ARe you ready for what's next?

A look @ Augmented Reality Measurement & The Impact

Snap AR | Based on 2021 studies commissioned by Snap Inc.

Technology Trends
Augmented Personalization

You don't have to look far to see how marketers have adopted and adapted technology to accommodate multiple years of unprecedented change. From the acceleration of e-commerce adoption across demographics to the curated experiences marketers have created when proximity and physical interactions were not possible. The persistent evolution of marketing has grown with technology and unlocked new ways to bring more personalised and experiential engagements to audiences and customers.

A revolution in communication and customer experiences has been ushered in by innovations that use augmented reality (AR) to enrich real world situations and raise interactions with brands, retailers and content.

AR has enabled marketers to transform brand engagement. Companies are able to reach consumers where they are, with immersive, personalised and compelling experiences. This has enabled risk free 'try-before-you-buy' scenarios and more confident decision making for consumers.

Practical and Playful
How are marketers using AR?

Whether it be growing engagement and incentivizing interaction with a brand through games and prizes, helping customers find new recipes for their products or allowing potential customers to 'try it on', there are a variety of ways marketers are building AR into their business plans.

Here are some questions to understand where AR may fit into a marketing strategy...

Are there fun ways to increase your brand awareness (*Share with friends*)**?**

**Are there cultural moments you want to participate in?**

Are you looking for new ways to create a novel experience for a specific campaign (*lets go viral*)**?**

Are there portions of the purchase journey that are highly personal (*how would this look on me*)**?**

Does it work?

Beyond the opportunity for a fresh, new and engaging way to bring personalisation to life, which is always top of mind for marketers, how can marketers feel confident that these types of technologies are effective at accomplishing brand objectives?

To answer this question, Snap Inc., a leading AR pioneer, commissioned Nielsen to analyze 15 fast-moving consumer goods (FMCG) brands across three markets and three product categories. The beauty and personal care vertical was analyzed in the U.S.; non-alcoholic beverage brands were analyzed in the U.K.; and packaged foods brands were analyzed in Saudi Arabia.
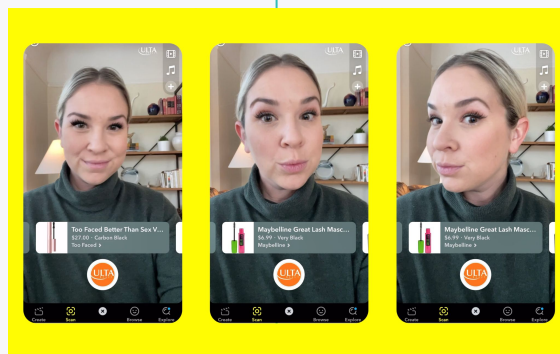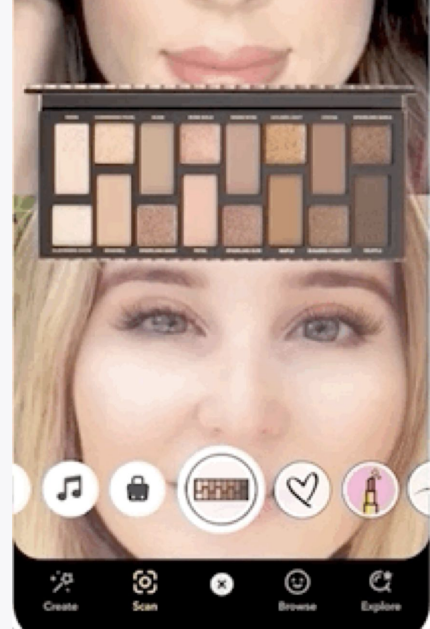
The measurement approach

