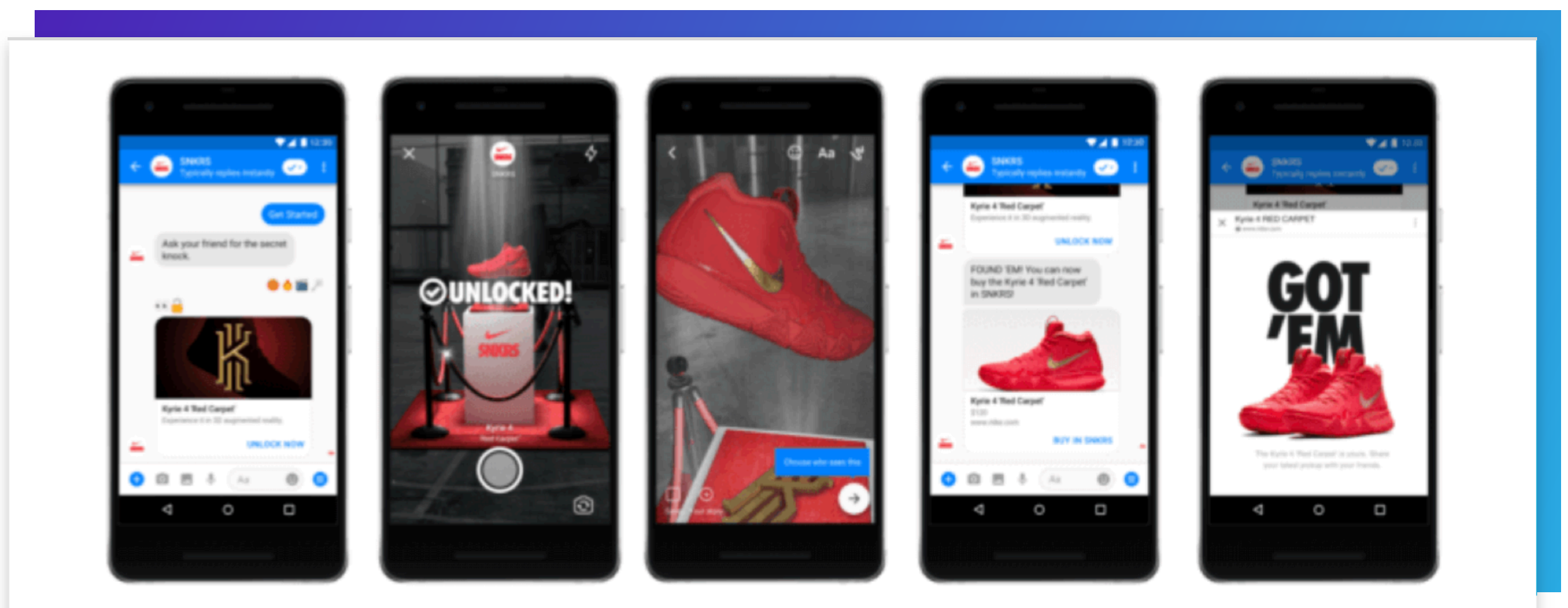
Entertainment companies are adopting AR to promote their IP, increase opening weekend box office revenue and engage audiences. Disney/Pixar boosted Incredibles 2 with a Snapchat Lens sponsorship, Universal has partnered with Moviebill featuring an AR enabled cover that brings characters from Jurassic World Fallen Kingdom to life and FIFA created multiple ways for fans to interact and support their teams through activations on Facebook.

2

Saban Brands has successfully deployed WebAR to promote Power Rangers and facilitate an interactive relationship with its global audience. Augmented reality allows Power Ranger fans worldwide to star in an engaging and personalized experience. Warner Bros's Rampage and 20th Century Fox's Deadpool also include AR components.

Public service organizations use VR to communicate important messages about safety and health. VusionVR developed a 360° video experience called The Silent Killer – an educational 360° video on carbon monoxide poisoning. The response was tremendous from Fire Prevention Officers as well as the general public. VR content was delivered in viewing booths inside 11 Cineplex theaters, at emergency response stations and at the Skills Ontario Competition. Additionally, the 360° video was posted on YouTube and widely shared on social media. Thousands of people were able to view The Silent Killer in the month that the campaign was live.

An Ontario Fire Prevention Officer in the Silent Killer--VR Experience.

2

How Can the Consumer Experience be Measured?

VR and AR effectiveness is continuously being tested and improved. It is important for marketers to understand the differences in metrics from traditional marketing tactics in order to have a full understanding of the opportunities that VR and AR technology offer.

Metrics such as impressions, CTR (click-through-rate) and gaze-through are used when referencing the advertising effectiveness of a VR/AR experience. VR and AR technology allows you to track user interactions in a variety of ways.

Downloads and purchases of mobile VR experiences are the most straightforward for ROI accountability. The ability to view VR on mobile devices is becoming widespread and measurable. VR app downloads can be easily tracked and monetized.

The **average time spent** in an experience/headset is a simple way to measure the effectiveness of the user experience. Statistics show that the current average time spent watching a 360° YouTube video is over a minute as opposed to 2D videos with an ATS of 15 seconds.

Social shares of recorded VR or AR experiences can be tracked through specific marketing platforms and have exponential impressions and marketing value well beyond the initial experience.

