AR Transforming Your Marketing Strategy

Who we are

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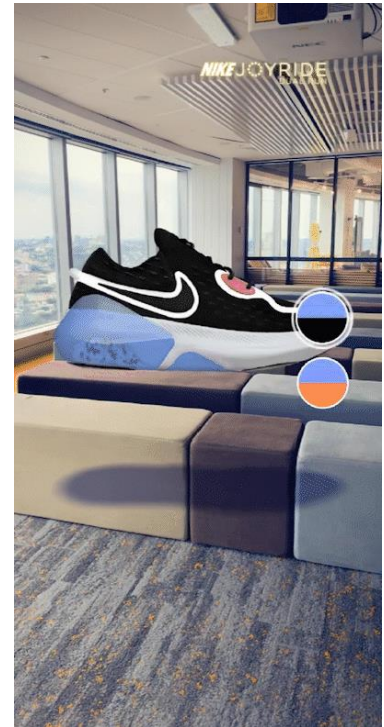# What we will cover today

01 **AR's growing opportunity**

02 **AR as a shopping tool + beyond**

03 **AR to reach new audiences**

04 **AR in the media mix**

05 **Takeaways for brands**

To understand AR, you need to first experience AR...

Entertainment ← → Utility

AR usage is widespread — and growing.

Frequent AR Consumers
Based on people aged 13–69 who use social / communication apps.

Legend: ● Boomer ● Gen X ○ Millennial ● Gen Z
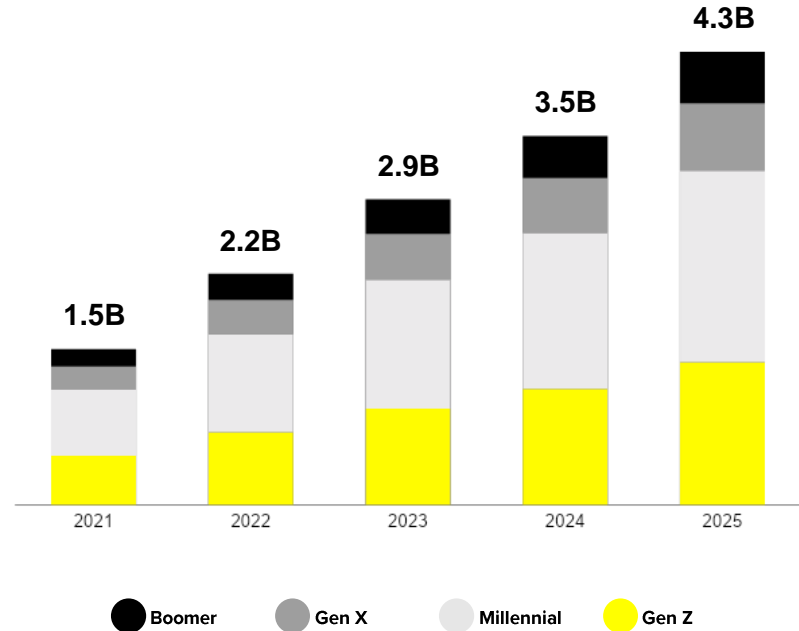
The Great Disconnect

It's time to close the gap

91% of brands think AR is primarily for fun...