This ambitious study leveraged large training data sets for each brand containing three years of sales, YouGov® BrandIndex®[1] tracking, media expenditure and other data; combined with advanced econometric models developed for each brand to measure advertising's impact on sales and brand health metrics. Nielsen analyzed the results of 15 models in aggregate to produce findings regarding:
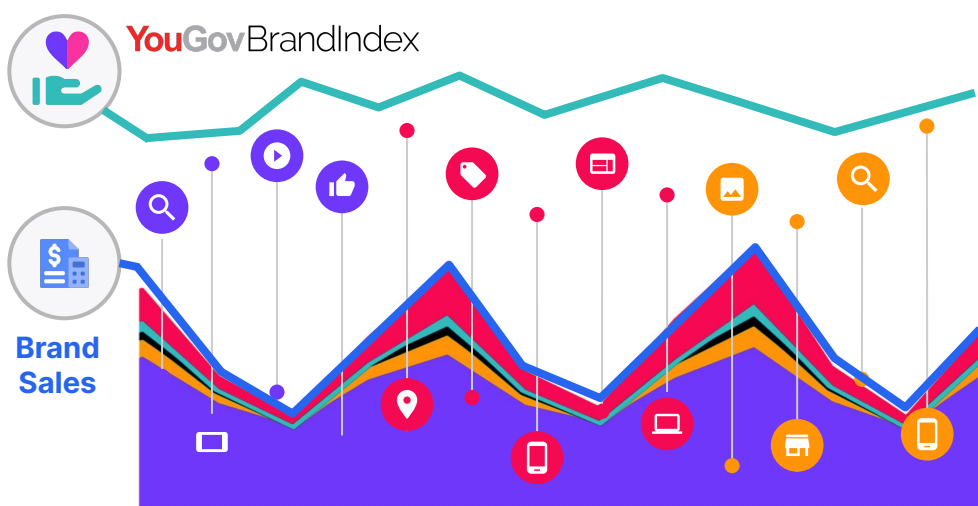
Brand Building and Sales Brand Models

Are AR investments able to help build BrandIndex®?

How effective are AR investments at driving short-term sales?

What measurement considerations should be employed when evaluating AR investments?

[1] YouGov® BrandIndex® is a daily measure of the public's perception of thousands of brands in hundreds of categories of goods and services around the globe. It's a constant eye on brand performance across 16 key performance indicators.

The Scope

3 **Countries Categories**

U.S. (beauty & personal care)

U.K. (non-alcoholic beverage)

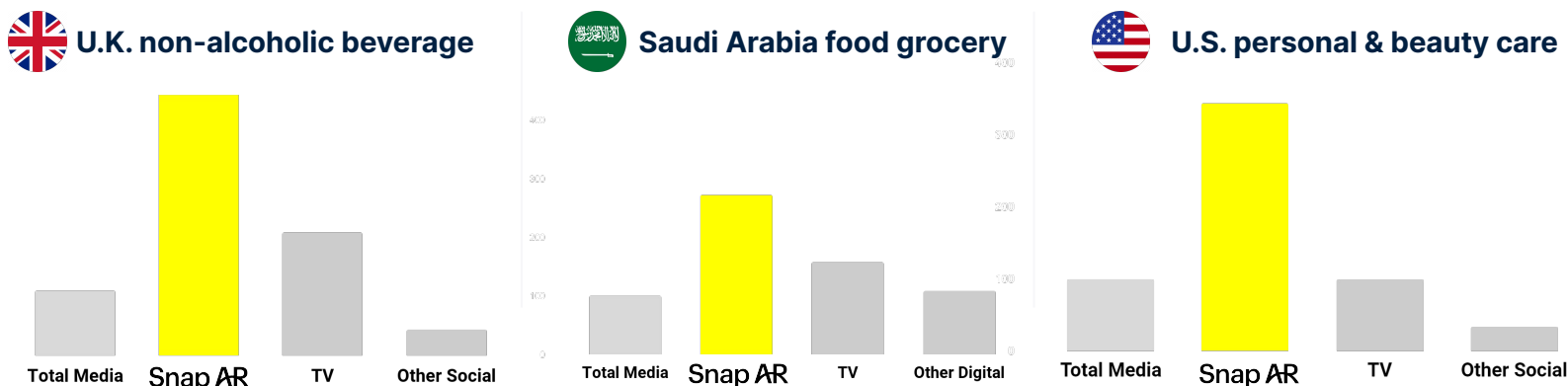**Saudi Arabia** (food - grocery)