Capturing **biometric data** through heart rate and breathing data can help brands understand the physiological impact of marketing and advertising on the consumer. Advertisers can use this information to fine-tune the experiences to elicit specific emotional responses that will lead to measurable actions.

The most powerful reason to market with VR is user recall. The act of doing and experiencing is by far the most memorable of all communication mediums. VR has the power to make people feel and believe that they are actively involved in creating their own personalized experience, thereby creating a stronger affection for the brand.

Eye tracking and **heatmaps** are metrics unique to virtual reality. When you move your creative into a 360 environment, the technology can track where your consumers are gazing and for how long. This metric proves to be extremely important when you have integrated your products and brand into the experience.

As with traditional marketing tactics, call-to-actions and engagement levels with click-through or view-through-rates are essential to track and will ultimately lead to emotional, engaging interactions that support the brand's experiential appeal.

2   How Brands Should Evaluate VR and AR Opportunities

VR: In the immediate future, virtual reality can be likened to experiential marketing. Today the number of OOH VR locations is growing exponentially. Personal hardware adoption is constrained by cost, space and social considerations although new Standalones may boost the number of home users. Installations that complement events and promote proprietary IP are available in many movie theaters, theme parks, family entertainment centers, VR arcades and pop-ups in malls-- and will be the way that most people experience VR for the first time.

When a brand considers developing a VR project it is important to be realistic about goals, benefits, KPIs and why VR in particular is the right medium to use. An immersive brand experience at an auto show makes sense; VR as part of an in-store retail promotion probably doesn't.
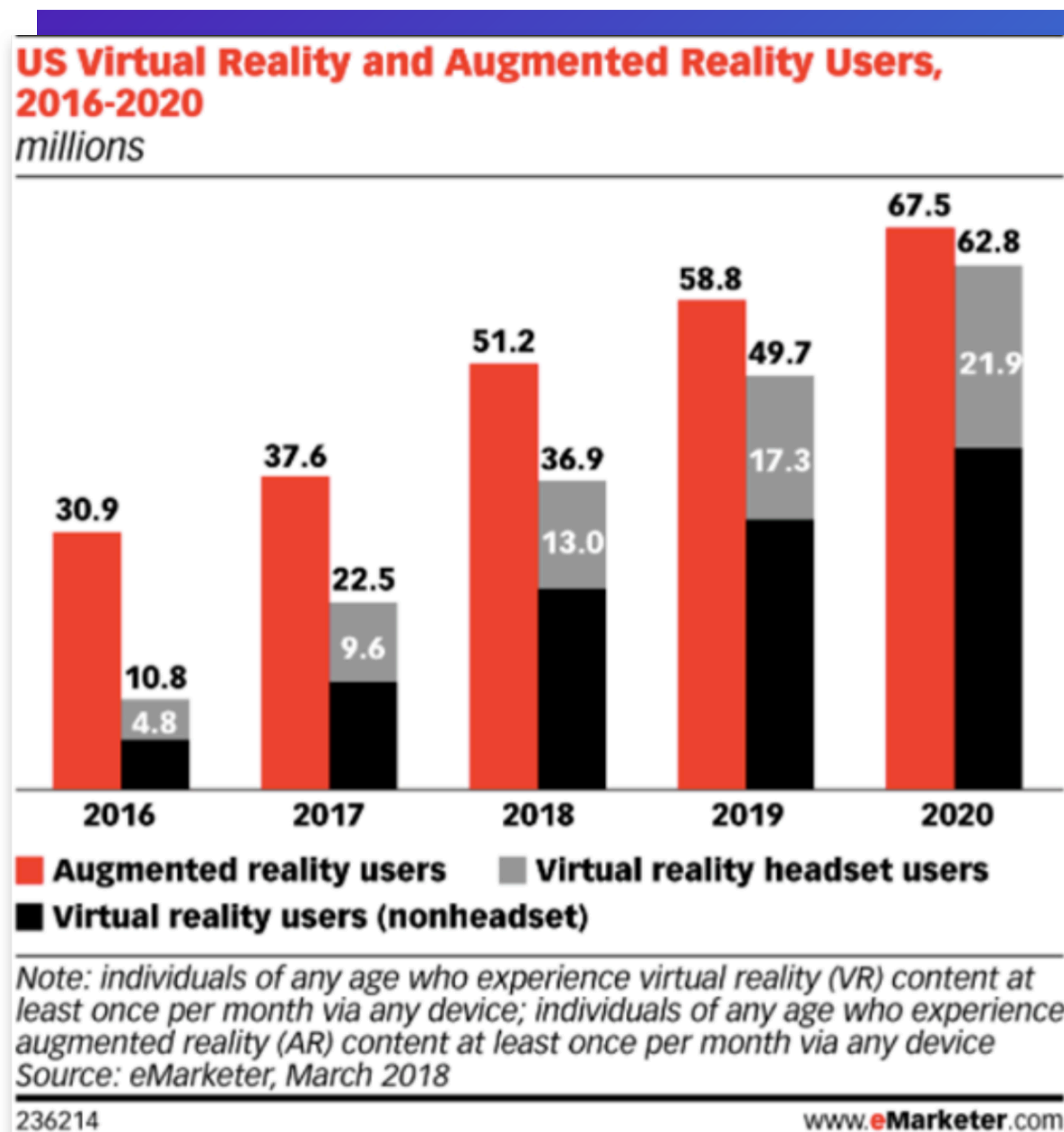