53% of customers think of it this way.
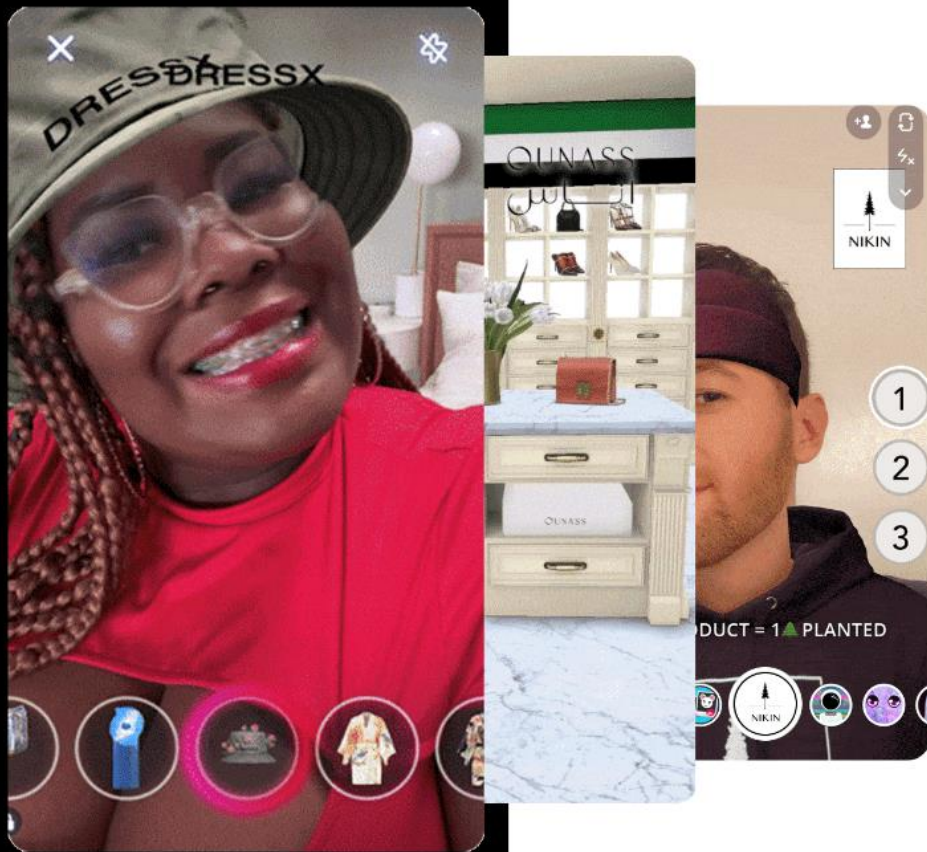
AR is more than just fun and games

🌐

67%

percent of participants identify shopping as their main reason for using AR.

Certain AR features can substitute physical shopping

The Right Features Can Substitute In-Store

AR features valuable at growing demand
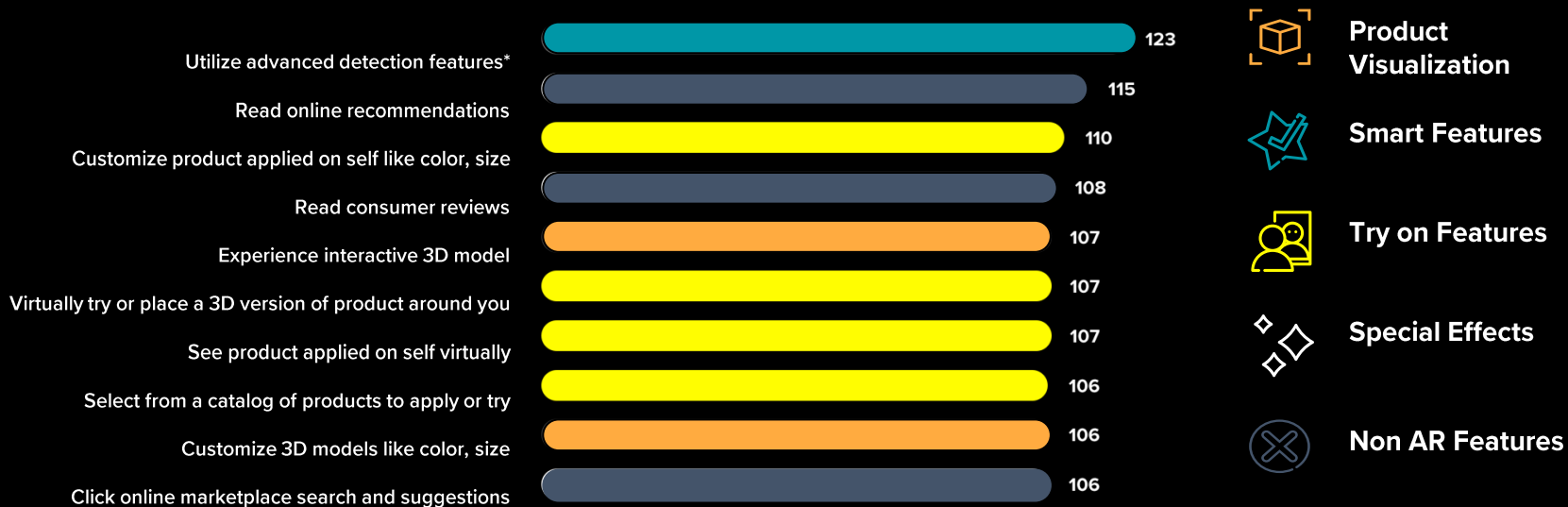
Feature	Value
Utilize advanced detection features*	123
Read online recommendations	115
Customize product applied on self like color, size	110
Read consumer reviews	108
Experience interactive 3D model	107
Virtually try or place a 3D version of product around you	107
See product applied on self virtually	107
Select from a catalog of products to apply or try	106
Customize 3D models like color, size	106
Click online marketplace search and suggestions	106

