IAB Canada

Barometer Report:

The State of AR & VR Advertising in Canada 2018

Member Survey Results

Introduction

Background

As the advertising marketplace becomes more cluttered and many people opt out of receiving marketing messages, brand experiences that can cut through are increasingly valuable. Two app technologies - virtual reality (VR) and augmented reality (AR) – offer new ways to deliver those experiences.

Purpose

In this second IAB Canada Barometer survey for 2018, we asked for members' views, 2018 plans and the types of resources / metrics required to move Augmented Reality (AR) and Virtual Reality (VR) forward in Canadian marcom.

Methodology

- 15 Minute Survey questionnaire, sent to member database;
- Perceptions based on "past year" and 2018 plans;
- Sample composition: 60% 'buy-side' + 25% 'sell-side' = 85%
- In field February 13-23, 2018;
- Respondent identity and answers confidential, results reported in aggregate only.
- Trending Note: Treat comparisons to 2017 survey with caution, potentially directional-only.

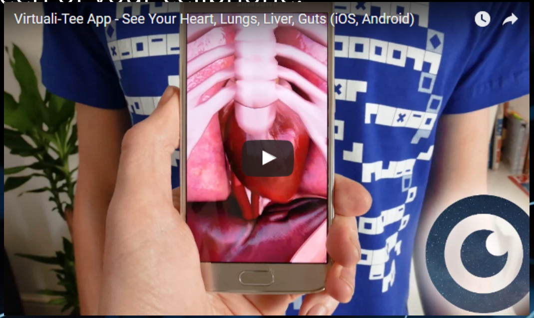
Just to be clear, here's what we are talking about.

AR and VR: Two app technologies - virtual reality (VR) and augmented reality (AR) – offer new ways to deliver experiences.

Augmented Reality is the integration of the physical, real-world environment, with computer-generated digital information such as sound, video or graphics.

With object recognition via the onboard cellphone camera, the information about the surrounding real world of the user becomes interactive and digitally manipulated

Simply put…AR is a view of reality which is modified on the screen of your cellphone.



Virtual Reality immerses consumers in a 3-dimensional, 360-degree digital environment and is most commonly experienced via a headset or head-mounted display that cover the user's eyes and responds to head movements.

A person is typically able to look around the artificial world, move within it and interact with features that are depicted.

Simply put…VR is the use of computer technology to create a simulated environment.

