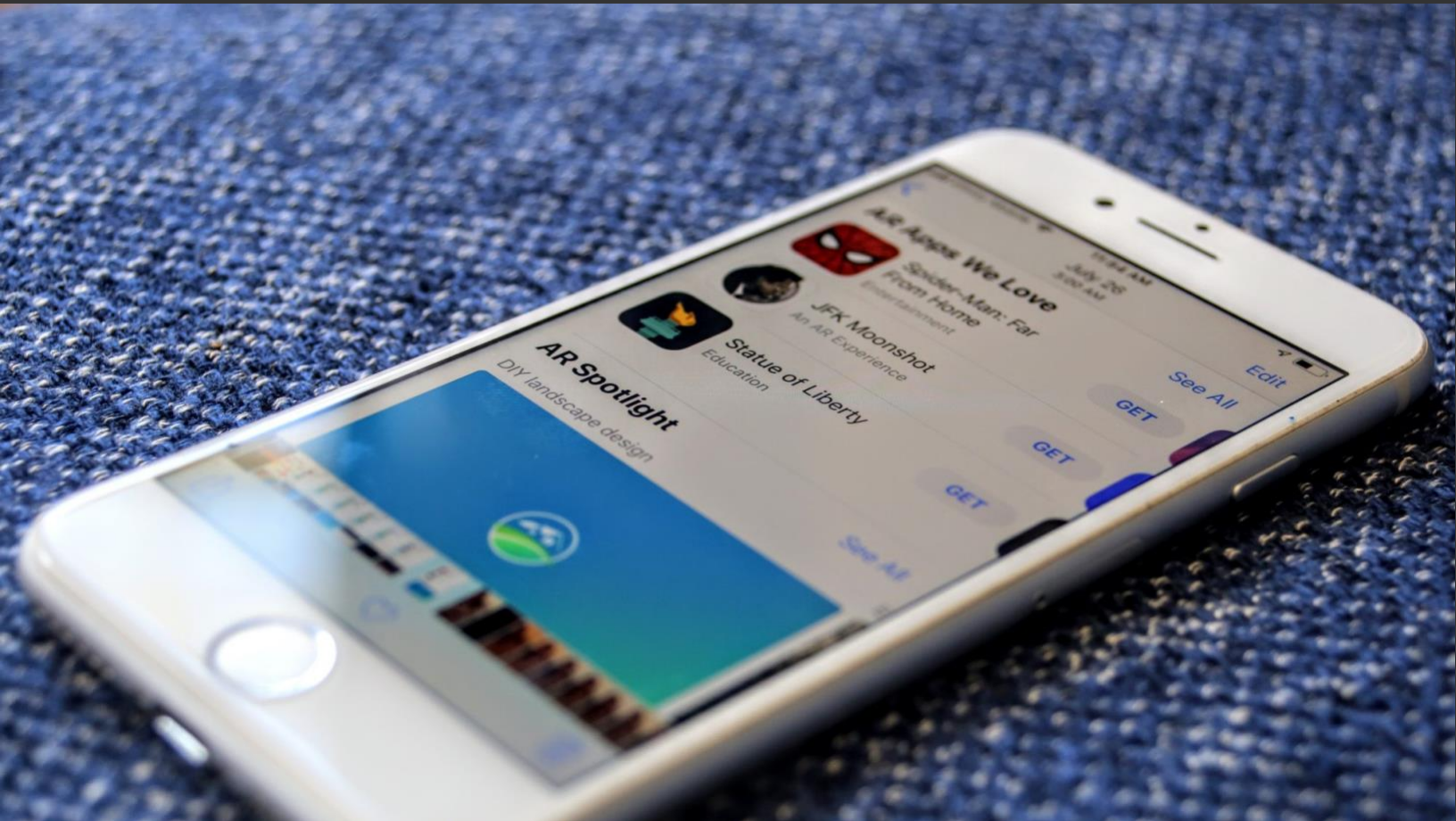


ARtillery Intelligence



ARtillery Data Brief

Branded Lenses Outperform Banner Ads

09/16/19

Proof points continue to roll out for AR advertising's efficacy. Our latest spotlighted campaign is Saban's Power Rangers AR lens, which achieved a 2.1 percent click-through rate (CTR). That's 2.5x greater than the benchmark of .08 percent for standard mobile banner ads.

