

ARTILLERY DATA BRIEFS

AR LENSES SHOW 30% ACTIVATION RATE

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As AR continues to find its footing and potential killer apps, there are early signs of monetization in advertising and commerce. That stems from the fact that AR product visualization and “try before you buy” have user appeal/utility and growing interest from brand advertisers.

The latter is already evident from lots of signals we’re tracking such as advertising spend and monetization progress of AR lens innovators like Snap and Facebook. Our research arm ARtillery Intelligence projects \$8.8 billion in AR ad revenue by 2023, and \$12.7 billion in transaction value.

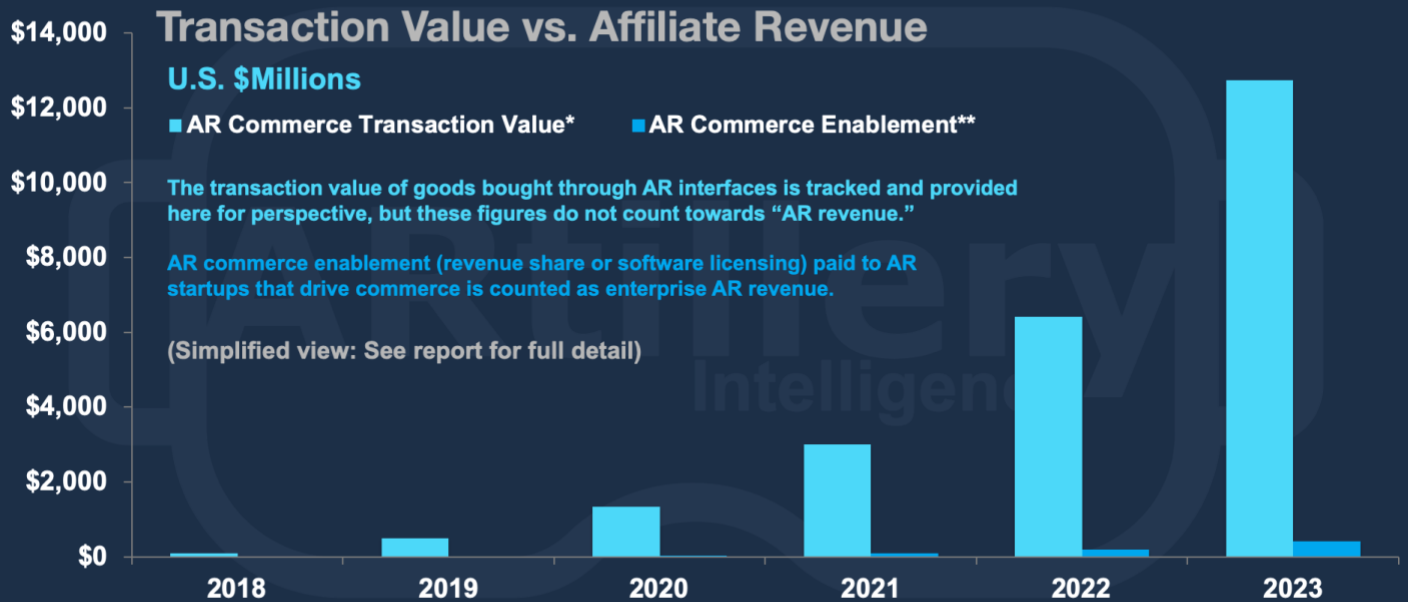
But going back to the user appeal, AR visualization is a logical solution to traditional pain points in visualizing products through 2D images in eCommerce. But more importantly, that notion is being backed up by metrics that indicate high engagement and ROI relative to traditional benchmarks.

The latest evidence comes from YouTube, which reports 30 percent AR activation from in-stream cosmetics promotions. During how-to videos about MAC lipstick on YouTube’s iOS app, a call to action was offered to activate the front-facing camera and virtually try on different shades.

Besides AR’s continually-validated efficacy, the other lesson here is broadening AR channels. It started with branded apps like IKEA Place, then higher-distribution branded lenses from social giants. Now we’re seeing alternate routes like in-game AR ads, messaging apps and even email.

YouTube could be a powerful addition to that list given massive reach. It also offers a good fit for AR, given that it’s already conditioned the user behavior around product demos and how-to videos. AR is a logical extension and will especially shine in areas like cosmetics and apparel.

Consumer AR Commerce





Back to the point about AR-driven transaction value, ARtillery Intelligence’s new forecast pegs the amount at \$490 million, growing to \$12.7 billion by 2023. To be clear, this is the value of goods purchased through AR interfaces (e.g. footwear, furniture) and isn’t counted as “AR revenue.”

But AR revenue correlates to that transaction value, insofar as there are AR ad dollars and affiliate revenue for promotions that drive all that consumer behavior. Joining the ad dollars above, affiliate commerce revenue will grow to \$404 million by 2023 according to ARtillery’s latest forecast.

Stay tuned for more (forecast available to PRO subscribers), which puts numbers and insights against all of the above. Meanwhile, AR performance data from players like YouTube help to formulate figures, and indicate best practices in AR Commerce — key resources for early stages.

Video Companion

(Click Video to Play)



About ARtillery Intelligence



ARtillery Intelligence chronicles the evolution of spatial computing. Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies.

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 spatial computing such as AR & VR, cultural, technological and financial implications are the primary focus.

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

Learn more [here](#).



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 AWE, VRLA and LeadsCon. He has authored more than 120 reports and market-sizing forecasts on the tech & media landscape. He contributes regularly to 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 read [here](#).



Contact

Questions and requests for deeper analysis can be submitted [here](#).



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