Product Visualization

Smart Features

Try on Features

Special Effects

Non AR Features

9

AR feature needs vary across the journey

Top Sources Consulted at Different Stages of Shopper Journey

Smart Features

Product Visualization

Try-On Features

Special Effects

Discovery

Consideration

At Moment of Purchase
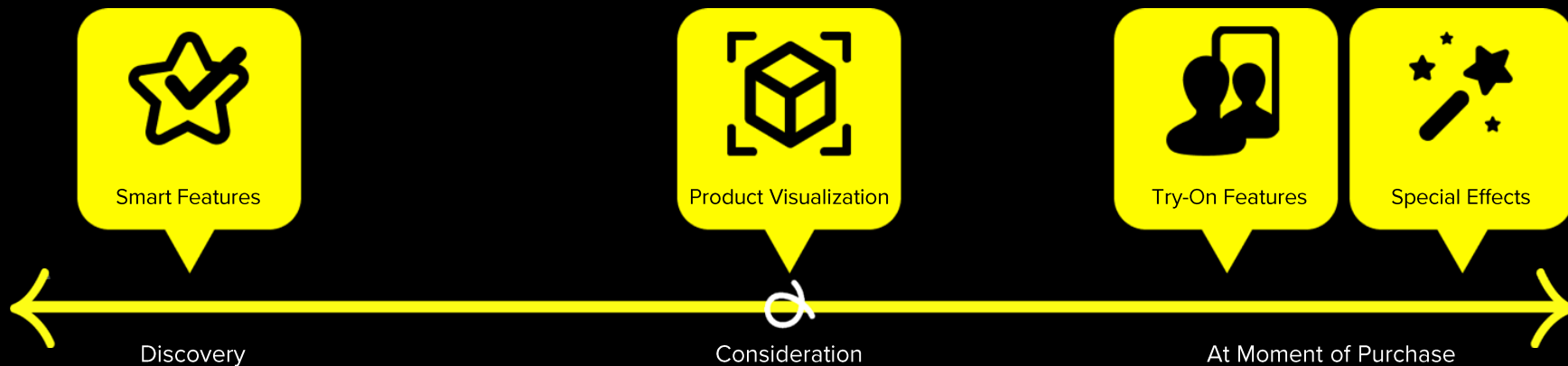
Bringing it to life...
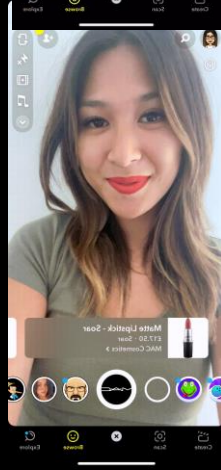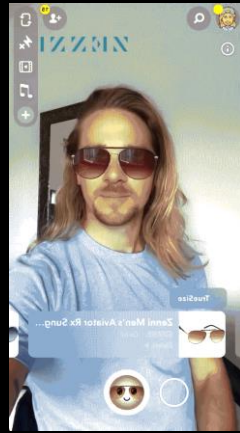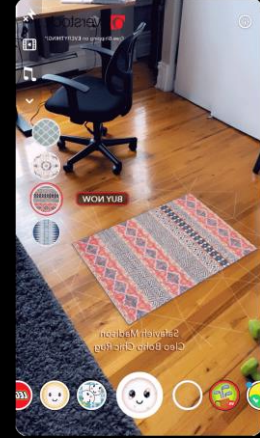
Interacting with products that have AR experiences leads to a ==94% higher purchase conversion rate==, as individuals can better assess them and feel connected with brands