Stepping back, what are we talking about? The AR ad format in question was a selfie lens that let users try on Power Rangers helmets to then capture and share with friends. The fairly rudimentary lens was distributed through display ads on mobile websites such as Forbes and Variety.

To be clear, the 2.1% figure measures the CTR on a banner which then led to an AR experience. So the higher CTR is a function of the attractiveness or promise of an AR experience on the other side of that click. It's a few steps from an ideal KPI (more on that in a bit) but is still telling.



Other branded lens formats that are showing high engagement include AR try-ons for real products or other animations that bring products to life in 3D space. That can either be with the front-facing camera (think: cosmetics, sunglasses), or rear-facing camera (think: couches, cars).

The former has been the most popular, as a function of viral appeal and distribution scale on social apps like Snapchat and Facebook. But the latter is growing as tools like Snapchat's Lens Studio increasingly incorporate developer tools to augment the world, which is obviously a bigger canvas.

Meanwhile, brands are starting to recognize proof points like the 2.1% figure and others. Adopters like Nike, Gatorade and Michael Kors were initially drawn to AR because it can demonstrate products in immersive ways. AR speaks to and emboldens their creative capacity as marketers.

Speaking of Michael Kors, its Facebook ad for sunglass try-ons won Mobile Marketer's campaign of the year. It's an exemplar of the "full-funnel" benefits of AR advertising we often cite — achieving upper-funnel reach through the News Feed, plus lower-funnel user response and conversions.

Strong AR ad performance isn't a new story, though precise CTR data is rare. The storyline was previously that AR lenses are effective at driving user engagement, but the reach is low. But it's increasingly evident that reach can indeed be achieved in branded lenses.

Speaking of CTRs, AR advertising will need to eventually devise more native and representative metrics. CTRs are great for measuring impressions for 2D banners, but AR's ability to drive product engagement, brand awareness or offline purchases aren't best characterized in "clicks".

"With immersive technology, everyone's going to ask for the ROI," said You Are Here Labs' futurist Kathy Hackl at AWE. "Do we need to create new metrics... something like return on engagement or whatever that would translate to? There's definitely going to be new metrics."

In the meantime, we'll have to back into traditional metrics as a meter stick when comparing AR to established benchmarks like 2D banners. Hackl's suggestions are on point, as AR's capacity for deeper engagement should be quantified for true ROI, especially transactional outcomes.



Meanwhile, panning back from individual campaign performance, aggregate market spending is also supportive of AR Advertising. It's currently the largest AR revenue source at \$453 million last year, according to our research arm ARtillery Intelligence, on pace for \$8.8 billion by 2023.

Of course, AR ad formats, best practices and measurement tools are in early stages of their evolutionary path. Visual search for example could engender high-intent search based advertising. Just like early days of smartphone ads, it will be a moving target with constant lessons to learn.