iab.canada

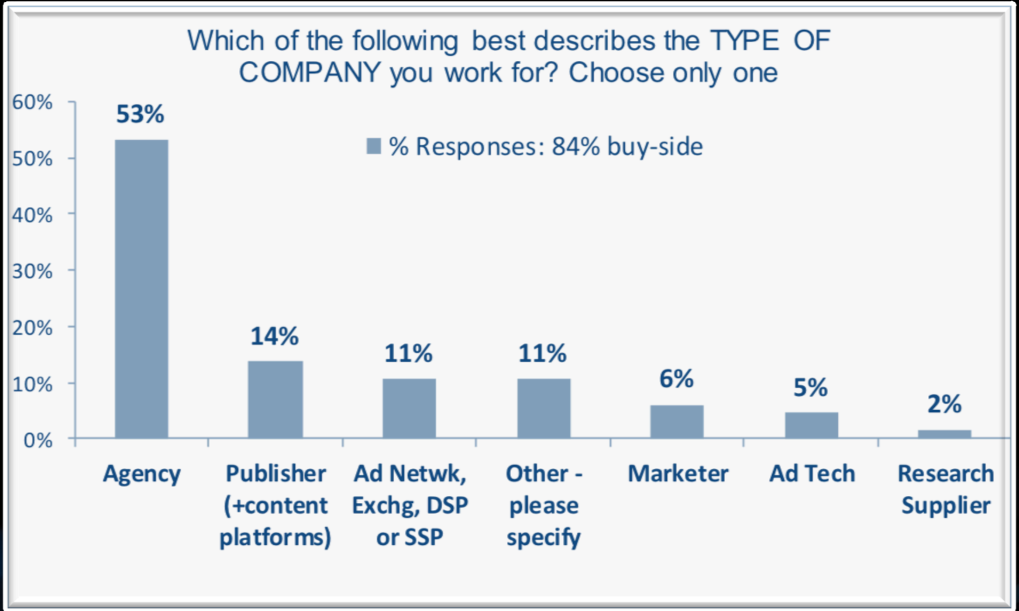
Survey Highlights

Early Days still, but AR/VR Usage is Growing!

- 25% of respondents are actively using AR/VR
- 12-15% have budgets – small budgets
- AR/VR is seen as opportunity to stand out as leading edge
- Immersion and enhancement scenarios
- Top categories are experiential in focus
- Overall AR considered relatively accessible vs VR barriers to entry
- The industry is waiting for scale - *still*
- Publishers are leading sources
- Engagement metrics for an engagement medium

Who Responded

Buy-Side represented 60% of member sample, sell-side 25%



Compared to last year:

Slightly smaller sell-side proportion this time.