US Virtual Reality and Augmented Reality Users, 2016-2020
millions

	2016	2017	2018	2019	2020
Augmented reality users	30.9	37.6	51.2	58.8	67.5
Virtual reality headset users	4.8	9.6	13.0	17.3	21.9
Virtual reality users (nonheadset)	10.8	22.5	36.9	49.7	62.8

■ Augmented reality users   ▨ Virtual reality headset users
■ Virtual reality users (nonheadset)

Note: individuals of any age who experience virtual reality (VR) content at least once per month via any device; individuals of any age who experience augmented reality (AR) content at least once per month via any device
Source: eMarketer, March 2018

236214   www.eMarketer.com

Exhibit 5

2

AR: Augmented reality has already become a viable tactic for marketers. Brands and agencies are embracing the technology and including AR in their overall creative and media strategies. Aggregated together under the moniker 'lens marketing', AR solutions are becoming more mainstream.

How do marketers use AR? Offline to online connection is one way that brands are incorporating AR. For example, physical packaging, logos, codes, print ads and OOH ad units can be image-tagged so the user will see a digital experience through the lens—most likely a smartphone camera. GPS and beacons can trigger a proximity-based digital experience when the user comes into the targeted range.

Engagement is growing in importance as an ROI metric-- so an experience where the user interacts for many seconds/ minutes becomes a more valuable communication. This linked digital content can also be swapped out easily providing the advertiser a simple way to change the specific message. AR extends the lifespan of brochures, print ads, direct mail and other collateral by making traditional executions more useful and informative.

3 Summary

The time is now for marketers and agencies to think about the strategic value that virtual reality and augmented reality tactics can bring to clients. Although the technology, content and influence of the technology may still not have clear winners and losers there is no doubt that VR and AR will shortly become pervasive and important media vectors for consumers and integral to communication plans mid to long term.

VR, AR, XR--colloquially known as immersive media-- requires a shift in thinking similar to the one made by the advertising/ marketing industry that embraced 'pull or lean in' channels alongside ' push or lean back' messaging of the last century. VR/AR/XR offers a new creative palette, distribution system, analytics and emotional impact on those who experience it. The VRARA stands ready to support members with research, thought leadership, vertical insight and connections to fellow travellers. For additional information please visit: www.thevrara.com.

4 Case Studies

VR: "Insights from Another Reality," Oath

Client: none
Agency: Oath

Oath, in collaboration with the media agency pilot & Virao, created a virtual smart home. They conducted virtual sessions with 338 consumers to analyze their acceptance of 5 different ad placements in different areas of a smart home.

Key Findings:

- Strong VR likeability leads to valid results: 98% of all respondents like the VR experience much or very much.
- The future POS moves from the high street to consumers' houses: The most memorable element is the digital fridge, with 93% unaided recall, along with 50% of all respondents liking this smart home concept the most.
- AR advertising (in-home) creates +22% sales uplift in the food category
- Natural fit: The product ad placement had the closest perception of being reality and therefore had the highest brand recall by users.
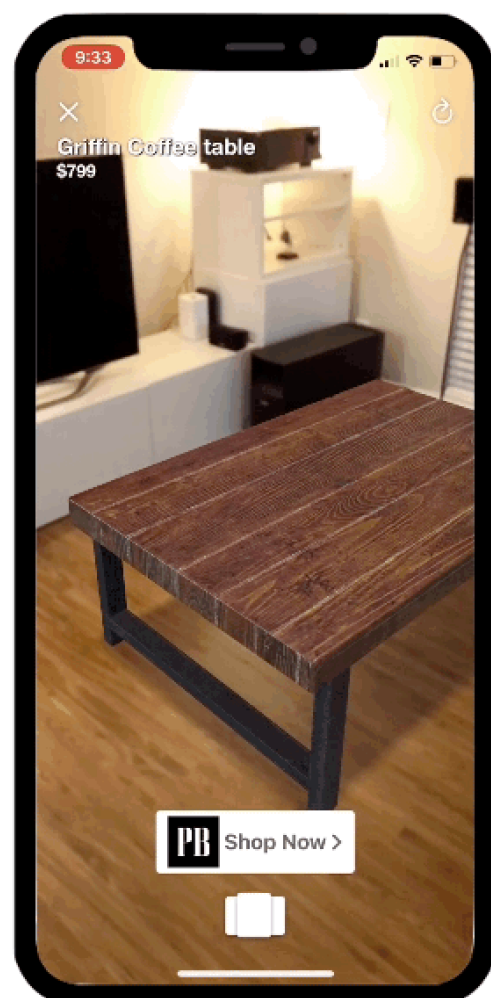
4 Case Studies

VR: Toyota TeenDrive365 Virtual Reality Experience

Client: 360i, Toyota
Agency: Brightline Interactive

Toyota and its agency 360i partnered with Brightline Interactive to create a consumer experience that would help curb distracted driving among teens. Toyota wanted a virtual reality experience that would garner attention at America's auto shows and national events in the United States, including SXSW. The objective was to deliver an experience that provided a realistic simulation of distracted driving while providing educational insights to the end user.

