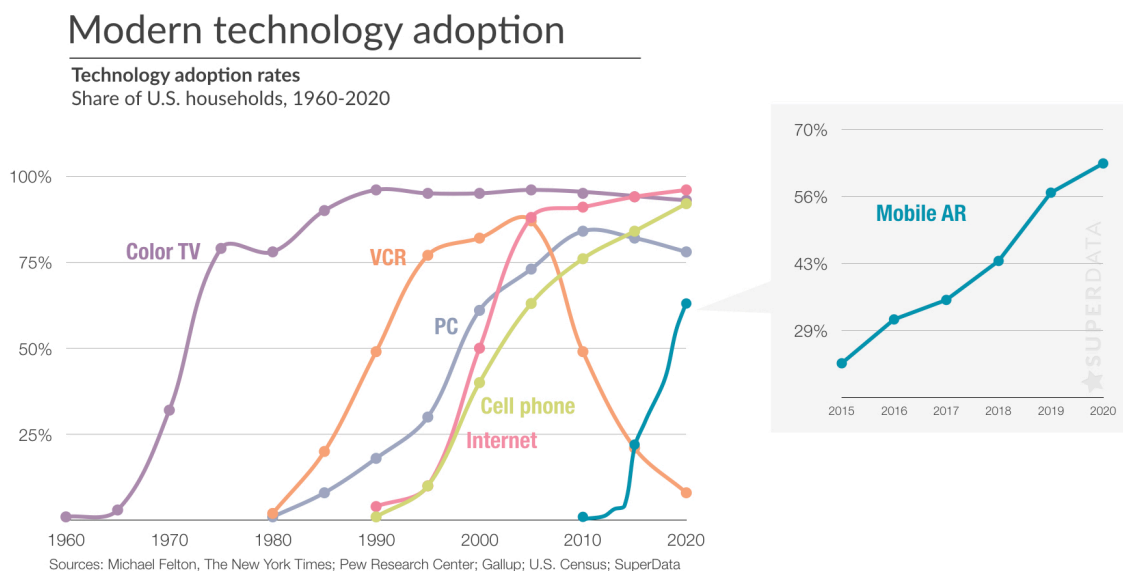


WHAT BRANDS NEED TO KNOW ABOUT MOBILE AR

2019

AR WILL PAINT THE WORLD WITH DATA

New technologies have never been overnight successes. Color TVs, PCs and even the internet took decades to reach critical mass among media consumers. Now we find ourselves seeing the growth of yet another new technology in the form of augmented reality that will eventually, according to XR expert and writer Charlie Fink, paint the world with data. According to Fink and XR researcher Stephanie Llamas, AR is the “overlaying or mixing simulated digital imagery with the real world as seen through a camera and on a screen. Graphics can interact the real surroundings (often controlled by the user).” This can be in the form of headsets, glasses or mobile devices, the latter of which are already changing the shape of the media landscape.