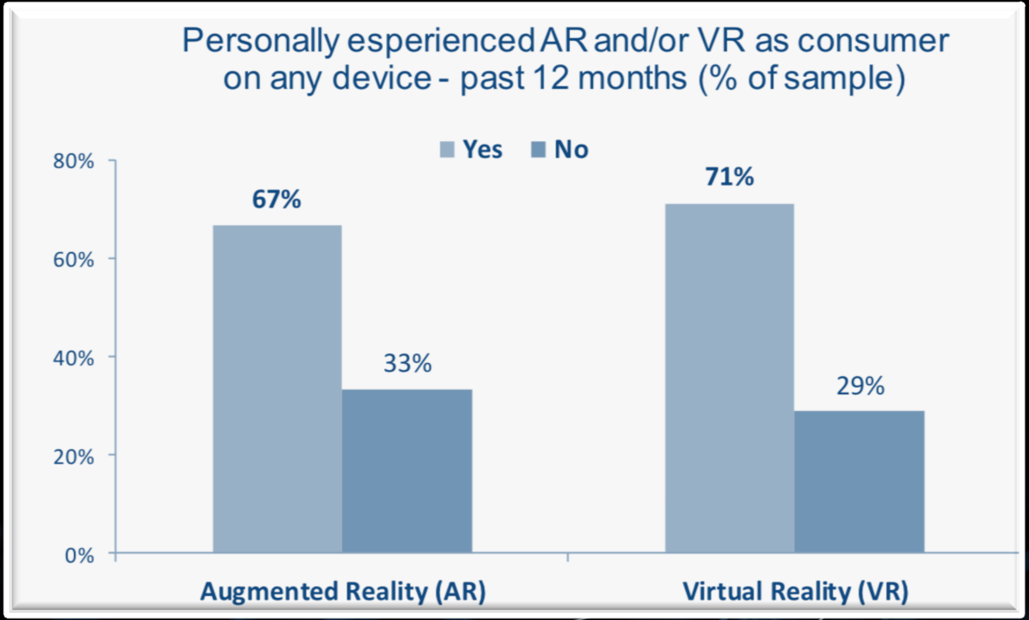
Familiarity with AR/VR

Powerful Digital Leadership

iab.canada

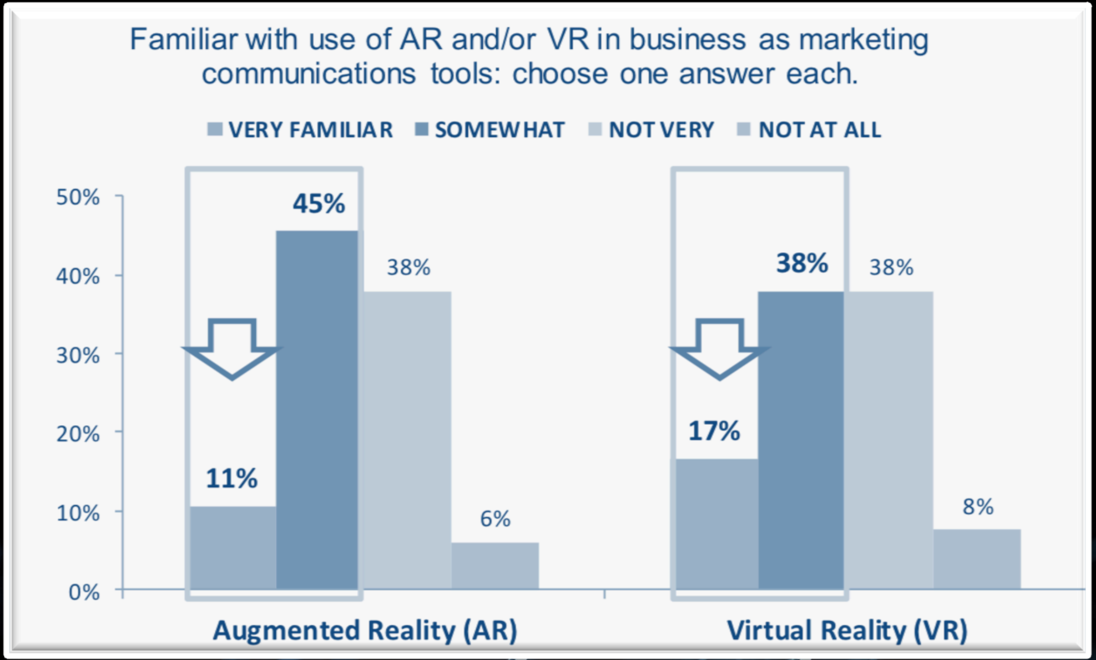
Many have experienced AR or VR as consumers

Over two-thirds are familiar with AR, more-so with VR (over 70%).



Over 50% familiar with AR/VR as communication tools

However only a small group is “VERY” familiar with either format (11-17%)



Compared to last year:

Very little change in overall familiarity as marcom tools.

IAB Canada Barometer Report: **The State of AR & VR Advertising in Canada 2018**

iab.canada

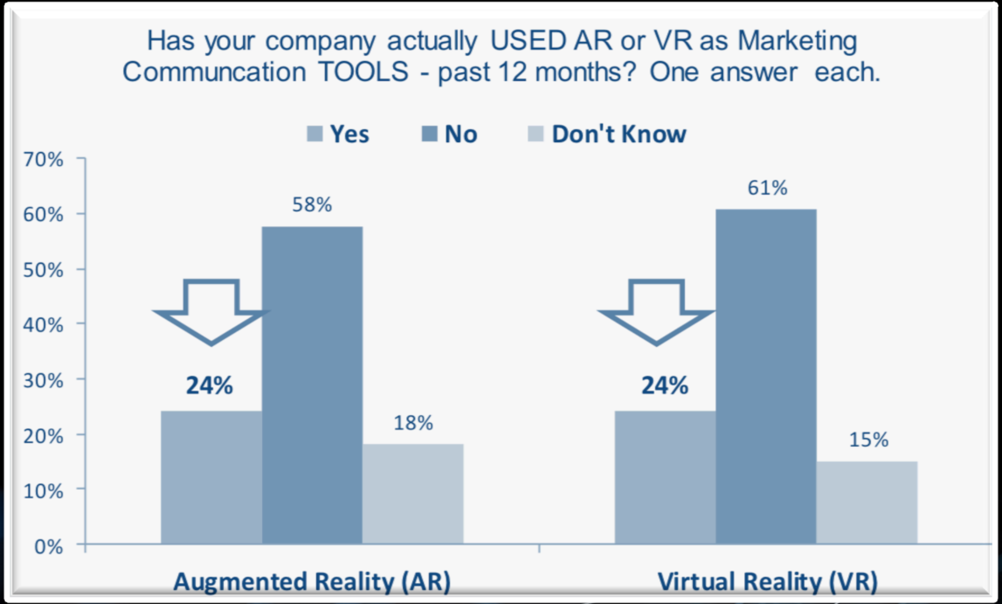
Adoption

Powerful Digital Leadership

iab.canada

Early days *still*

Just one-in-four say their firms are actually working with AR or VR formats.