Brightline designed and developed a virtual reality distracted driving experience using an Oculus Rift headset and 3D sound by VisiSonics. Users were situated inside an actual Toyota vehicle and utilized both the steering wheel and pedals, which were integrated into the experience. The user needed to drive in the 3D environment while managing common audio and visual distractions like passengers, incoming text messages and external hazards. Upon completion of the simulation, which often ended in an accident; users filled-out a survey to address what they

Key Findings:

- Over 20,000 consumers experienced the distracted driving simulation, which was featured in 9 major markets over the entire tour.
- 94% of participants said they plan to reduce future distractions following this experience.
- Generated over 277MM earned media impressions, receiving over 37 original stories from outlets including NBC, USA Today and Fast Company.
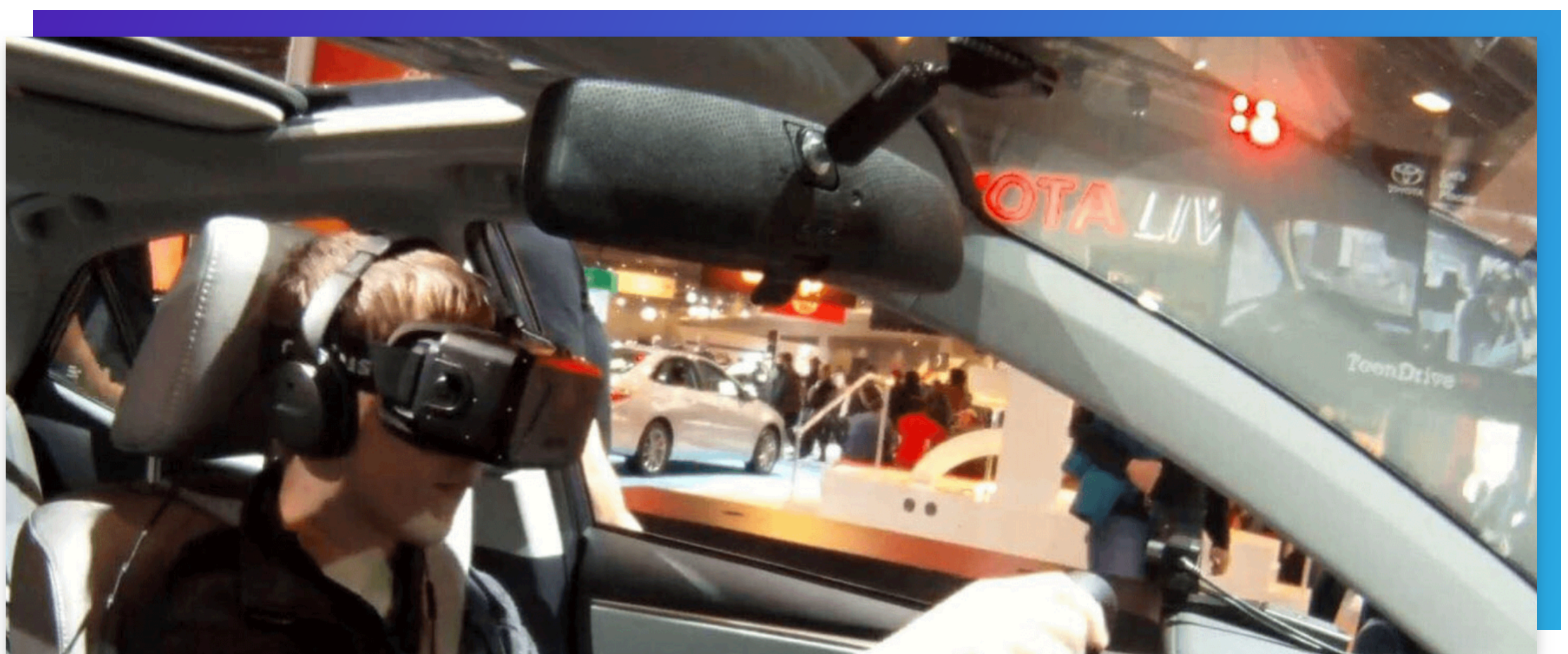
4 Case Studies

VR: Cub Cadet- Signature VR Experience

Client: Red Moon Marketing, Cub Cadet
Agency: Brightline Interactive

Brightline Interactive produced a virtual reality experience for Cub Cadet zero-turn lawn mowers. Multiple sensors were placed at various locations on the zero-turn lawn mower, which allow users to test drive the equipment in a fully interactive VR environment. Brightline incorporated realistic residential graphics, sounds and educational pop-ups to produce the ultimate VR mowing experience.

The project traveled to various NHRA events across the country, allowing attendees to test the functionality of the zero-turn lawn mower and make informed decisions about the purchase of their lawnmower. Users follow a path of arrows to effortlessly twist and turn down the lawn. When the user completes the experience, they realize they have spelled out their name in the freshly mowed grass, creating their "Signature Cut." Users then have the option to email an image of their lawn and share their VR experience on social media from the display booth.