15 **Unique Brands**

>1 **Billion AR Impressions**

Over **Million in** **$20** **Snapchat Advertising Spend**

AR is a driver of BrandIndex®

Snapchat AR Lens Experiences consistently outperformed other media channels at driving BrandIndex®. Through a variety of different executions, the brands evaluated were able to balance playfulness and games along with practical uses with 'try it on' approaches that significantly outperformed other media vehicles. They were especially strong within the personal and beauty care category in the U.S.

Snap AR BrandIndex® Effectiveness

U.K. non-alcoholic beverage — Total Media, Snap AR, TV, Other Social

Saudi Arabia food grocery — Total Media, Snap AR, TV, Other Digital

**U.S. personal & beauty care** — Total Media, Snap AR, TV, Other Social

AR also helps drive lower funnel performance

More than ever, digital strategies are an ecosystem. The ability for marketers to convert at any moment in the purchase journey is critical. As AR delivers heightened engagement and brand building and unlocks personalised experiences, ensuring strategies include direct-to-purchase options via e-commerce links means marketers can shorten the purchase journey and capture a consumer at a moment when they are completely engaged with the brand.

AR on Snapchat is a top driver of sales performance for personal care and beauty in the U.S.

6x Snapchat AR Lens Experiences **Sales Effectiveness** compared to TV

Sales Effectiveness   ROAS

⬤ **Snapchat Lens**   ◯ **Online Video**   ◯ **Social**   ⬤**TV**
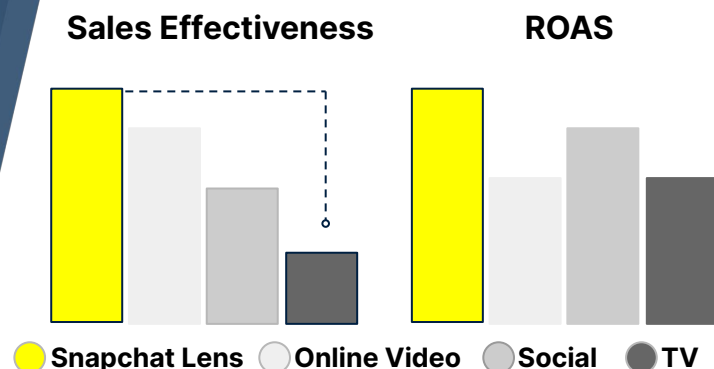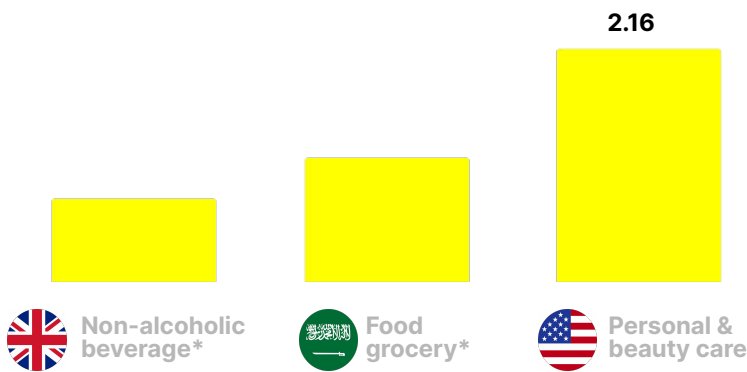
ROAS and the Future Outlook

With the advancement in developer studios, technology kits and the broader incorporation of AR into marketing plans, marketers have done more than just lean into accelerating personalisation approaches as a novel addition to their efforts. They're also gaining clarity on their return on ad spending (ROAS) by witnessing favorable returns.