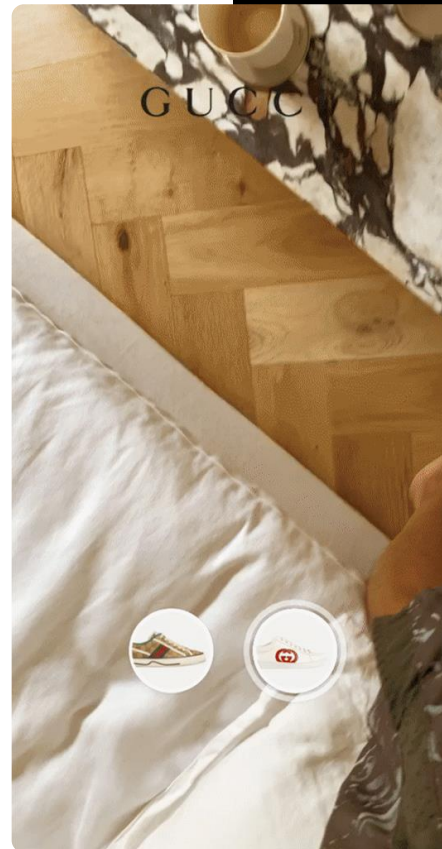
How does AR go *beyond* shopping?

Consumer AR Gaps & Opportunities

Creative and immersive experiences

Exploration

Connections
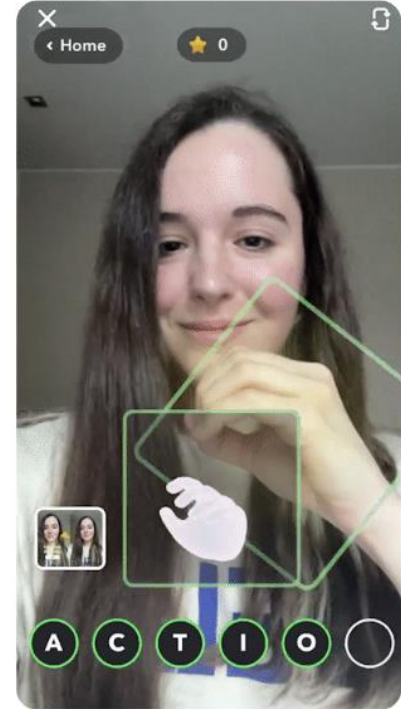
For Growth

In fact, consumers' interest is high for a broad range of AR experiences, compared to brands' interest in delivering them

Level of interest in AR experiences

	Map for navigation	Learning in an immersive way	Scanning product info	Travelling & Exploring the world	Instructions	Entertainment & Concerts	Events
Consumers	79%	79%	77%	75%	74%	73%	67%
Brands	30%	26%	56%	30%	31%	38%	48%

■ Consumers   ■ Brands

How can brands use AR to reach new audiences?

