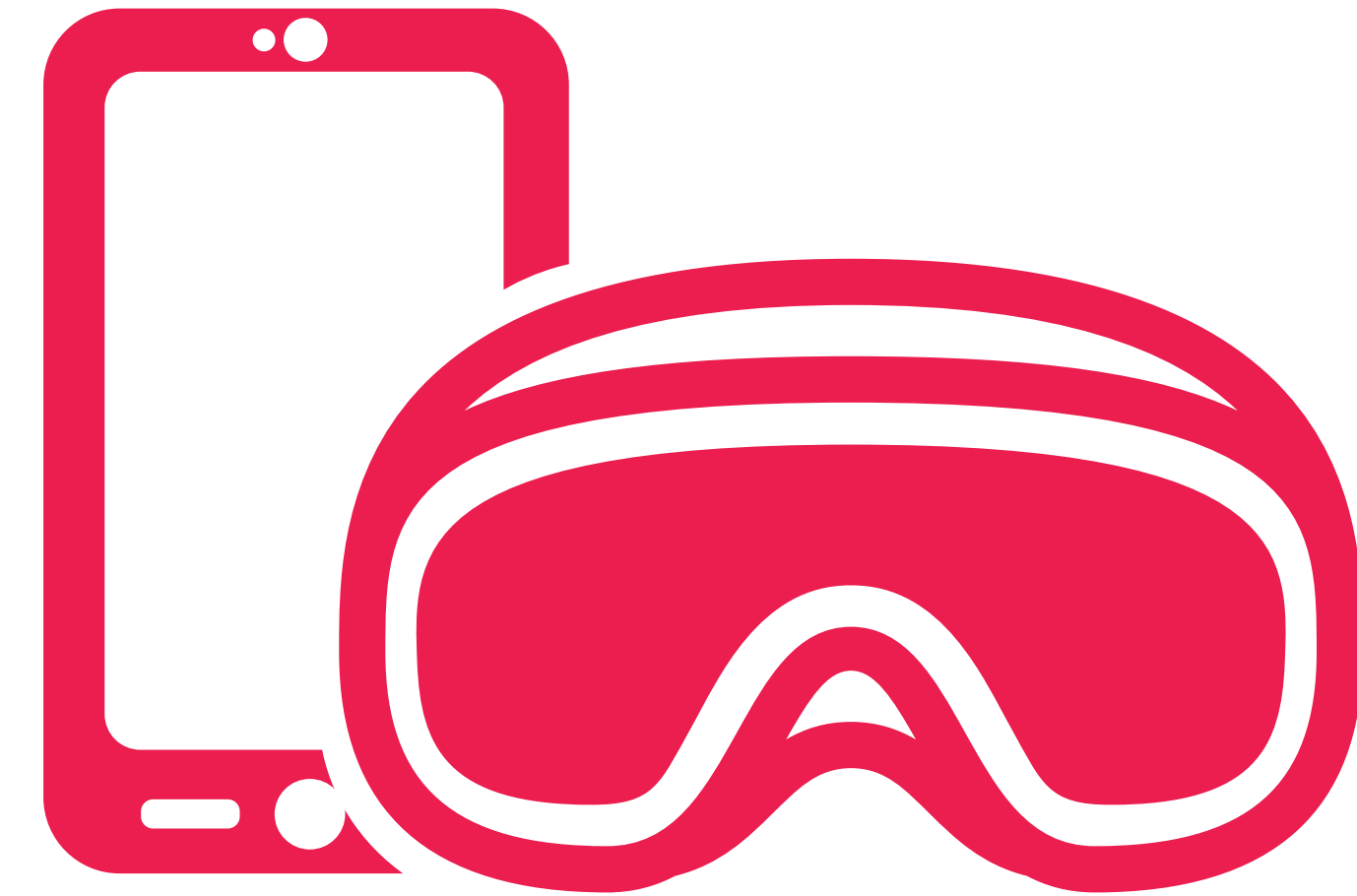




# AUGMENTED REALITY ENTERS THE MAINSTREAM

2019

# XR Data Network



**The XR Data Network is the first industry collaboration to quantify and validate the global VR/AR/MR market.**

- Partners include headset makers, developers and ad networks
- Partners get ongoing insights and data to improve strategy
- Reviewing applications now