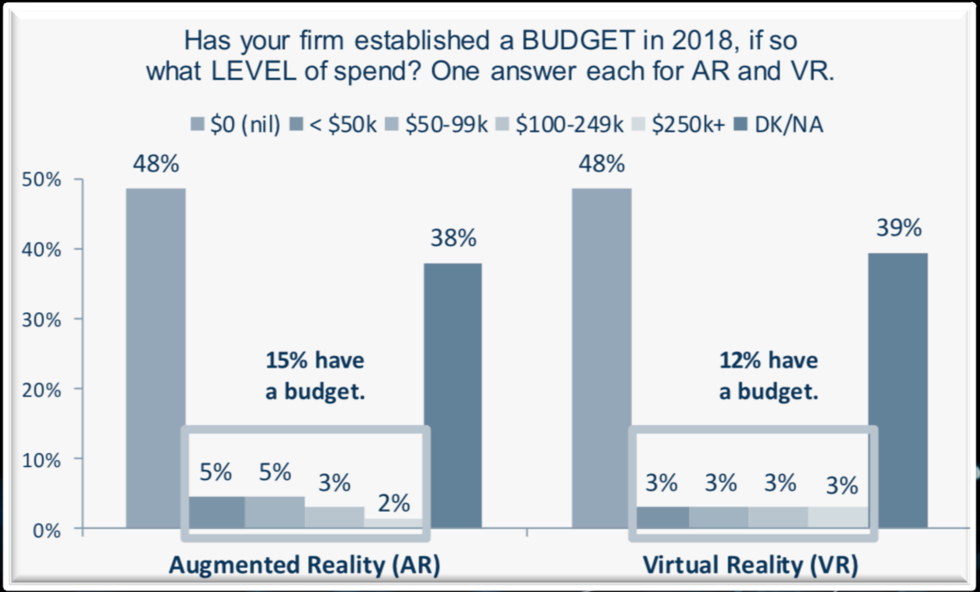


Compared to last year:

Claimed usage at least one-third less last year.

Not squarely on the budget radar

Over 80% cite 'Zero budget' or 'Don't Know'/Not Applicable. Those who do have budgets claim little funding – most likely test/reserve funds