Gen Z is choosing to communicate more visually.

▸ ▸ ▸ ▸
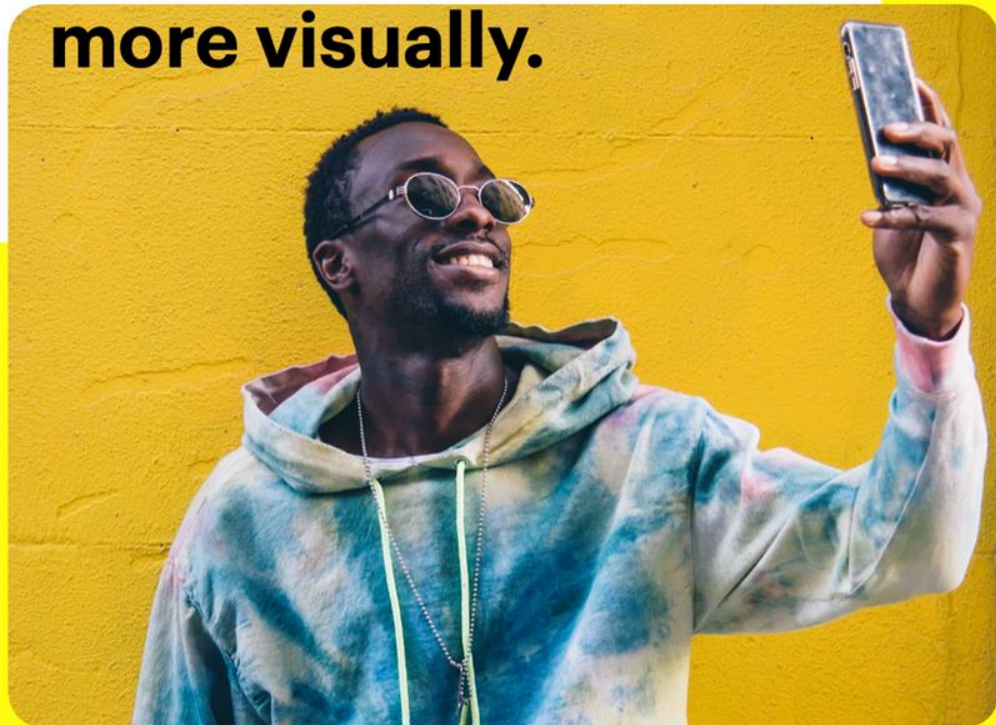
95%
have used visual communication when messaging friends.

2 in 3
Gen Z use visual communication to make connections more personal.

54%
Of Gen Zs agree that **digital avatars / Bitmojis** help them to express themselves.

AR allows brands to connect with Gen Zs on a closer level than ever before

54%

of Gen Zs say AR experiences feel more personal

Interactive and personalized shopping experiences are a must.
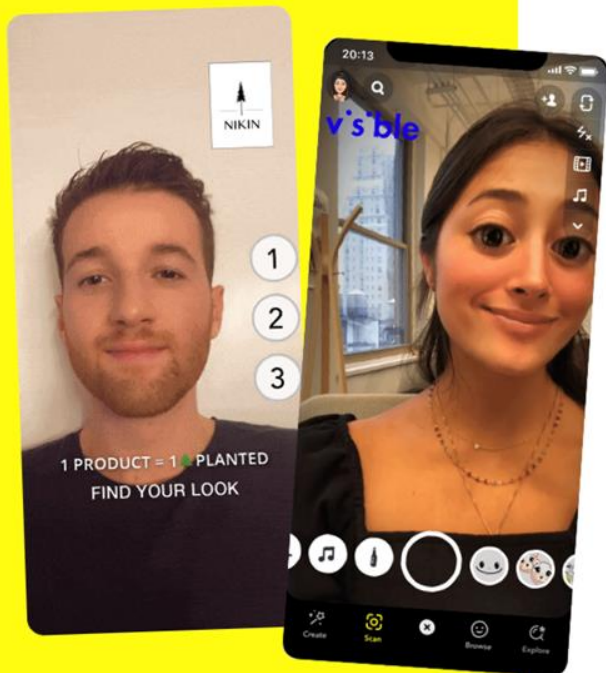
92%

of Gen Z are interested in using AR for shopping.[1]