**To apply, contact Peter Gao at [peter.gao@nielsen.com](mailto:peter.gao@nielsen.com).**



The **SuperData Arcade** is the world's most robust and only cross-platform business intelligence tool on the worldwide games market. Housing all of SuperData's gold-standard quantitative research on video games, the Arcade allows for insights ranging from high-level trends to granular data on over **800 games and 100 publishers**. The metrics contained here represent the largest and most comprehensive view of the vast and growing digital games market.

## The SuperData Arcade allows users to:

- **Gain a comprehensive overview** of the digital games market, across platforms, titles and markets.
- **Create custom queries and segmentation** across all data and export to .csv or PDF format for full analytical control and presentations.
- **Spot opportunities early** and find out when key competitors struggle to maintain conversion rates and average spending.
- **Automatically receive custom data pulls** by email as soon as updates are available.

**To arrange a demo of the SuperData Arcade, contact Sam Barberie at [sam.barberie@nielsen.com](mailto:sam.barberie@nielsen.com).**



# Introduction

Augmented reality (AR), the mixing of virtual objects with the real world, exploded in popularity over the past five years, going from science fiction to something used by over 1B people in 2018. The July 2016 launch of *Pokémon GO* was a watershed moment for AR and introduced millions to the technology. Meanwhile, the steady growth of social apps like Snapchat, Instagram and TikTok has further expanded the reach of AR thanks to features like selfie filters (e.g., making users look like a dog).