Video Link: https://vimeo.com/246331060
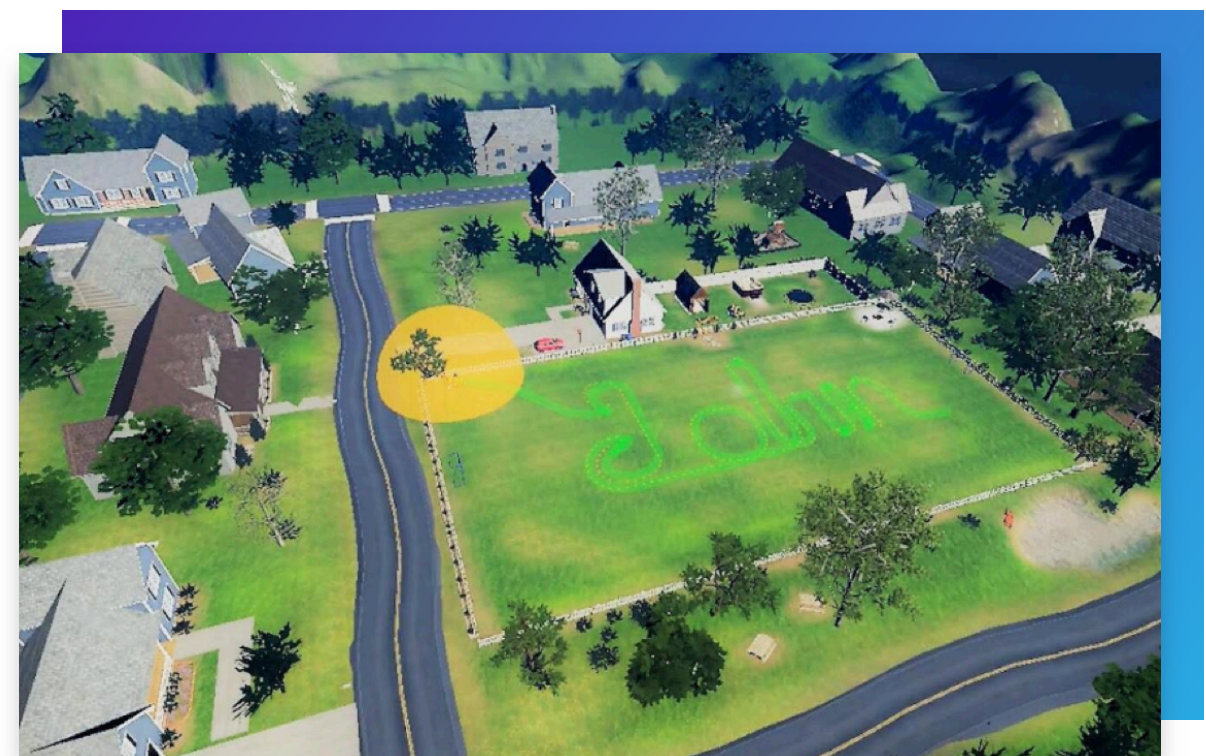
4 Case Studies

VR: JEWLR

Agency: Sketchfab

The Advertiser

Jewlr is an online destination for fine jewelry that is completely customizable. Using advancements in manufacturing and web technology, Jewlr's online system gives its customers the ability to create and visualize rings, necklaces, charms and more, personalized specifically for the buyer. Offering a variety of precious metals, gemstones and engraving options, Jewlr allows customers to create one-of-a-kind gifts.

Campaign Objectives

As an online-only retailer, Jewlr is challenged by the fact that customers cannot not directly engage with jewelry as they would in a physical store. The purpose of the campaign was to drive awareness and consideration by broadly distributing a 3D model to buyers in-market for jewelry with a creative format that would give users a full sense of a particular piece.

Creative Challenge

Sketchfab set out to build a 3D ad experience designed to give buyers the full sense of a ring in a physical space. The ad is designed so that users can move the product and zoom into great detail, exploring the full product and creating as close to an in-store experience as currently possible on the web.

Media Strategy

The Sketchfab player is built with WebGL, a technology standard for rendering interactive 3D graphics within all web-browsers without the use of plugins. That means that embedding a 3D model anywhere on the open web is as simple as sharing videos. It also means that the player is fully compatible with most ad servers and demand-side platforms.

Jewlr chose to distribute their 3D creative asset through the Google Display Network targeting users who had were in market for gifts or who had visited the Jewlr website.

Results

This 3D ad drove a major increase in ROAS compared to all other display ads previously run by Jewlr. The campaign brought in a return on ad spend of 6.34X . The quality in site traffic has also increased as reflected in a much lower bounce rate from traffic referred through the ad.

	ROAS	Bounce Rate
3D - Ad	6.34	34.37%
All other Display Ads	2.56	73.73%
% Difference	147.66%	-53.38%

4

"We believe that 3D ad technology is the ultimate ad solution for the e-commerce store. Sketchfab has made it possible for us to show potential customers our products at their best and the results speak for themselves. In the future, we hope to scale out this technology to other platforms as well as continue developing innovative creative for this powerful 3D format." – Tony Davis (CEO of JEWLR)

# 4 Case Studies

## AR: Snapchat AR Ad Campaigns

Company: Snapchat
Clients: Kraft, X-Men

For gen Z and at least half of Millennials, Snapchat is their social media channel of choice. And, they are very loyal to Snapchat. With that said, across the board today's user and audience expect contextually relevant, visually engaging, ad content to connect with a brand or business.
That means that ads need to have a simple and clear message with a call to action that penetrates. Snapchat ads let the creative do the talking while the user feels like they are being entertained by an experience unique for them but also to share with all their friends.