Over half of Gen Z say they'd be more likely to pay attention to an ad that incorporates AR.[2]

AR enables Gen Zs to experiment

Gen Zs who **"like to experiment and change aspects of my look / appearance" are:**

~2x

more likely to buy items that they have **experienced first using AR**

...than those who don't

How do you use AR in your media mix?

High Attention =
High Impact

Attentive seconds

🇺🇸 🇬🇧

AR Lenses on Snapchat outperformed all other media formats.

Others platforms would need 14-20 ads to generate the same level of attention as Snapchat lenses.

11,341s

2,222s

■ Snap Lenses

■ Dentsu Benchmarks
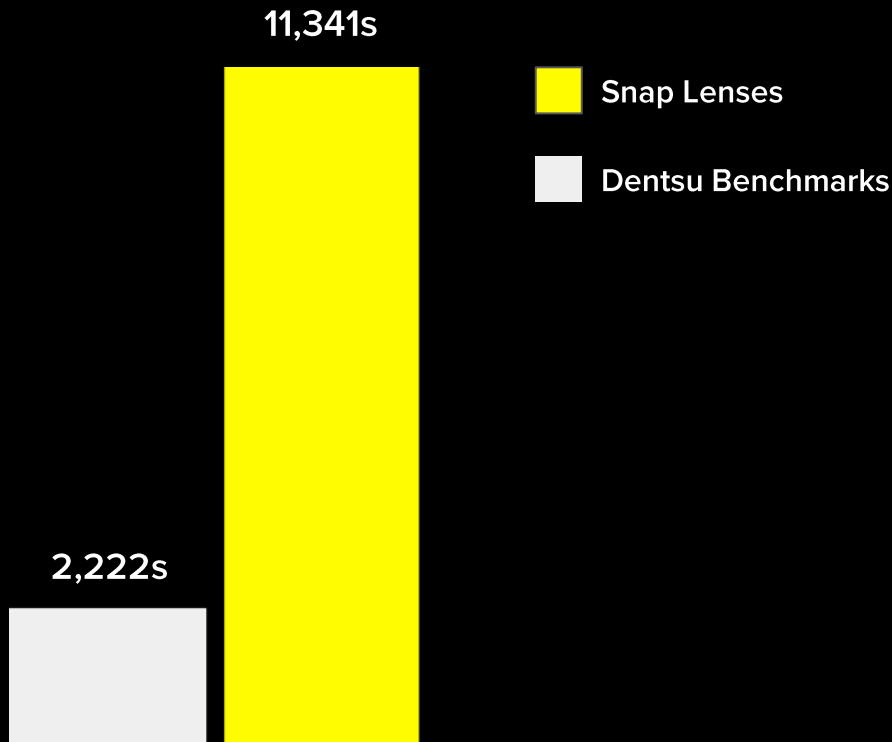
Attentive seconds per 1000 impressions

Source: Lumen Attention study commissioned by Snap Inc and dentsu, 2022

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What is the impact of AR in the mix?
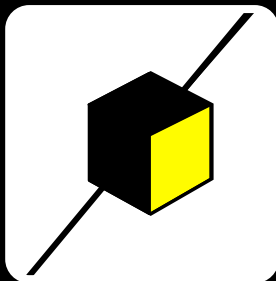
Ad Mix **With** AR Ad
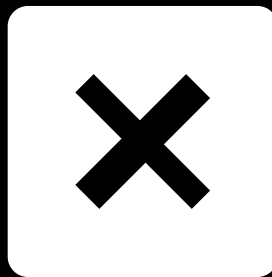
Ad Mix **Without** AR Ad

AR is an integral part of the media mix

Brands benefit directly from higher purchasing intent and brand preference

Impact of AR in ad mix | Controlling for frequency
Deltas (Exposed - Control)

Ad Mix Without AR Ad

+14%

Ad Mix With AR Ad

+13%

+6%

+6%

+9%

Aided Ad Recall

Aided Ad Recall

Purchase Intent

Is a Brand I Prefer

Brand Is Innovative

AR does not only drive short-term impact...