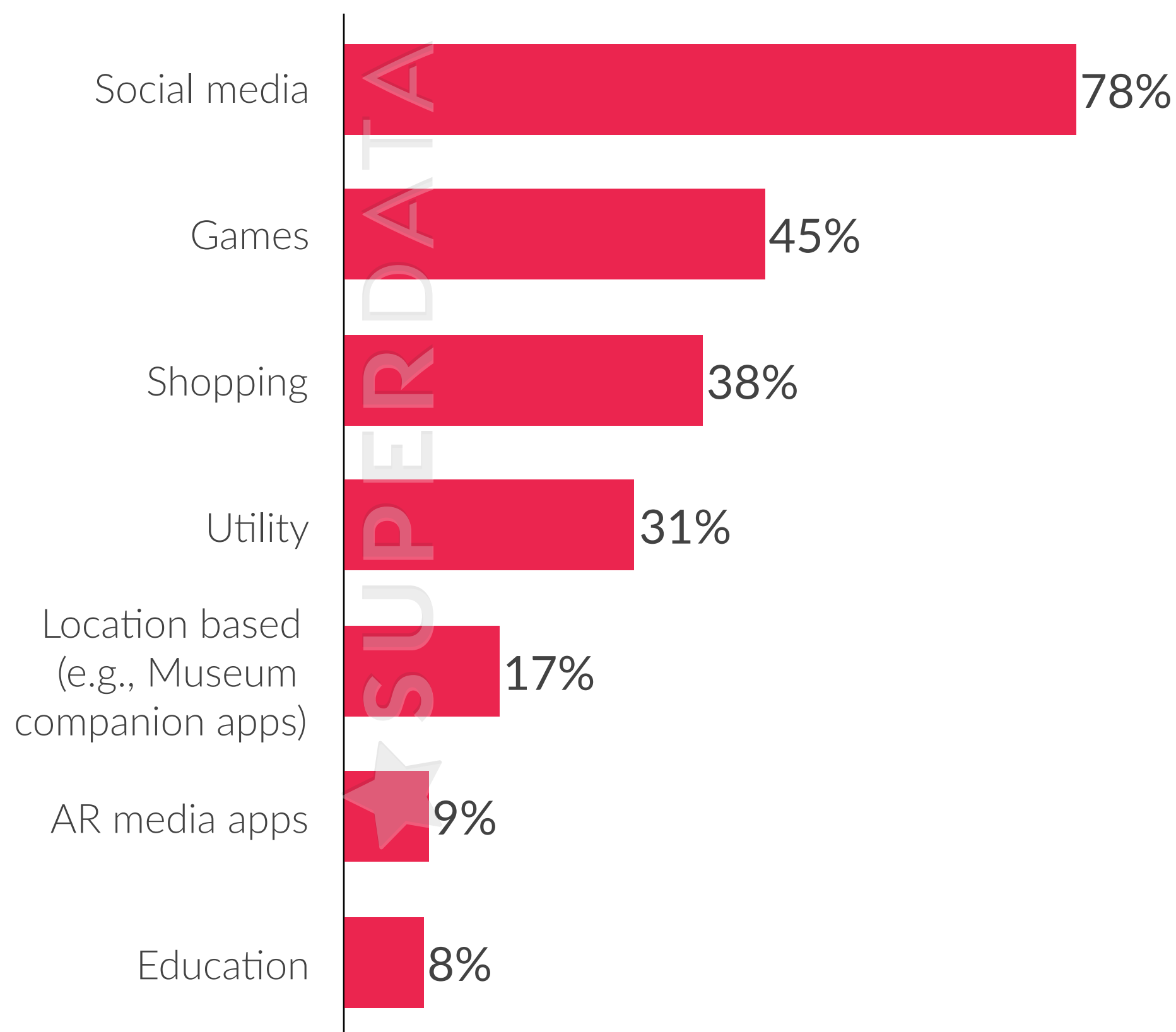
In the past 12 months, however, AR has gone from being a fun diversion to a core element in a wider range of apps. Google Maps now offers AR navigation, giving users more precise directions, and Amazon lets people see how an item will look in their home before they make a purchase. Meanwhile, more niche apps like Inkhunter let users do things like try out tattoo designs. Not only is AR getting more ubiquitous, but more powerful smartphones and improved cameras and sensors make it more realistic than ever before.

The rise of AR brings both opportunities and challenges for marketers. It is becoming essential for brands to have an AR strategy since using it is becoming second-nature to mainstream audiences. Brands who ignore AR risk falling behind competitors who take advantage of a technology that is capturing imaginations. For example, in 2019, L'Oréal purchased ModiFace, a company that makes AR software allowing consumers to virtually try on makeup.

However, as consumers grow used to AR, the novelty will wear off. Brands cannot simply create a social media filter or AR app and expect to draw interest, and unlike display or video advertisements, AR ads require consumers to actively engage with experiences that use cameras on their smartphones. Brands must understand precisely how and where their potential customers use AR so they can incorporate the technology into their advertising strategy.

# Social media and gaming are the most prominent uses of AR

Types of apps used to access AR regularly



Social media is by far the top way consumers access AR thanks to **functionality in apps like Snapchat**. AR is synonymous with sharing selfies on social media, and 3 in 5 (63%) AR users regularly utilize effects that alter their appearance or the appearance of others. Brands like Disney have capitalized on a love for taking AR selfies with campaigns that let users look like film or TV characters.

AR games like *Pokémon GO* continue to be exceedingly popular since the title supercharged AR in 2016. The influential title featured prominent activations where chains like Starbucks pay to make their stores points of interest in the game. After the title's success, major entertainment brands like *Minecraft* and *Harry Potter* continue to enter the AR space, widening the potential audience for AR games.

AR is not just fun and games; it is starting to catch on as a way to **enhance the functionality of other apps**. Nearly a third of the AR audience uses the technology in utility apps. As for how they are using it, 39% use AR for language translation, 34% of AR users use it for navigation and 17% use AR it as a virtual tape measure (a feature that now comes standard with many phones). With a wider range of AR use cases comes more opportunities for brand activations.