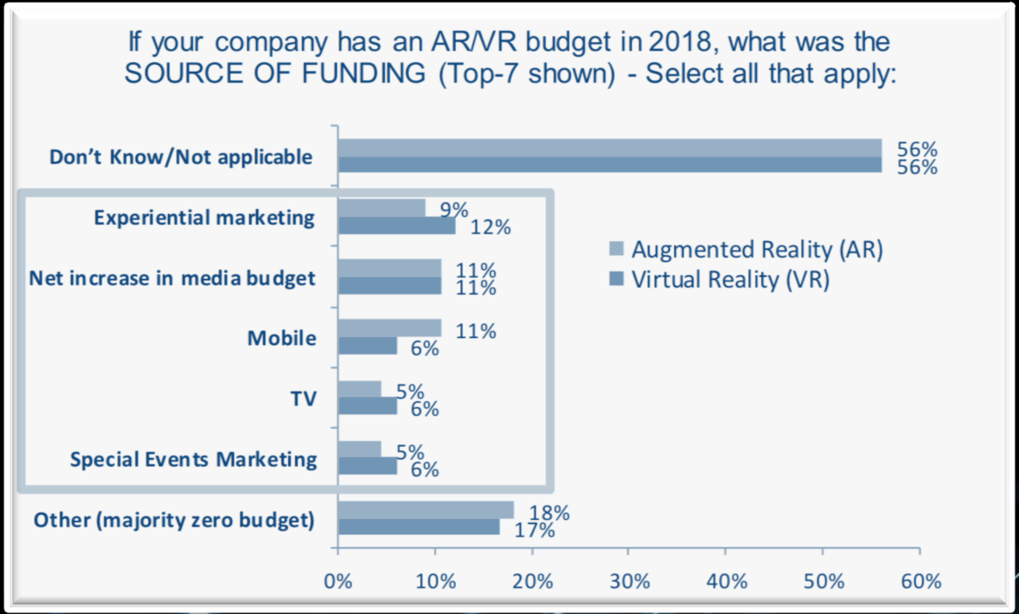


Compared to last year:

Higher this year. Under 5% claimed to have budgets for 2017 .

Funding sources related to format characteristics

VR - experiential marketing, AR – mobile



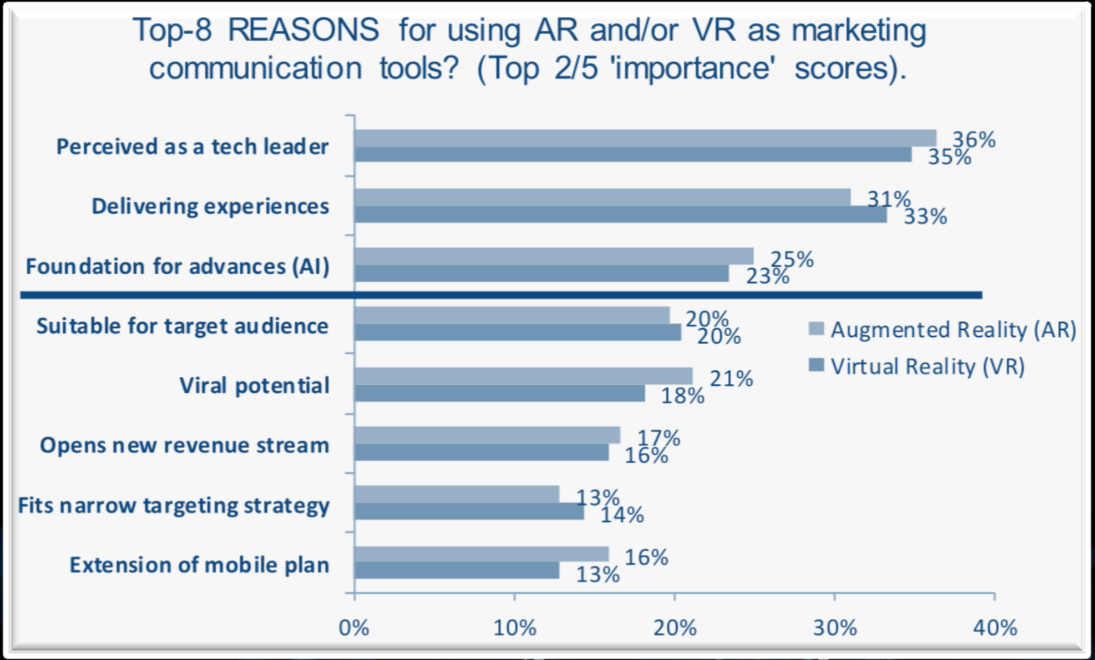
Opportunities vs Obstacles

Powerful Digital Leadership

iab.canada

Top Usage Driver – "Leading Edge" Marketing

Other top reasons include viral potential and target audience suitability.