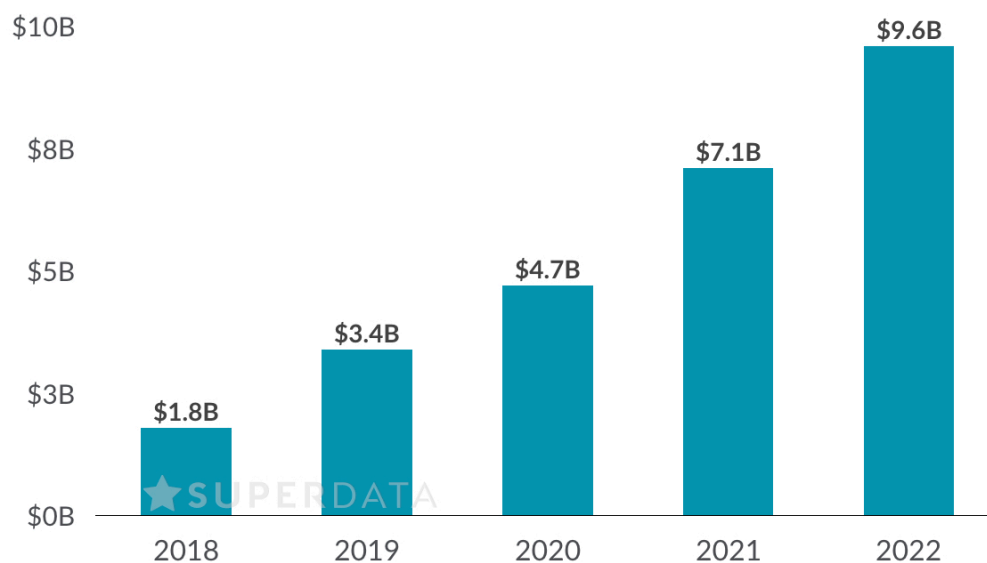


Mobile AR adoption refers to households that have used AR on their mobile phone at least once that year.

Mobile AR already has access to over a billion smartphone users, reaching 1.4 billion by the end of 2019. The technology also generated \$1.8 billion last year and is expected to double this year. As the highest grossing software platform in XR with the widest reach, mobile AR is set to revolutionize the industry and become a prolific gateway to virtual reality (VR), AR glasses and mixed reality (MR) adoption in the future.

The Mobile AR Market

Consumer software revenue: 2018-2022
Billions of USD, worldwide



The most widely used tools to create mobile AR content are ARKit for iPhones and ARCore for Android. As a first mover, ARKit boasted the largest audience with 112 million monthly unique users (MUU) by the end of 2018, while ARCore accessed 53 million MUU during that time. There are almost 3,000 applications created in ARKit and over 500 on ARCore. Other tools to be aware of are Vuforia, an SDK that can be used to create AR apps, 8th Wall,

which allows users to create AR experiences for the mobile web, and Amazon's AR/VR tool on AWS called Sumerian.

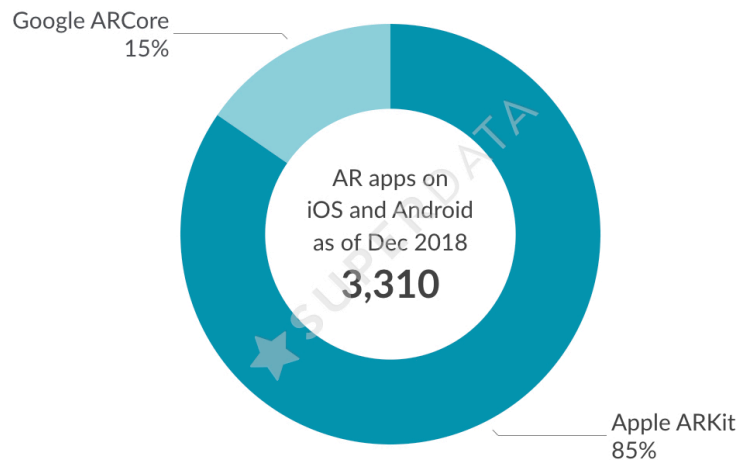
This quick industry growth means brands are taking notice. Ikea, Wayfair, Sephora and Anthropologie are a few of the first adopters in

the space finding ways to leverage the technology for retail. However, there are a plethora of ways brands can use it to increase brand affinity as well. For instance, MLB's At Bat app is enhancing fans' experiences by allowing them to get live data on games through an AR lens. The Pokémon brand is probably the most well-known in the space, incorporating AR technology directly into their game Pokémon GO. Other game companies are also taking part by creating additional content, such as Riot incorporating AR effects in their League of Legends World Championship broadcasts.

However, brands are mostly relegating their efforts to standalone apps. Some of these AR capabilities are add-ons to their regular applications, like with Amazon and Facebook, but others require users to download an application just to use AR. This means users must be proactive in their quest to use branded content, which is a hard sell to advertising-averse audiences.