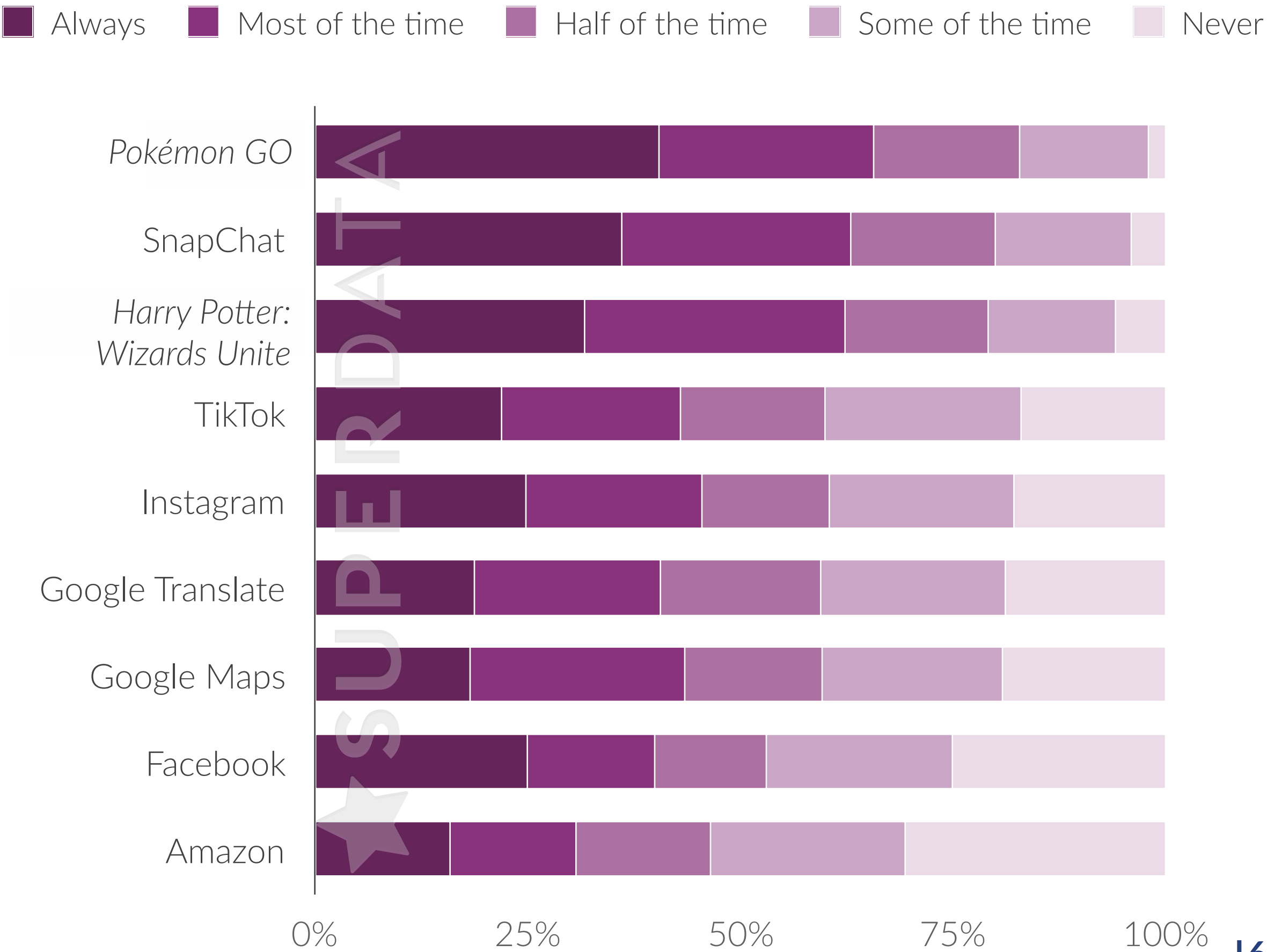
# Snapchat and games by Niantic are the apps consumers most closely associate with AR

Snapchat is the definitive non-gaming AR app. Among AR users who use Snapchat, 4 in 5 of them use the app's AR features at least half the time. In Snapchat, AR filters (officially called Lenses) are displayed prominently in the Snapchat user interface and sponsored filters are commonplace.