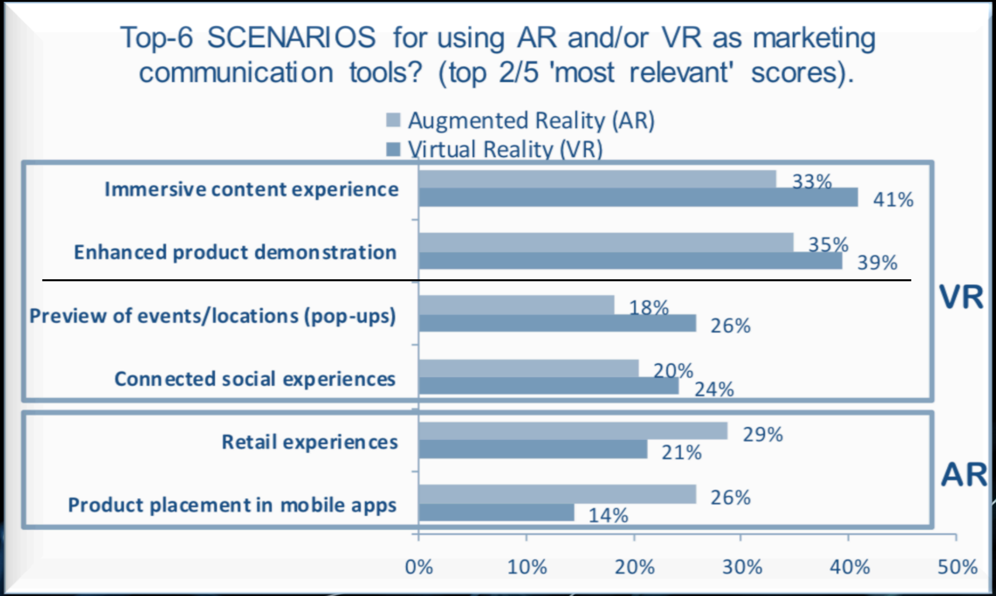


Compared to last year:

- Top-5 ranking order is the same.

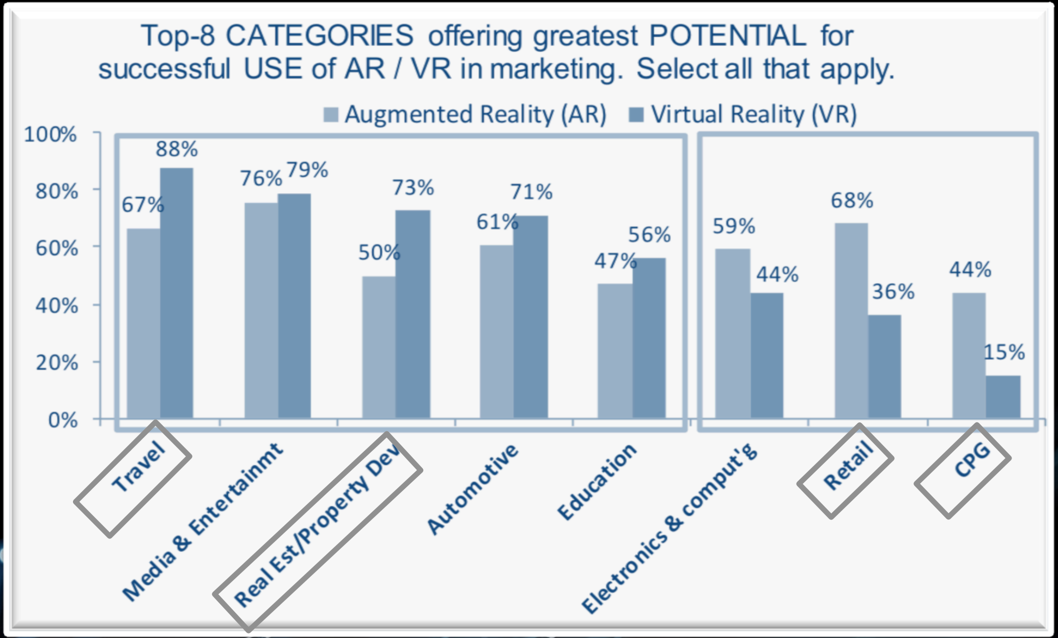
Immersion & Enhancement are top scenarios

Immersive Experience and Enhanced Demonstration are favoured scenarios for both, AR preferred for Retail & Mobile Apps.