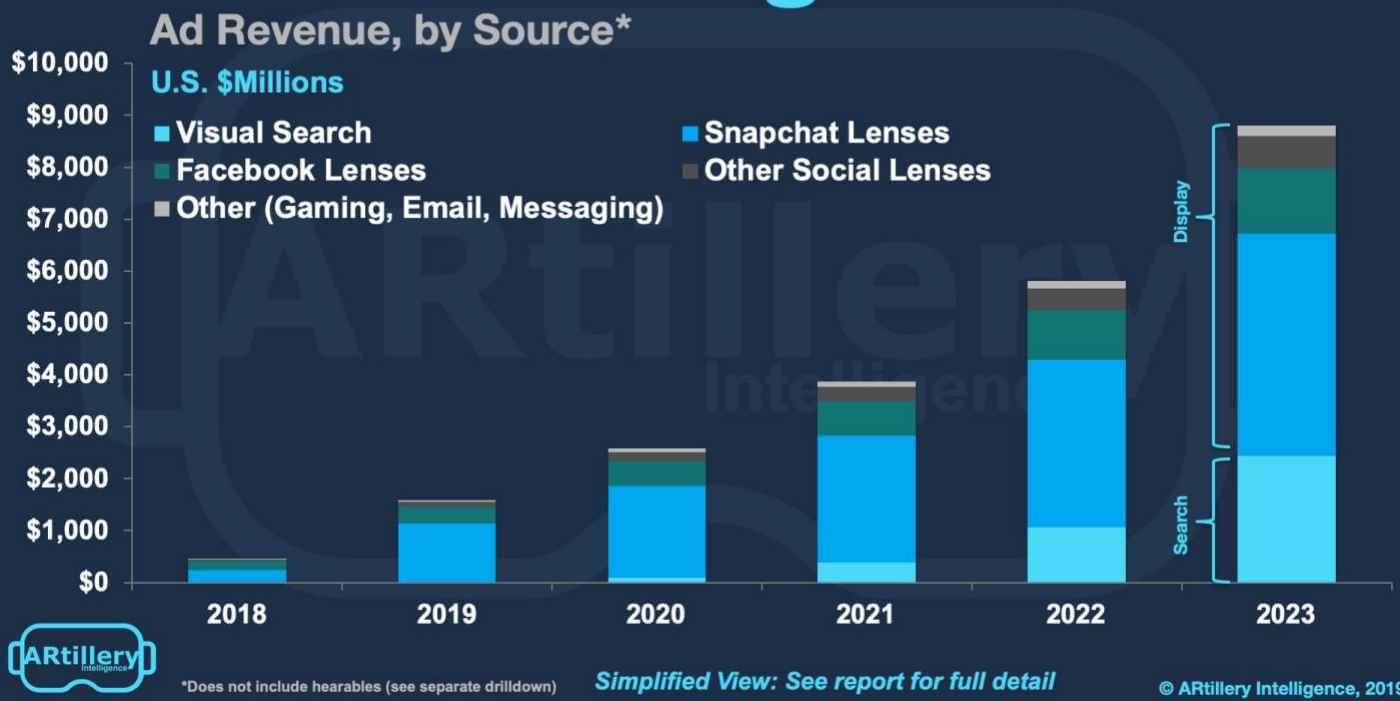
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AR Advertising Revenue



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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, 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 Data Briefs

ARtillery [Data Briefs](#) are research deliverables that are assembled weekly by our analysts to document the market trends and events they're tracking.

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 XRDC. 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](#).



Methodology

This brief highlights *ARtillery Intelligence* viewpoints, gathered from its daily in-depth coverage of spatial computing. To support narratives, data are cited throughout the report. These include *ARtillery Intelligence* original data, as well as that of third parties. Data sources are attributed in each case.

For market sizing and forecasting, *ARtillery Intelligence* follows disciplined best practices, developed and reinforced through its principles' 15 years in tech-sector research and intelligence. This includes the past 3 years covering AR & VR exclusively, as seen in research reports and daily reporting.

Furthermore, devising these figures involves the “bottom-up” market-sizing methodology, which involves granular revenue dynamics such as unit penetration, pricing and growth patterns. More on *ARtillery Intelligence* market-sizing research and methodologies can be read [here](#).

Disclosure and Ethics Policy

ARtillery Intelligence has no financial stake in the companies mentioned in this report, nor was it commissioned to produce it. With respect to market sizing, *ARtillery Intelligence* remains independent of players and practitioners in the sectors it covers, thus mitigating bias in industry revenue calculations and projections.

ARtillery Intelligence's disclosure and ethics policy can be seen in full [here](#).

Contact

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