*Pokémon GO* and *Harry Potter: Wizards Unite* are synonymous with AR. The most hardcore players often turn off AR features to save battery or speed up play, but use of AR is still commonplace among the audience. Niantic, the developer of the games, continues to incentivize playing with AR on, doing things like adding Pokémon that can only be caught by using AR features.

Amazon and Facebook have immense reach, but their apps have yet to fully utilize AR. Both of these apps offer AR functionality. Facebook, for example, started running AR ads in 2018 that let users virtually try on Michael Kors sunglasses. However, AR in these apps is rarely front and center in the user interface. AR could gain millions of users overnight if either of these apps began featuring AR more prominently.

Use of AR features by app<sup>1</sup>

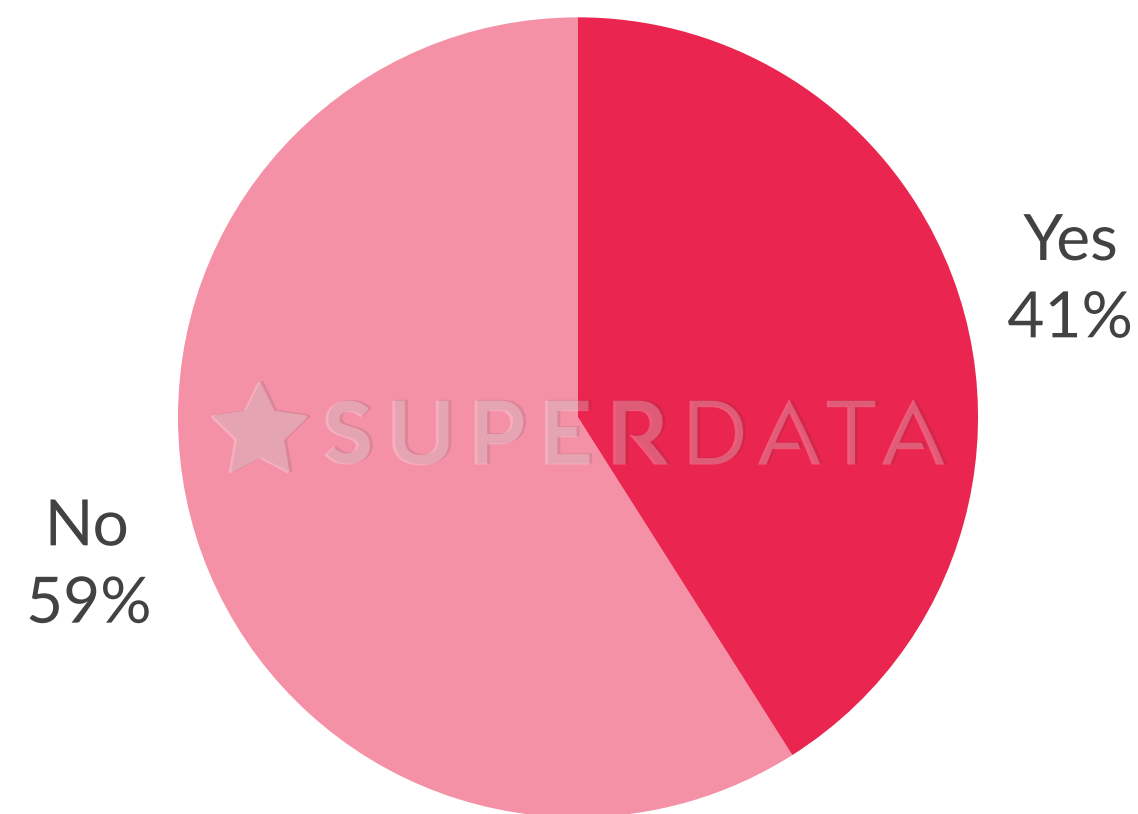


<sup>1</sup>Among mobile AR users who use each app  
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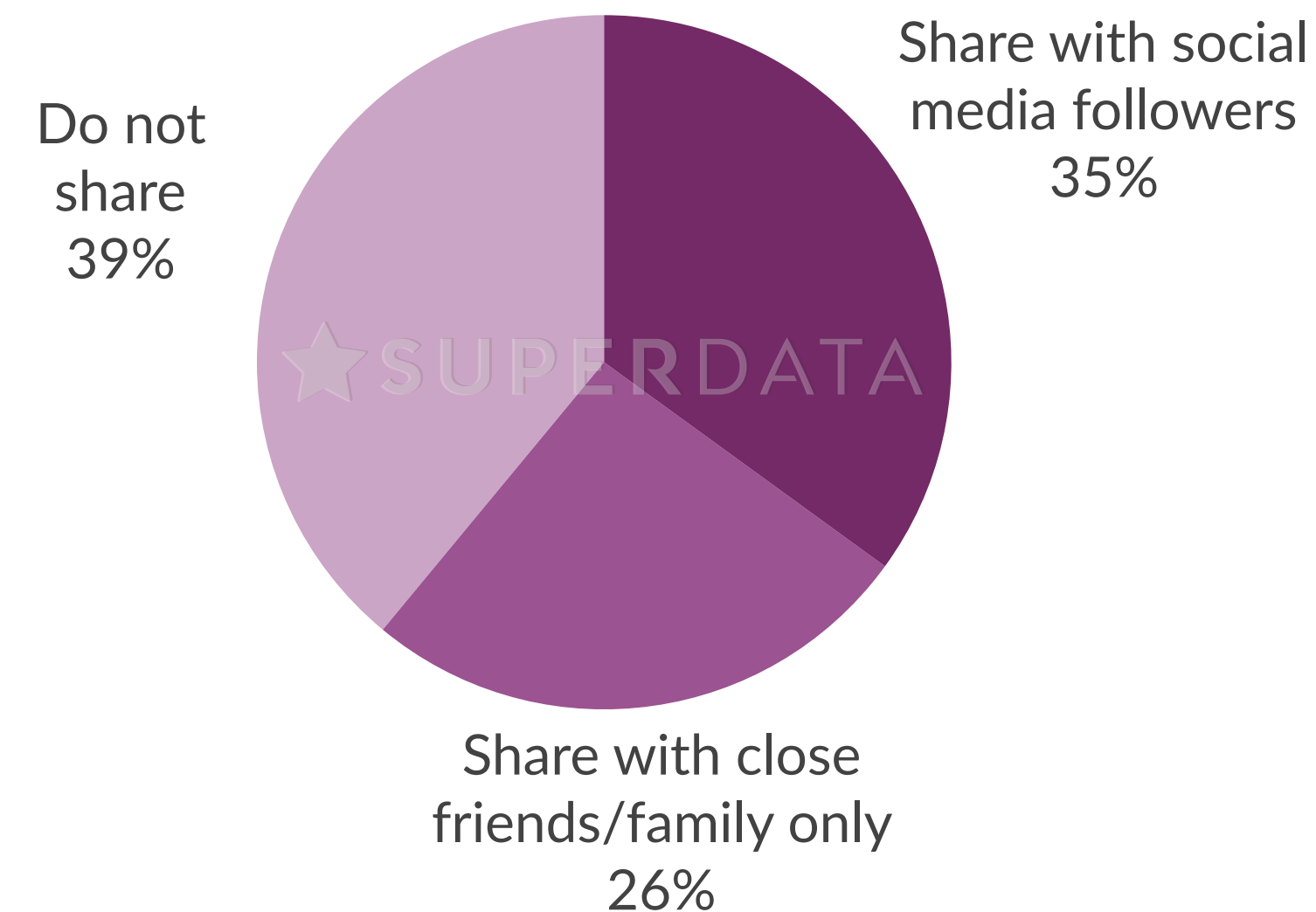