Experience-Driven categories - travel, media, auto etc.

VR preferred for Real Estate and Travel, while AR favoured for Retail and CPG.

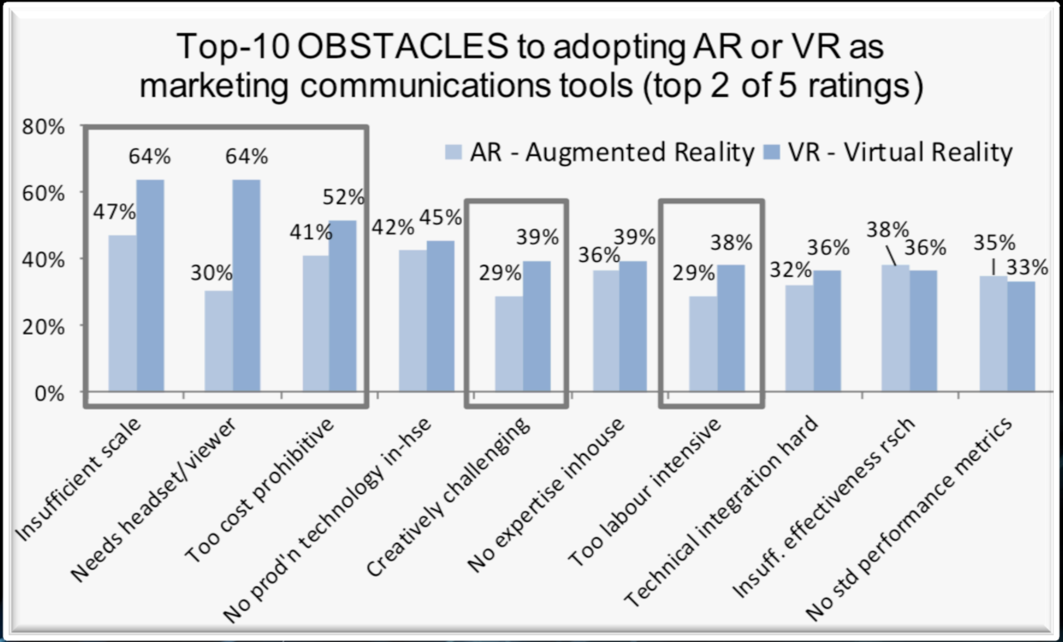


IAB Canada Barometer Report: **The State of AR & VR Advertising in Canada 2018**

iab.canada

Waiting for scale…

Almost two-thirds cite ‘Insufficient Scale’ / ‘Need for Headsets’ as deterrents for VR, while up to half point to ‘cost’ for both. Almost 40% see VR as creatively challenging / labour intensive.



