

A person wearing glasses and a white shirt is holding a smartphone, looking at a digital interface overlaid on a building facade. The interface displays various financial and business-related icons and text, including 'pay', '1,000,000', 'My Balance', 'Send', 'File', 'Transfer', 'Request', 'Bill Payment', 'E-Shopping', 'Credit Score', and 'Split Bill'. The background is a blurred image of a modern building with a grid of windows.

# AR Enhanced Advertising

Candidate Numbers:

2309755, 2306251, 2301402, 2302612, 2309498

# What is Augmented Reality (AR)?

The concept dates back to the 1950s and there are **multiple definitions**. It is generally defined as a combination of real-time **digital information** with the **real world**.

The **proportion** of real vs. digital content distinguishes between AR & VR.

- VR = no visible real-world elements
- AR = visible real-world elements



AR can be placed on the **continuum** ranging from Mixed to Assisted Reality.

There are **multiple uses** of AR, it is commonly used in fields such as:

- Education
- Tourism
- Retail
- Geoscience
- Marketing



"AR Marketing is defined as the **strategic integration** of AR experiences, alone or in combination with other media or brand-related cues, to achieve overarching **marketing goals...**" (Rauschnabel et al., 2022a, p.1142)

# How does AR work in advertising?

- AR advertising is an **interactive experience** between the **brand and the consumer**. The consumer is an active participant in the AR advertisements that the brand presents to them.
- Companies use **QR codes** that consumers can scan to see superimposed **virtual objects** after pointing their **phone camera** at such codes.

AR. (2021) *Top 7 QR Code Augmented Reality Examples*. [Online]. Available from: <https://www.aircards.co/blog/top-7-qr-code-augmented-reality-examples> [Accessed: 30th January 2023].

Engine Creative. (2023) *Augmented Reality Advertising: How it Works & The Best Campaigns*. [Online]. Available from: <https://www.enginecreative.co.uk/blog/augmented-reality-advertising/> [Accessed: 30th January 2023]





# Why does AR work for brands?

- Better **user engagement** – More than half of the consumers use AR to have fun.
- Stronger **emotional connection** – This leads to positive associations with the brand.
- Higher **conversion rates** – AR ads beat traditional ads and allows customers to make better buying decisions.
- Drives **sales** – Seeing and testing a product through AR reduces uncertainty and increases buyer confidence.



# Pros and Cons of AR advertising

There are several **advantages** in AR advertising, in which Tan et al. (2021) divides into four categories, as shown in the following:

- **Entertain customers:** Create novel and engaging experience for customers, build brand interest and drive foot traffic to physical stores
- **Educate customers:** Deliver content and information in an interactive and visually appealing manner and help customers understand complex mechanisms and better appreciate the value of products
- **Help customers evaluate fit:** Help customers visualize products in their actual consumption contexts, increase customers' confidence in their purchase decisions in the absence of physical products and accommodate wide product assortments and customization without the need for physical inventory
- **Enhance customer's post-purchase consumption experience:** Offer new ways of enjoying products after they purchased and deliver additional information while the products are being used or consumed

The following show several **disadvantages** of using AR advertising for firms:

- The **uncertainty** of the advertising outcome
- It can be **costly** to run the technology
- **Less accessible** for small businesses, as they need specific technical expertise to operate it
- AR systems and services can embody a variety of **forms of IP** (copyright, contract/licenses, data issues, privacy)
- Not **easily accessible for everyone** for example people who feel less confident using new technology

App Store  
The best place for apps.

App Store

## Hunt the latest Pokémon characters.

Swipe up to catch 'em!



OPEN APP STORE

Advert

## Examples of AR advertising

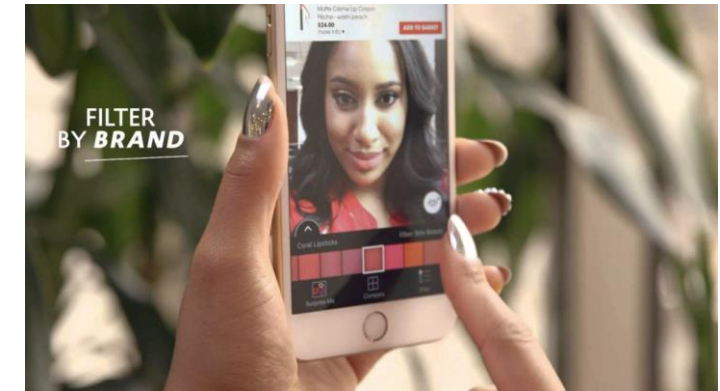
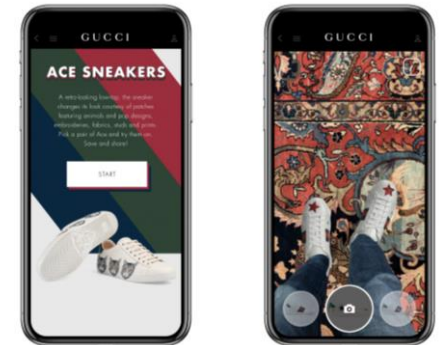
- **Pokemon Go!** : The game allows advertisers to have their location sponsored within the game. The location could be anywhere: restaurants, brand stores or markets. When the user goes to the sponsored location, they can catch the reward points and have the possibility to spend money at the advertisers' location. Even local businesses can use lures to bring in more audiences to a particular location.
- The game has garnered **750 million downloads** in the first year. Niantic has ensured that Pokemon Go gives every city something unique for the local players and users have found the [top cities](#) to play in.
- **City Painter by Snap**: In October 2020, Snap launched an app in the Carnaby Street of London which allowed users to **spray paint** over the shops in the streets. With this, there's a definite potential for marketers to promote brands to people who love to explore cities and their corners.





# Examples of AR advertising

- **Furniture retailers:** Furniture brands like IKEA and Wayfair also use AR to make the shopping experience for their customers quite smooth. IKEA used to have IKEA Place where users could virtually place the furnitures in spaces. Now IKEA Studio app allows users to incorporate a lot more details such as windows, doors and storage cabinets.
- Wayfair also has an AR app to help customers shop better. They noticed that customers were 3 to 4 times more likely to buy a product because they saw how it looks on the AR app.
- **Fashion and AR:** Brands like Gucci, Sephora, Burberry, Amazon, etc. are using AR apps to let customers try on products before buying them. This not only increases the interest of buyers but also reduces chances of product returns. Having an AR app means the customer can shop from home which helped brands a lot during Covid to maintain the sales.



# Future of AR Advertising

- **Experiential Marketing:** Brands will give customers experiences in order to market their products and connect with their audience. One example includes the virtual hair colouring salon at [Amazon](#) where customers can virtually experience their hair colour change in real-time unlike traditional hair salons.
- **Equipment:** Wearable equipment needed for the advertising will need to be adapted and made lighter and more comfortable. For example, headsets, data gloves and data suits. Considering the rise of the metaverse which relies heavily on equipment, it will be essential that headsets and other devices are accessible and comfortable for everyone.
- **Personalisation:** There will be an increase in personalisation and with the increase in technology, advertisers will be able to tailor advertisements more to consumer preferences and needs.
- **Mobile Marketing:** As the use of mobiles and smartphones is increasing, more AR advertisements will be accessed through multiple mediums.



Kurilovas, E. (2016) "Evaluation of quality and personalisation of VR/AR/Mr Learning Systems," *Behaviour & Information Technology*, 35(11), pp. 998-1007. Available at: <https://doi.org/10.1080/0144929x.2016.1212929>.

Smilansky, S. (2018) *Experiential marketing: A practical guide to interactive brand experiences*. New York: Kogan Page.