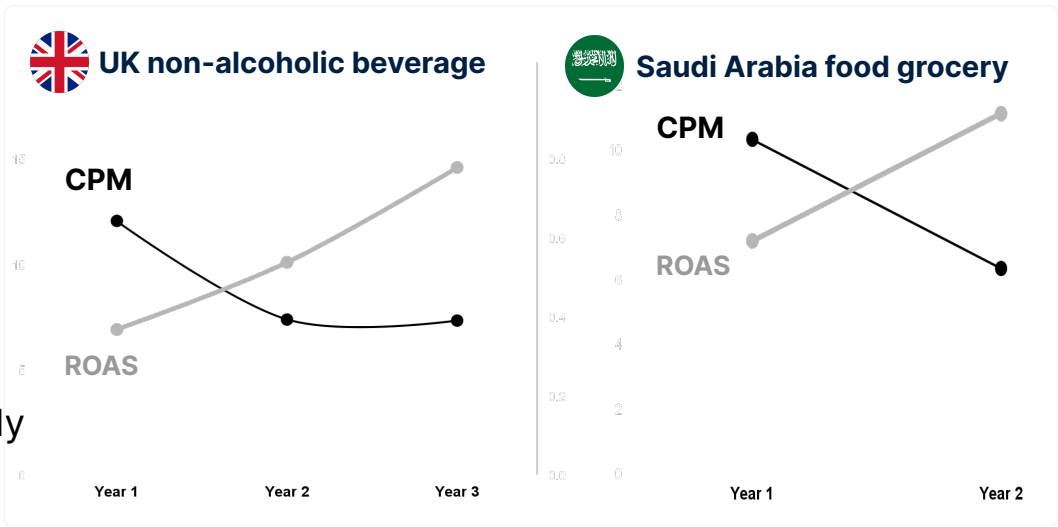## Snap AR Return on Ad Spend (ROAS) Index

Global ROAS Performance

Total Media	Snap AR	TV	Digital
0.74	1.67	1.04	0.93
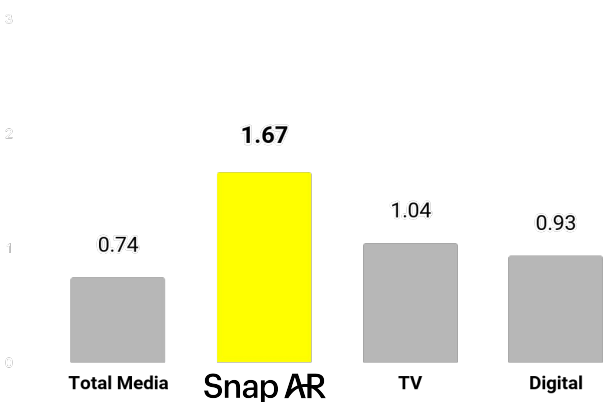
ROAS Performance by Market

Non-alcoholic beverage*
Food grocery*
Personal & beauty care — 2.16

Increased adoption of AR marketing has also driven changes to how it is bought with efforts focused on making the technology a more accessible addition to the mix, ultimately lowering CPMs over time and favorably to an already positive ROAS.

UK non-alcoholic beverage

CPM
ROAS
Year 1 — Year 2 — Year 3

Saudi Arabia food grocery

CPM
ROAS
Year 1 — Year 2

As the usage and dynamic approaches in which marketers leverage AR evolve, they will need ongoing measurement with the right approaches to maintain a pulse on this type of personalisation and the evolving value of AR.

Market ROAS figures reflect post CPM adjustments

The growth of AR challenges traditional assumptions about how advertising works and highlights the importance of proving cause and effect - isolating one ad format from another. Marketing mix modeling (MMM) has been the gold standard method in measuring efficiency and effectiveness for over 30 years.