Snapchat was one of the first media channels to use AR in their ad monetization scheme; allowing brands or businesses to sponsor a lens or geo-filter. Successful campaigns by default all have an interactive element via the lens/geo-filter and personalization via the user-generated content/pic. However, each AR element clearly adds value for both the brands and the user. It's a perfect mashup of surprise and delight.
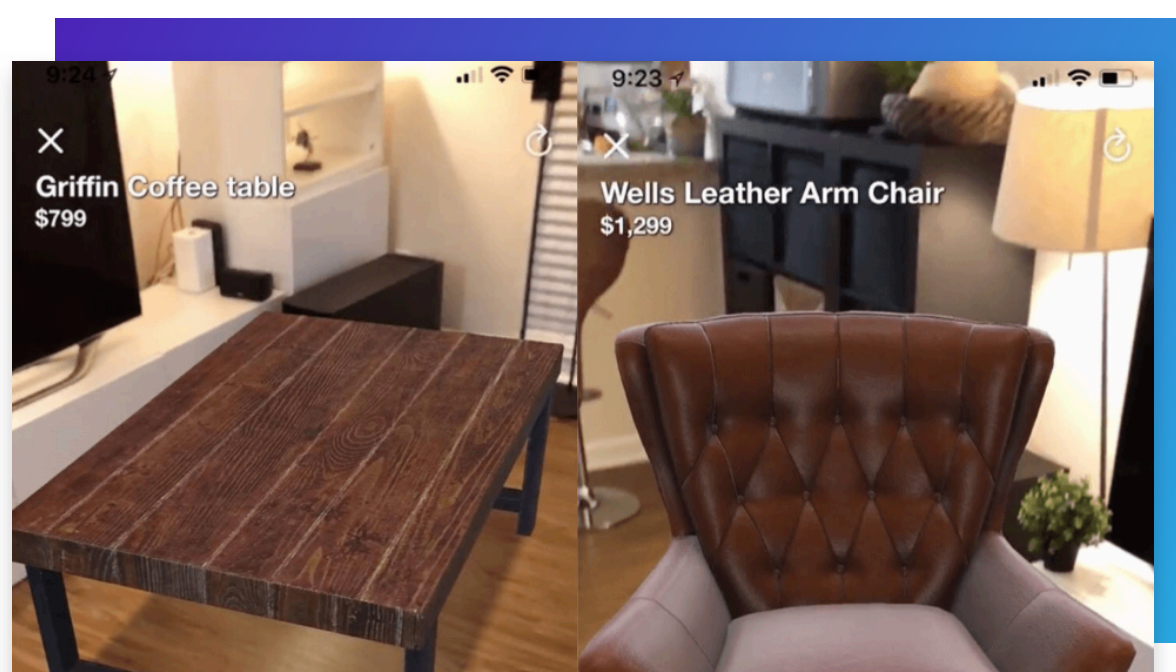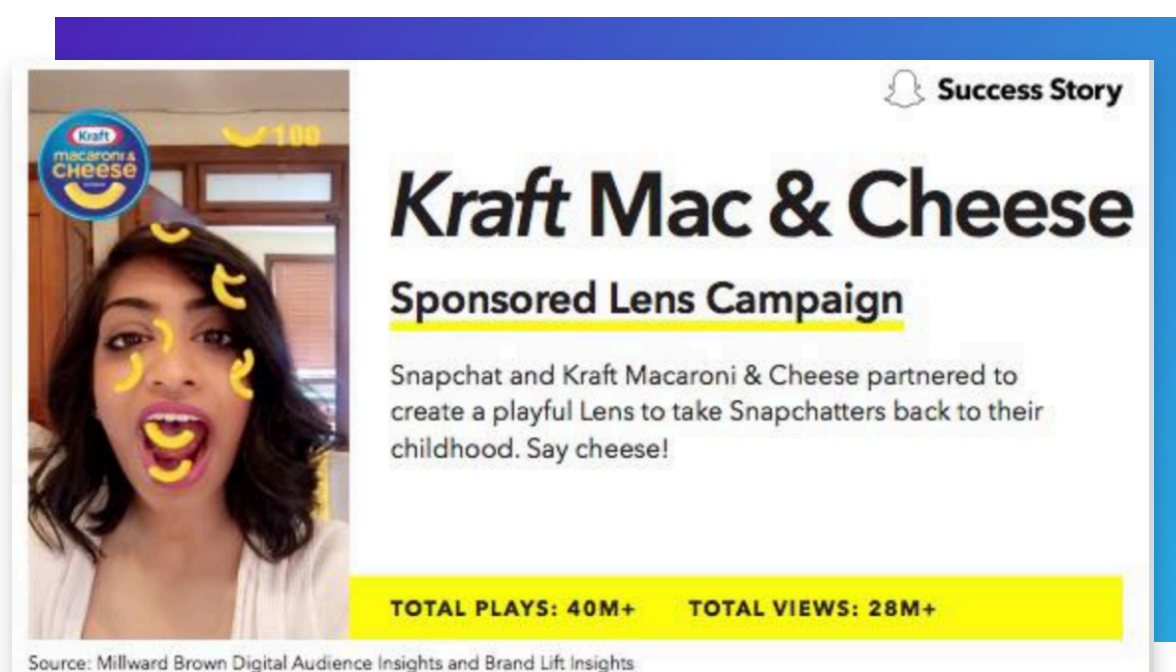
4

AR lenses on Snapchat typically cost between $500,000 and $1 million per day. Pricing is dependent on factors such as:

- Targeting criteria
- The timing of the lens

Metrics:

Snapchat measures performance by these metrics/KPIs:

- **'Viewability' -** provides metrics for how much attention your ad has received.'
- **'Reach' -** is pretty standard but 'resonance' gauges thought and feeling about your ad. While 'reaction' tracks in-store lift in sales.
- **'Verification' -** provides third-party data to keep things transparent.

