Augmented Reality: New Opportunities for Marketing and Sales

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1. Introducing Augmented Reality

Augmented Reality is on everyone’s lips at the moment because the new technology is being quickly adapted and lots of new and valuable applications have become available to users – for the most part free. By Augmented Reality, abbreviated to AR, we understand the computer assisted augmenting of perception by means of additional interactive information levels in real time. The distinction between AR and Virtual Reality: in the case of Virtual Reality, the user is totally immersed in a virtual world that has no connection with reality.

AR can be used both with a PC or notebook and with a smartphone. The camera recognizes defined images (picture recognition) and on demand accesses stored functions or material via the Internet. These can be information, pictures or films that supplement real situations and, depending on circumstances, create a useful addition. The business models of AR are in the broadest sense advertising, subscriptions or Pay per Download.

Since Lego began using AR and the successful implementation of the technology in department stores, the toy industry has had a point of reference. But people are often unaware and underestimate the fact that AR could be applied in many more contexts.

2. What can AR Achieve in Marketing and Sales Today?

The applications of AR vary greatly and can apply to a myriad of marketing and sales aims. So today's AR applications can for example:

- find or navigate to brands and stores
- via logos, scan in mobile coupons that can then be redeemed
- create multimedia use of analogue print brochures or adverts
- visually display and create the experience of brand worlds
- create transparency and access to products that need to be explained
- retrieve supplementary services/information on demand based on situation and context
- carry out target-group-specific focusing of advertising messages
- facilitate interactive window-shopping to increase frequency of shop visits

In essence, employing AR mostly means quantitative expansion of brand perception and qualitative enhancing of brand attraction before, during and after buying. As well as prolonging the act of buying, the point to be stressed here is the (emotional) involvement of potential customers that is enhanced just as much by interaction, additional information and multimedia entertainment as by presenting what is concrete, relevant and useful.

An example: Interactive instructions for using a smartphone

With the 3D-tracking of Metaio, it will be much easier to master servicing and maintenance work in future. All users have to do is point their smartphone at an object. The technology immediately analyses it and gives instructions how, for example, the box can be opened or the toner in the printer can be changed. With the help of this technology, printed operating instructions will become increasingly redundant in the future.
If we apply this functionality to the instructions accompanying games, it means all that written material and small print is replaced by a user-friendly and lively presentation of interactive instructions.

3. Why AR will be a part of everyday life tomorrow?

The analysis of new technologies – as in this case by the technology analyst Gartner – shows that within the next three years AR will be ready for the mass market. It is not only the considerable benefit of the technology itself but also the constantly improving technical preconditions that play a part in this process. With smartphone penetration of 50 per cent, and the trend is upwards, it will technically not be a problem to use AR applications of all kinds in the near future. Moreover, the many new applications will enable more and more people to find out how they can make best use of the new technology for themselves.
Whereas many companies were still asking themselves just a few months ago whether this technology was just the latest fashion or would catch on permanently, its long-term future has now been confirmed. The following criteria are some of the indicators that tell us whether a new technology such as AR has a long or short life:

- **Creating benefit:**
  The greater the benefit for the user the higher the added value and motivation for developers to create new applications.

- **Adaptability / diffusion rate:**
  How quickly is a new technology adapted or how quickly does it spread?

- **Heterogeneous success clusters:**
  Is the successful use of the technology restricted to a single area, for example a specific industry, or are there value-generating possibilities of various kinds and applicable on different levels?

- **Application variety:**
  How many applications are there for a new technology?

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**Evolution of Augmented Reality**

When we consider the evolution of AR, we see that the use of the technology is becoming increasingly flexible. In the past, AR was a permanently installed projection at, for example, trade fairs, but today it is being used principally for smartphone applications. As the “Google Glasses” project impressively demonstrates, they are currently working on AR glasses.

www.youtube.com/watch?v=9c6W4CCU9M4

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Picture: Evolution of Augmented Reality

Picture: Prototype of Google Glasses
The diagram below, which describes AR as an integral mass medium, shows the prospects of its further development. Experts assume that, through integration into social media platforms and object recognition, new areas of application and business models will be created in the near future. Our lives as a whole will then be “augmented” in many ways, if that’s what we want. We can hardly imagine how this could influence the development of e-commerce when, after looking at a product, we can order it directly on the Internet.

Augmented Worlds

4. What are the Opportunities for the Toy Industry?

The first point to make is that AR has considerable potential for many sectors – otherwise we wouldn’t be able to explain the rapid dissemination of the technology across a whole range of industries. We have already pointed out the range of its implementation in marketing and sales under point 2. And Augmented Reality is predestined for the toy industry in particular. Here are some examples of why it can be used in this industry:

- Products can be experienced before buying them
- Entertainment via fascinating worlds of games
- Introduction to play products through playing with them
- Interactive instructions accompanying a game make you want to play it even more
- Young target groups are easy to appeal to via multimedia
- Static products can be experienced and made more attractive
- Customers are made more aware of brands and products
As a new access channel, AR enables you to stimulate the desire for toys in the peak season, but it is also omnipresent throughout the year by virtue of the various media links.

5. How to Take Advantage of these Opportunities

When adapting AR for your own brands, the first absolutely essential step is to get to grips with the new technology. A sensible approach is to combine outside know-how with expertise within your company. The aim is, on the one hand, to be actively involved in shaping the knowledge transfer that you wish to achieve and, on the other, to evaluate initial pilot projects and to gain experience. As a rule, the first steps you might take towards using AR are:

- Look for suitable consulting and technology partners
- Set up AR workshops and working groups
- Analyse existing AR applications
- Examine specific areas of application and the added value they create
- Implement initial quantifiable pilot projects and get experience
- Develop the business case for the implementation of AR

However, before a company takes a decision in favour of AR, the following criteria should be subjected to critical examination:

- Concrete relevance of implementing AR for the company
- Healthy cost/benefit relation
- Brand affinity – is the new technology appropriate for the brand or the target group?
- Does the positioning of the brand support the use of AR?
- Is the application sufficiently developed and stable?
Rolf Buchholz is the founder and managing director of the innovation consultancy KEY VALUES GmbH in Hamburg. His company analyses influencing factors, identifies innovation potential, develops growth concepts and supports their successful implementation. Specifically developed methods and tools in conjunction with a network of experts and partners help to create new products, services and solutions. Rolf Buchholz works on the application of new technologies, and for over three years he has focused on Augmented Reality solutions. He also teaches Innovation Management at the Hamburg School of Business Administration (HSBA) and is the co-founder of INNOVATION ALLIANCE, a network of leading innovation companies.

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Annex: Useful links and examples of Augmented Reality

Research: www.juniperresearch.com/reports.php?id=197
AR-Advertising: www.blippar.com
Tat: www.tat.se/site/showroom/latest_design.html
Metaio: www.metaio.com
Layar: www.youtube.com/watch?v=b64_16K2e08
Kodak: www.youtube.com/watch?v=U2uH-jrsSxs
Adidas: www.youtube.com/watch?v=rRcognsyqNY&feature=PlayList&p=87D50353A3DE9A87&playnext_from=PL&playnext=1&index=8
Mini: www.youtube.com/watch?v=HTYeuo6plY&feature=PlayList&p=6FF0E27C0575CEE5&playnext_from=PL&playnext=1&index=1
Esquire magazine: www.youtube.com/watch?v=LGwHQwgBzSI
Zugara: www.youtube.com/watch?v=NxQZuo6pFUw
Lego: www.youtube.com/watch?v=8UxWkZtUKal
Google Glasses project: www.youtube.com/watch?v=rrDrOWI1AYI