# AR advertising has ample room for growth, as only 2 in 5 users regularly see branded AR content

AR users who see AR ads regularly



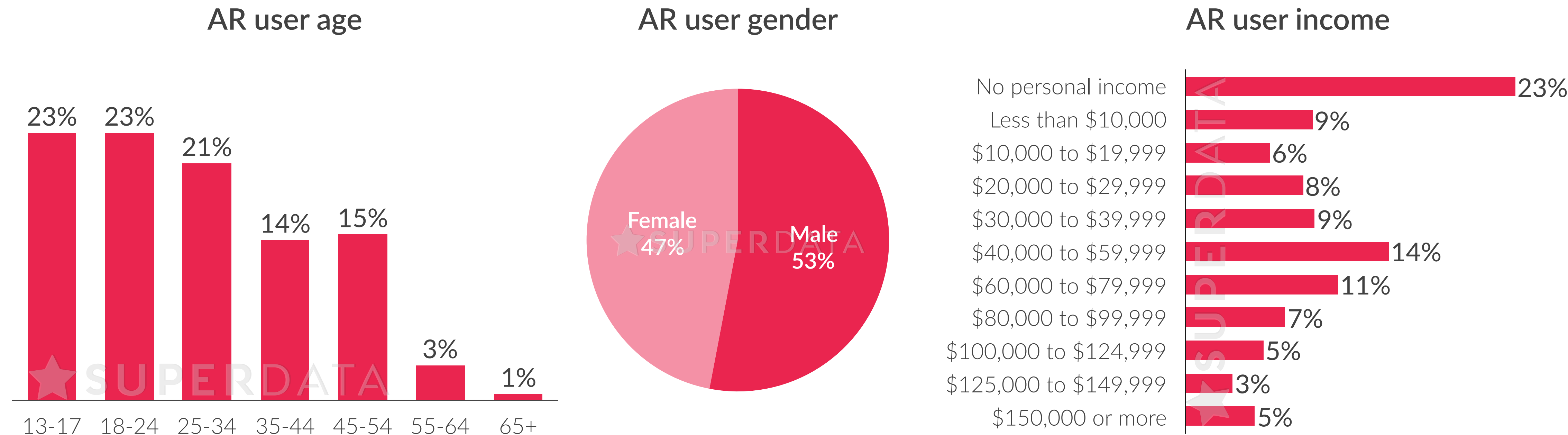
Sharing AR ads



**Platforms and brands are still learning how to introduce consumers to AR.** Only a minority of AR users regularly see AR ads, but AR platforms are figuring out how to introduce AR advertising to their users. For example, in October 2019, Instagram added the ability for users to try on makeup and glasses in AR and move directly from the ad to a purchase.

**AR ads are especially effective because consumers are willing to share branded content.** An especially funny or interesting selfie filter will not just appeal to the individual who sees it. Instead, users share 3 in 5 (61%) of the AR ads they see with others, giving them extra reach organically.

# AR lets advertisers reach a young, affluent audience



**AR users are tech-savvy millennials and Gen Zers who are especially valuable to brands.** AR users are 30 years old on average, with 68% of the audience under the age of 35. Despite this, they have high spending potential and earn an average annual income of \$63K<sup>2</sup>. Brands who advertise through AR have the opportunity to develop long-term relationships with consumers with high spending potential.

**AR users are not a monolithic audience.** Advertisers must be aware which subset of the audience uses certain AR apps. For example, while women make up 52% of the user base for AR social media apps, they account for just 38% of the audience for AR games.

<sup>2</sup>Among those with a personal annual income.  
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# Contact

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