Key Findings:

- AR presents a fundamental shift in the future of doing business.
- The now approx 35-40% of users just on Snapchat alone will grow.
- Over half of 13- to 34-year-olds in the U.S. are using AR on Snapchat every week.
- Snapchat's AR lenses reach about 15% of the U.S. population[3].
- The interactive 'fun/play' element of AR will soon evolve into ever more sophisticated functionalities that both provide a service and engage the user uniquely and positively.
- Picture AR integrated into much more of our daily journey, from picking up your local coffee to getting on your next flight.
- With the Spectacles; AR will make it into this form factor, i.e., glasses. Brands that want to survive will rid themselves of customer pain-points via AR solutions aimed for maximum customer satisfaction.
- Everybody else will either adapt or be rendered obsolete. The future is now (i.e., "adapt or die").

4   Case Studies

AR: Yahoo Mail App AR solution (Advertising)

Client: Home Depot
Agency: Oath
Technology: Augmented Reality

Following Oath's debut[4] of augmented reality and other innovative mobile ad formats for advertisers in December and the rollout to international markets this year, Oath released results from its pilot augmented reality campaign with Home Depot:

The national retailer was looking to get consumers excited about its selection of holiday decor last December and drive shoppers to the website. Recognizing the need for an engaging and personalized experience, Home Depot partnered with Oath to test new AR ad units. The ads, featured in the Yahoo Mail mobile app, allowed consumers to view what a Christmas tree with its decorations from Home Depot would look like in their own home, and the experience was a huge win.

Key Findings:

- Recipients spent an average of **2+ minutes interacting with the AR ad**

In addition to Home Depot, Pottery Barn worked with Oath to launch a new AR ad within Yahoo Mail that allows consumers to virtually place different pieces of Pottery Barn furniture throughout the room of their choice to help drive traffic to the retailer's mobile website and also facilitate purchase decisions. Pottery Barn saw 2+ minutes of engagement with the AR ad unit.

Additional insights:
- https://www.oath.com/2017/12/20/oath-introduces-new-ad-experiences-with-a-focus-on-mobile/
- https://www.oath.com/insights/case-study-how-the-home-depot-ar-ads-lit-up-the-holidays/

Press coverage:
- https://www.adweek.com/tv-video/oath-announces-4-new-ad-formats-on-mobile-including-ar-and-savable-coupons/
- https://www.mobilemarketer.com/news/home-depot-tests-oaths-new-ar-ad-unit/513606/

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[4] https://www.oath.com/2017/12/20/oath-introduces-new-ad-experiences-with-a-focus-on-mobile/

4 Case Studies

AR: Porsche Augmented Reality (Marketing)

Client: Porsche Cars North America
Agency: You Are Here

Car buyers are spending less time than ever at car dealerships. They want to research, configure, and price their cars online. How can Porsche help buyers customize their perfect cars online?

The latest augmented reality technologies brought the car customization process to life in an exciting way. The AR configurator experience was originally built for the Microsoft HoloLens, but when Apple's "ARKit" SDK was released to developers, the experience was ported for improved graphics and much greater distribution. Using You Are Here Labs' "ConfiguratAR" tool, buyers fueled their imagination with their iPhone or iPad - customizing their dream car, examining it from all angles in different environments, and even taking it out for a spin.

Results:

- iTunes 4.5 Stars
- Added to Apple's "AR Apps We Love" list
- # Downloads: (undisclosed)

Link: http://www.youareherecorp.com/porsche-augmented-reality.html
Press Release: https://press.porsche.com/download/prod/presse_pag/PressBasicData.nsf/Download?OpenAgent&attachmentid=1231668
Article: https://next.reality.news/news/brief-reality-dont-drink-drive-unless-its-ar-0180256/