Mobile AR tools

ARKit vs. ARCore market share: December 2018
Number of mobile AR apps

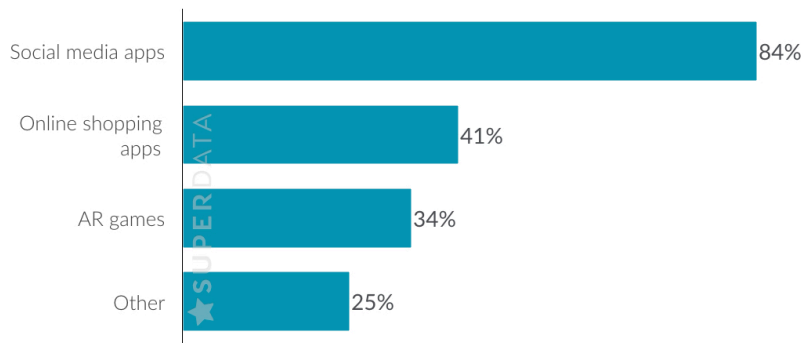


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Mobile AR app

Most popular types of AR apps: December 2018
Share of U.S. users by app type



As a result, brands will need to be creative about their use of the technology and understand who the AR audience is, how they are using their mobile devices and where their appetite lies for these new capabilities.

Three in five mobile AR users are millennials, with users 18-35 skewing female. But this still leaves about 40% of folks 35 and older accessing content. While the audience is varied, the average age of adult mobile AR users is 13 years younger than non-users (33 versus 46 years old). This is largely why social media tops the list in terms of the most popular mobile AR apps. On average, the mobile AR audience spends about a half hour using AR apps and capabilities, and accesses them at least twice a week.

Interest in mobile AR has been increasing as it continues to grow its access to audiences. So brands have a real opportunity to create unique, compelling and targeted experiences that stand out and build positive brand sentiment. But diving into this space isn't enough – brands need to consider the best

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ways to do so. Understanding the best practices for creating content and when to use AR is key to getting the most out of it.

BEST PRACTICES

Just because you can work augmented reality into a campaign doesn't mean you should. While the technology has tons of potential for creating immersive stories and providing useful information in context, it is not a perfect fit for every brand. The starting point should always be the story, not the technology, and AR should always be deployed strategically.

Think back ten or so years to the rise of social media. At first, many brands were dismissive, and then they all jumped on socials with no clear idea of what they were doing. It took a few years but the idea of having a social media strategy is now something that pretty much everyone takes for granted. No major brand would ever randomly share content or create posts just for the sake of posting something – even the most off-the-cuff tweet has likely been workshopped by several people.

Augmented reality is now in that uncomfortable spot where everyone thinks they should be doing it, but not many people are thinking about it strategically. There are several best practices to figure out whether AR is right for a campaign or situation, and going through these as you plan your creative and strategy can help make sure you're not wasting time and money.

The first thing to ask is: what is the point of this? Somehow this is deep and existential and also patently obvious, but it helps to take a step back and realize that many people are still approaching AR from the perspective of “my CMO saw a panel that said AR is the next big thing and so we need to do it” and “we have this new tech that we want to showcase” (both of these are real comments, by the way). The problem is, just slapping an AR layer on a campaign and calling it a day doesn’t work. You need to think about what value it provides.

There are two main value drivers for AR right now: utility and delight. Utility is an easier concept to understand. Furniture apps that allow you to make sure a couch fits in your home; cosmetic apps that allow you to try on a new shade of blush; direction apps that allow you to not have to stare at your phone – all very useful. Can your brand use AR to share information and provide a service? Maybe you make a product that people sometimes have trouble using, and you can use AR to guide them through the process step-by-step in an intuitive manner. The prime use case here is something like a high-end coffee maker, but almost any appliance has some complicated function that could be more clearly explained. Why flip through a car manual when a driver could just hold their phone over an engine and be guided through a simple repair?

Utility can also be merged with delight. An early ARKit use case featured a man who had pre-ordered a Tesla creating a model and placing it in his driveway, then sharing with friends to convince them he had gotten his car

early. While allowing someone to place a car in a driveway has some utility, it can also spark delight and create shareable content. Think of all the holiday car sales campaigns, and imagine using AR to let people put the car in their parking spot and then share with a potential buyer – it's a powerful thought.