Many marketers rely on third-party measurement providers to assess the impact of their advertising across media platforms and channels, as well as across a diverse set of ad products within platforms where the volume of impressions are large enough to show a meaningful lift in sales. Marketers and their measurement partners need a clear set of best practices to quantify the business value of augmented reality and its inclusion into measurement strategies.

To help inform this approach, Nielsen executed a variety of measurement tests to understand:

What measurement KPIs are best leveraged to capture AR's impact?

Are there unique transformations of KPIs that can be leveraged?

What considerations should be made?

A variety of different **KPIs** and **transformations** were measured for this analysis.

Total Impressions	Play Time	Shares
Paid Impressions	Saves	Unique Shares
Earned Impressions	Save Rate	Impressions x Playtime
Attachment Play Time	Share Rate	Paid Impressions Weight by Share Rate

To evaluate the best metrics to use, Nielsen tested each KPI and transformation iteratively in each model and assessed how the model statistics, error ranges and explanatory power changed with each test. This statistical analysis, coupled with Nielsen's industry expertise in delivering more than 1,000 marketing mix analyses per year, was used to inform a set of best practices for AR measurement in MMM.

The Results

After exhaustive testing, the top three AR performance metrics shown below consistently returned the strongest explanatory power as measured through statistical significance and Variance Inflation Factors (VIF) and produced the best model fit statistics in the form of R-Squared and Mean Absolute Percentage Error (MAPE).

1st **Impressions split by Paid and Earned.**

2nd **Save Rate or Share Rate.**
if campaigns are bid on Save or Share Rate and/or stronger explanatory power

3rd **Paid Impressions weighted by Share Rate.**
if insufficient variation in Save Rate or Share Rate and/or stronger explanatory power

What else to consider?

This research should be leveraged to inform the best metrics for inclusion into your MMM. To evaluate the business impact (sales driven, ROAS, awareness, etc.) from your AR execution, MMM results should be utilized for impact quantification beyond metric delivery.

Best Practices
Third-Party MMM Measurement

AR executions should be modeled in paid impression as their own entities in MMM, never bundled with other digital or social tactics. Snap Inc. can directly provide advertisers and its measurement partners data extracts by AR ad products where executions show meaningful impression volumes and variation. When possible, measure paid impressions by campaign by ad products like Snap Ads, Lens, Filters, and Stories separately in the model. If experiencing poor model fit or no significant relationship with sales is observed, we recommend including either paid impressions *hare rate transformation, share rate, or save rate based on the resulting model fit, explanatory power and error of each metric. Depending on volume and variation, earned media should also be separately measured to most accurately assess its impact.

The Next Generation

From playful to practical: AR can help find fun and creative ways to deliver new personalized experiences to your customers.

Where can AR fit into a marketing strategy...
Fun ways to increase your brand awareness?
Engage customers to participate in cultural moments?
New ways to create a novel experience?
Portions of the purchase journey that are highly personal?

On both brand building and sales effectiveness, AR is primed to be a reliable media channel that can deliver full-funnel performance.

As AR evolves, it's critical to ensure you accurately capture its impact, distinctly in your MMM. Follow MMM best practices and consult your measurement provider about the measurement taxonomy that best quantifies its impact.

Best

Paid Impressions

Earned Impressions

- By Platform
- By Ad Type 1
- By Ad Type 2
- By AR Ad Type 3
- By AR Ad Type 4

If not then,

Paid Impressions

Earned Impressions

- By Platform
- By AR Type
- By Non-AR Type

if campaigns are bid on Save or Share Rate and/or stronger explanatory power

and finally

Paid Impressions * Share Rate or Share Rate or Save Rate

- By Platform
- By AR Type
- By Non-AR Type

if insufficient variation in Save Rate or Share Rate and/or stronger explanatory power

About Nielsen

Nielsen shapes the world's media and content as a global leader in audience measurement, data and analytics. Through our understanding of people and their behaviors across all channels and platforms, we empower our clients with independent and actionable intelligence so they can connect and engage with their audiences—now and into the future.

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