4 Case Studies

AR: Nike Facebook Messenger AR Campaign

Client: Nike

It wasn't just a "go here" kind of AR experience. First, there was what Nike called "the secret knock." Sneaker fans had to obtain and line up a sequence of four emojis, which were distributed by Messenger-based social influencers working with Nike. Then, in communication with Nike's SNKRS bot, they entered these four as a code. The "knock" revealed a link to a "Kyrie 4 'Red Carpet'" experience which, when clicked, opened the phone's camera and allowed the user to see the sneakers atop a pedestal surrounded by red carpet. The Red Carpets are a limited edition shoe branded by basketball star Kyrie Irving. The user could then examine the sneaker by walking around the pedestal, viewing its superimposition over a real environment through the camera screen. When the user exited the experience, a screen offered the opportunity to purchase the shoes. And some number of sneaker fans did, immediately.
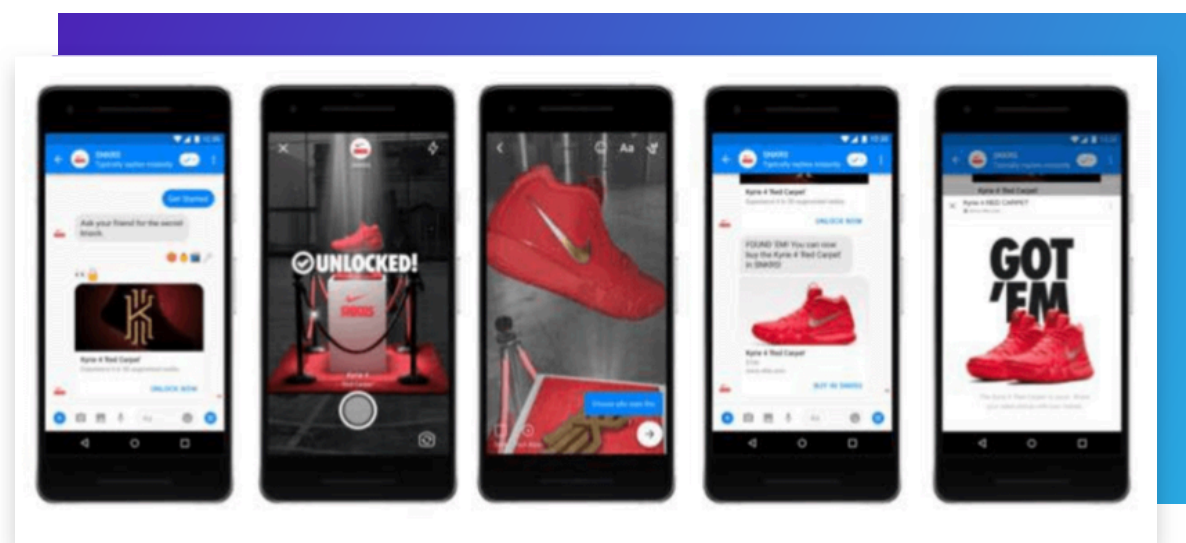
AR certainly has a "wow" factor. However, that sizzle is probably going to wear off over time. So, Nike tested a project might give some hints about what a successful AR-based sales event might look like, with ROI boosting the buzz generated by a good sizzle.

- AR boosts a product because of "the idea that still images aren't nearly as attractive as seeing [them] in the real world."
- Nike designed the experience so that it had several exclusive elements, including the "secret knock" (ie special password required to get into speakeasies during Prohibition).
- While sneaker exclusivity offers a different kind of intoxication, this approach meshes well with the attraction of limited editions to "sneakerheads." For product aficionados, seeing something before anyone else does can be a strong incentive.

4 Case Studies

360° Video: Public Service and Advocacy— "The Silent Killer"

Client: Technical Standards and Safety Authority
Agency: adHome Creative
Technology: 360° Video

adHome Creative enlisted VusionVR to create an immersive VR experience to educate Ontario, Canada residents of the dangers of carbon monoxide poisoning in the home. The 360° computer-generated video guides users through a residential home, passing potential sources of carbon monoxide leaks. It is imbued with a horror-movie aesthetic and escalating tension that grips viewers and emphasizes the potentially catastrophic results of CO poisoning.

The experience was distributed online via YouTube and promoted across the TSSA's social media platforms. Between February 14 and March 17, 2018, adHome Creative installed viewing booths at Cineplex movie theaters in 11 cities around Ontario, Canada. The booths were also set up at local emergency response stations and at the Skills Ontario Competition.

The campaign included the distribution of custom branded Google Cardboard VR viewers provided by VusionVR. These complimentary items were intended to keep the campaign's messaging fresh in users minds and spark conversations with friends and family.

Key Findings:

- Professional Fire Prevention Officers responded positively to the VR experience.
- adHome's viewing booth attracted multiple visitors and curious users: The display resulted in 1480 users at the Cineplex locations and an additional 480 users at the skills competition.
- The Silent Killer 360° video was a social media success. The video reached almost 500,000 users and was shared over 2.2 thousand times.
- On YouTube, the 15-second trailer has been viewed over 170,000 times and the full 360° experience has been viewed over 2,700 times.

4 Case Studies

360° Video: KFC "Add Hope" Campaign

Client: KFC Add Hope
Agency: Mark 1 Labs

In an attempt to correct some of the severe food shortages in South Africa, KFC started the "Add Hope" feeding initiative. The idea was simple; ask every KFC consumer to donate R2 with every meal bought. Now in its 7th year, it is harder to get people to donate because they could not see where their money is going and how it impacts thousands of children's lives every day.

In an effort to invoke sentiment towards their hunger initiative, KFC formulated a first-of-its-kind digital strategy, using digital video to create an emotive experience, inviting South Africans to virtually meet some of the children who benefit from the "Add Hope" R2 contributions. KFC ran a mass awareness campaign that targeted previous KFC customer used a 360° video of the child beneficiaries playing and laughing in a playground.

Key Findings:

- Engagement Rate Results - 26,89% Global Benchmark -3% ROI - 9X Higher
- View Through Rate Results - 91% Global Benchmark - 40% ROI -2X Higher
- Time Spent on Unit Results - 1 Min 8 Sec Global Benchmark -37 Sec ROI - 1.8X more
- CPV Results - R1,80 Global Benchmark - R2.10 ROI - R0.30 less

Full case study: https://cdnadsp.azureedge.net/marketing/case-studies/kfc-360-vr-ad-case-study.pdf

Media coverage:
https://www.mediaupdate.co.za/marketing/143161/mark1-labs-delivers-award-winning-virtual-reality-ad-unit-for-kfc

5 References

[1] https://www.brightlineinteractive.com
[2] https://www.magicleap.com
[3] Source: Advertising Week Europe on March 19, 2018
[4] https://www.oath.com/2017/12/20/oath-introduces-new-ad-experiences-with-a-focus-on-mobile/