Impact of AR over 4-weeks

+6pts▲

Improve brand opinion

+11pts ▲

Compelling▲
Leader▲
Inventive▲
Empowering▲

Influence implicit associations

+6pts▲

Increase likelihood to purchase

+10pts▲

+5pts▲

Increase likelihood to recommend

+6pts▲

▲/▼ indicate significant differences at a 90% level of confidence; Lifts based on aggregated data from the US Qualitative Diaries phase, measuring specific brand metrics and implicit and scaled explicit associations over a 4-week period; Among Snapchatters from the US Qual Diaries (n = 30)

But does sequence matter?

Start With Snap Ad

Start With Commercial Ad

Start With AR Ad

AR Ad in the Middle

AR Ad Not in the Middle

Breaking the video sequence with an AR ad helps build brand perceptions and generates the most excitement

Impact of Ad Sequence:

AR Ad in the <u>Middle</u>

Brand is Cheerful (Δ) +9%↑

Search Intent (Δ) +11%↑

"AR Ad Got Me Excited About the Brand" (% Strongly Agree) 27%↑

AR Ad <u>Not</u> in the Middle

Brand is Cheerful (Δ) +4%↑

0% **Search Intent**

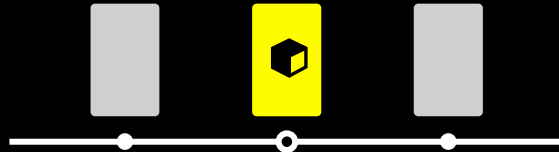"AR Ad Got Me Excited About the Brand" (% Strongly Agree) 20%
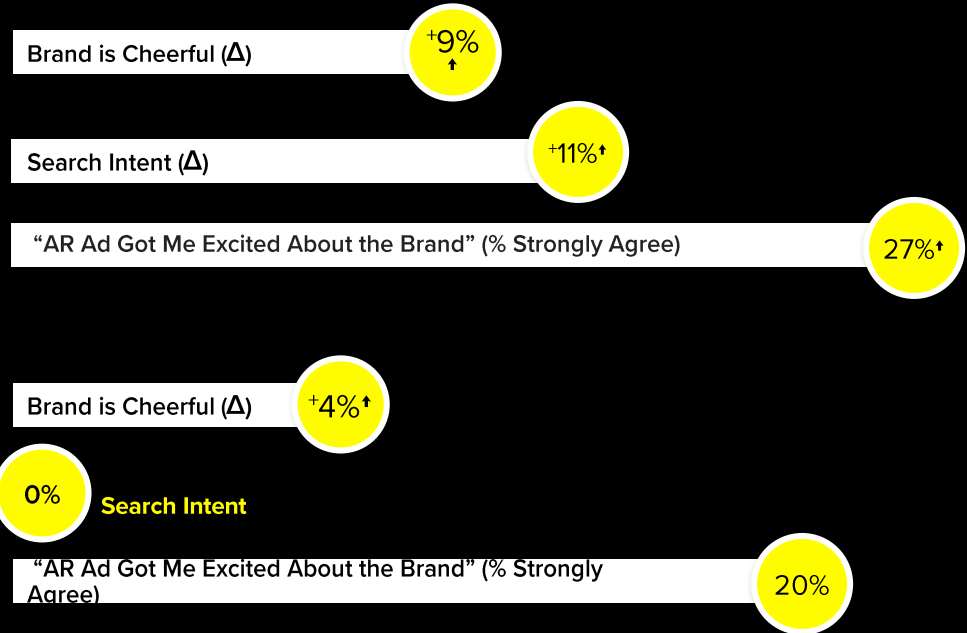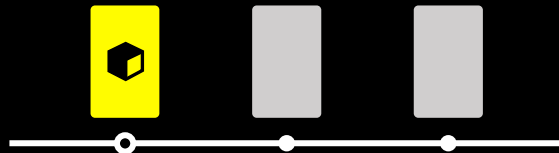
Delta's (Δ) - AR in middle, Exposed n=257, Control n=257; AR not in the middle, Exposed n=476, Control n=476   % Strongly Agree - AR in middle, Exposed n=515; AR ad last, Exposed n=482 ↑ = Statistical significance between Exposed and control groups at >=90% confidence level