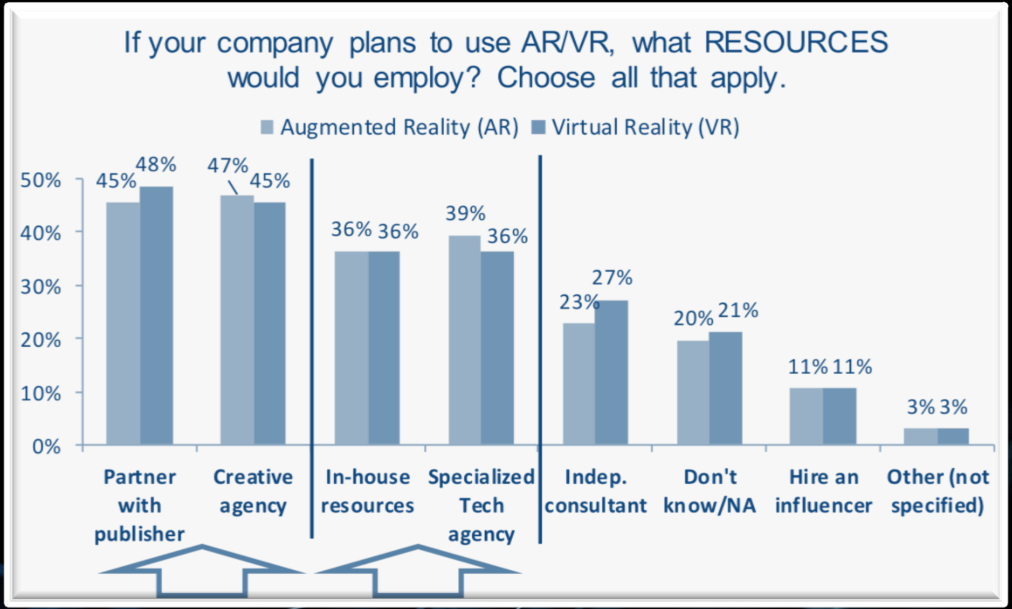
Dealers and Data

Powerful Digital Leadership

iab.canada

Publishers have an opportunity to lead the charge...

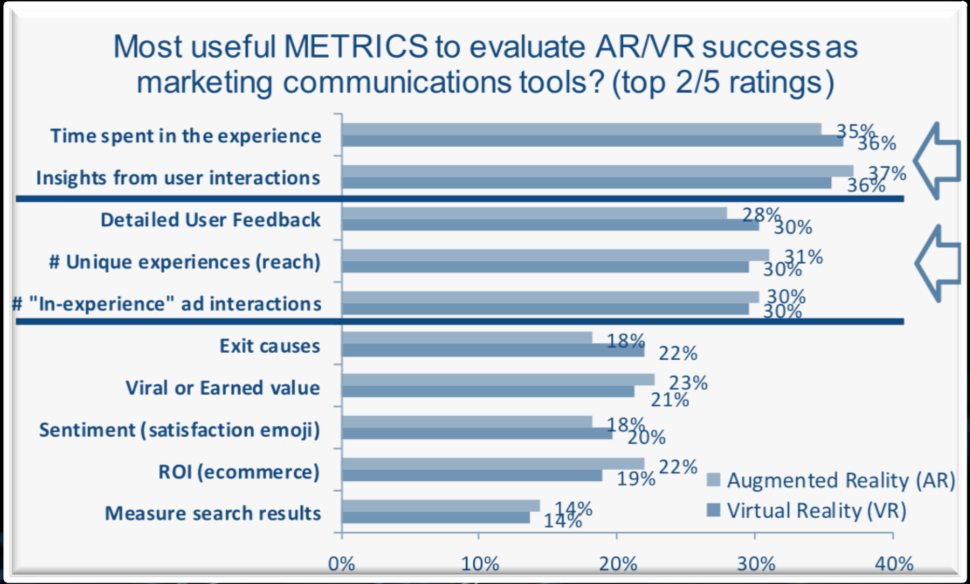
Companies planning to adopt AR or VR look to publishers, creative and technical agencies as their external partners of first resort.



iab.canada

Engagement-first metrics

Time-spent and key SOFT metrics like detailed user 'in-experience' feedback and insights from interactions.



Conclusion

Early Days still, but AR/VR Usage is Growing!

This report finds that the IAB Canada members who participated in this Barometer survey seem better-informed this year about the communications opportunities that AR/VR represent and that adoption of these marketing tools seems to be rising.

IAB Canada continues to work with our members to identify solutions, promote standards and offer education courses to the industry, that we anticipate will facilitate further progress over time. A follow-up survey will be conducted to measure this progress next year.

Many thanks to all the members who participated in this survey.

Thank you for Supporting IAB Canada

Powerful Digital Leadership

iab.canada