Augmented reality can be used to create delight, but the key is that it must be done in context. The whole point of AR is that it is a digital layer on top of the physical world, but the physical world needs to be part of the experience. Otherwise, the digital layer becomes meaningless.

Consider a recent example of a pop-a-shot AR game. It was fun and the mechanics worked well, but it had no context and the physical world the game was placed on had no bearing on the gameplay. As a result, it could have just as easily been a non-AR app. It could have been interesting. Maybe the game could have been tied to basketball courts around the city, and by playing at a certain location, winners could have received tickets, merch or coupons.

Another recent AR example that veered off course is that of a bank that wanted to raise awareness about the working poor who live in their vehicles. It was a noble attempt, but the AR only activated near a specific art installation, which meant the message was lost to anyone who didn't attend. Compare this with how powerful it could have been if any car had activated the story. It could have been a powerful example of how prevalent near-homelessness is in many cities.

Context for AR needs to go beyond physical triggers. Consider how people will interact with the experience and where they will be when they consume it. A brand once pitched a portal experience (an AR experience where someone can physically walk through a door into a 360 video and then explore that space before turning and walking back into the real world) as an in-game ad unit for a casual game. Portals are undeniably cool and a great use of AR, but consider where most adults are when they play casual games – on the subway, in line at the bank or in other situations where getting up and walking around isn't practical. Again, this goes back to the first and most important point: just because you can use AR doesn't mean you should.

HOW BRANDS ARE USING MOBILE AR



REMAKING SPACE

An art collective created an AR app that could be used in certain parts of the Museum of Modern Art in New York. When users held phones over Jackson Pollock paintings, alternate art was shown. For edgier brands, this technology could be used to redirect customers and for viral marketing campaigns.

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IMAX

To promote the new documentary *Pandas*, IMAX created an app with Conversive that allowed users to not only put an animated panda in their world, but also ask the character questions about what it ate and where it lived. Using voice in AR is a great way to make the experience even more immersive.

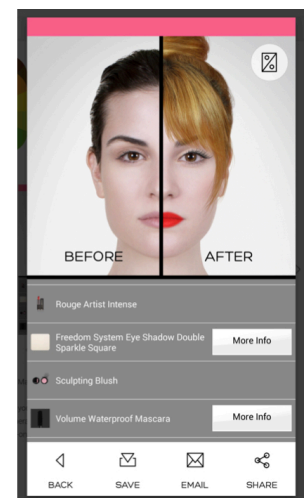


RETAILERS

Retailers are incorporating AR into their apps to enhance the buyer experience as well as lower costs associated with returns. Amazon, Wayfair and Pottery Barn are three companies that have created AR capabilities which allow users to try before they buy.

MAKEUP

L'Oreal acquired the company ModiFace, which makes beauty mobile AR solutions, in March 2018 in order to do what Sephora also does in their app and allow people to see what different products look like on them directly through their phone's camera. Hair color manufacturer Madison Reed has built in AR capabilities into their app as well that give people the opportunity to see what



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different dyes will look like on their hair. These AR beauty applications are most popular with the female audience ages 18-34, who purchase an average of 8 beauty products a month.

NOWHERE TO GO BUT UP

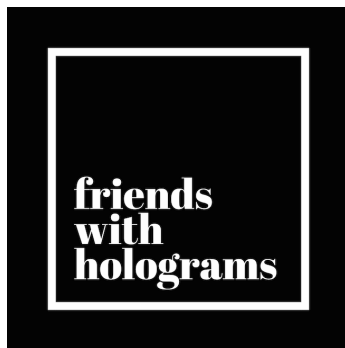
With the acceleration of mobile AR's widespread adoption comes the need for companies to jump on this trend. A few years from now, most brands will be unable to remember a time when AR wasn't a key part of almost any campaign. But the most important step now is to make sure you are experimenting and making great, contextual creative, and working AR into every new initiative. There are so many questions that need to be asked which seem obvious but are essential to getting the most out of mobile AR.

The most important one: How will you make your mark on the frontlines?



See the full Mobile AR and Brands report or to learn more about SuperData's XR offerings:

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