Creative Attributes

These showed a significant relationship with AR performance in Brand Lift.

Branding
Clearly visible & recognizable

- ✔ **Logo Position:** Top-Right or Bottom-Center.
- ✔ **Logo size:** large enough to be legible to the user.
- ✔ **Product** to be recognizable throughout the lens experience.

Complexity
Intuitive & engaging

- ✔ Make it **Intuitive** enough, so the user doesn't need a hint.
- ✔ **Face Triggers:** "Raise your eyebrows", "Open your mouth".
- ✔ Aim for **Engaging user flow***, around 7-9s.

Messaging
Words work & sound too

- ✔ Design for **Sound ON.**
- ✔ **Sound:** voice-over, music, or sound effects.

User Experience
Make it "share-worthy"

- ✔ **Create something Share-worthy.** Share rate is key.
- ✔ Include a **Selfie option.**
- ✔ **Tracking:** Include Hand tracking or Body tracking where possible.

Source: AR creative attribute analysis 2022 (US)

*User flow: the length of time it takes a user to complete all of the actions in the lens. While engaging multiple times/ways can increase playtime, the user flow is the functional start-to-finish.

Don't take our word for it...

Champs Sports

Case study: Driving consideration with AR Try-on Technology

One of the first retailers to use Snapchat's shoe AR Try-On technology, Champs Sports offered users the chance to trial 2 pairs of Nike Kicks via its Refresh Your Game campaign.

44% Incremental Reach[1]

53% Higher Conversion Rate[1]

32% Increase in ROAS[2]

1 Snap Inc. internal data September 1 to October 2, 2020.

2 Data from Snap Ads Manager: September 1, 2019 to August 31, 2020 vs. September 1 to October 2, 2020

Clearly

Case study: Driving brand impact with shoppable lens and AR Try-On

Clearly's Shoppable Lens combined AR Try-On with a seamless purchase process. Snapchatters could choose between 5 sunglasses, take a Snap to ask friends their opinions, before purchasing their favorite style.

+7pt
Lift in Awareness[1]

+5pt
Lift in Consideration[1]

+3.6%
Lift in Purchases[2]

1 Snap Inc. brand lift survey of CA Snapchat users June 13-July 19, 2020.

2 Snap Inc. internal data June 18-July 18, 2020.

AR Takeaways for Brands

01 **02** **03** **04** **05**

AR is a growing opportunity

AR for shopping + beyond!

Gen Z expect AR experiences

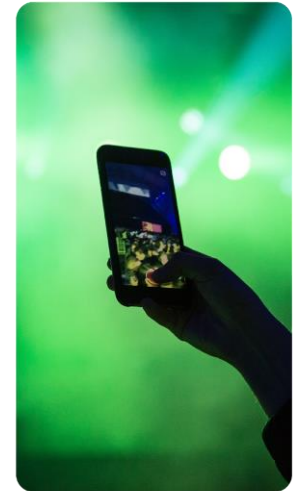**AR drives attention and brand KPIs!**

Sequencing + creative matters

Thank you