



THE EMERGENCE OF IMMERSIVE ADVERTISING

Abstract

People have been exposed to various forms of advertisements, to the point that even digital ads have become too much to take for. As a result, viewers have started avoiding consumption of these ads and in fact, are even ready to pay a subscription fee to avoid these. It hence, is critical for advertisers to bridge the emotional connect with the people. This paper talks about adoption of newer digital technologies such as AR, VR, 360° imaging, that can help with immersive advertising to offer more captivating ways to effectively connect with the people.

Distancing the customer

People today are bombarded every waking minute of their lives with brand placement and advertising – be it through television, radio, billboards, online shopping deliveries, the commute to work, google searches, and of course, an omnipresent social media. According to a Forbes article, each day an average person is exposed to around 4,000 to 10,000 ads, with the number growing every day.¹ Now more than ever, digital ads

especially are on a trajectory to become an annoyance rather than a meaningful form of brand messaging and awareness. Saturated by their excess, many people have started taking measures to avoid seeing ads wherever possible such as through installing spam filters or paying premium fees for various apps and platforms for an ad-free experience. The explosion of ads has also made consumers emotionally distant from the

message of the marketers and thus it is now difficult to grab anyone's attention unless they are already interested in the subject. Though marketers around the world are expending much effort to tailor their ads for the target audience's likes and preferences, the increasing emotional distance results in a failure to connect meaningfully.



¹ <https://www.forbes.com/sites/forbesagencycouncil/2017/08/25/finding-brand-success-in-the-digital-world/>



Bridging the distance

To bridge the emotional disconnect of customers, clever marketers are today increasingly adopting newer digital technologies with immersive capabilities. These include augmented reality (AR), virtual reality (VR), 360° imaging, and the internet of things (IoT), which offer newer and more captivating ways to effectively connect with audiences. While some of these technologies have already been around for some time, it is only now that they are coming into the limelight.

Augmented reality (AR) utilizes sensory devices to add a digital layer to users' physical environments and provides them the ability to interact meaningfully with it. An example of AR technology is IKEA's AR catalog application which allows customers to easily preview how various items of furniture would look like in their home, using just the cameras in their phones or

tablets.² Popular mobile game Pokémon Go which achieved unprecedented success in 2016 is another example of popular AR technology.³

Virtual reality (VR) on the other hand, creates a computer-generated simulation of a physical environment. It immerses the user into this artificial digital environment through stimulating their vision and/or hearing. Examples of VR technology include Facebook's Oculus Rift and Sony's PlayStation Virtual Reality. Another immersive technology, 360° imaging, uses multiple images of a product from all sides and pieces them together in a way that offers customers to digitally examine it from all possible angles. One such example is that of Amazon which recently launched 360° spin images to boost their product listings.

Finally, IoT-enabled devices can automatically store, analyze, and share data, bridging the gap between consumer usage, data collection and analysis. This in turn can be used to enhance customer experience, and IoT technology is today being innovatively used by marketers around the world as a creative tool to engage their customers. A good example of this is Johnnie Walker Blue Label bottles with built-in electronic sensors collecting various data points on the bottle's journey from the manufacturer until delivery. Thus, after an order has been placed, customers can track these bottles across the globe till they are delivered. Malibu, another drinks company, takes the technology a step further, using their "connected" bottles as digital touchpoints to promote exclusive content.⁴

² <https://apps.apple.com/us/app/ikea-place/id1279244498>

³ <https://apps.apple.com/us/app/pok%C3%A9mon-go/id1094591345>

⁴ <https://www.prnewswire.com/news-releases/malibu-integrates-near-field-technology-into-bottle-caps-to-deliver-an-exclusive-online-experience-to-consumers-300862275.html>



Different from the traditional

As the adoption of immersive technologies increases across the globe, many brands

and marketers are completely reinventing their marketing campaigns. This is because,

immersive ads have differential advantages over traditional ads.

Observation vs immersion

When a person is watching a traditional billboard or a radio/video ad, he or she is essentially an observer, a viewer, an audience. There is no input from their side, and none of their actions has any effect on the ad. This lack of engagement is among the main reasons most ads fail to leave an impression on the minds of their target audience.

However, what immersive ads preliminary offer is a personal experience through immersing the customer into a product-related experience and thus connecting with them at an emotional level. The customers' actions have an outcome in the immersive world and thus they are active participants in a brand-new, engaging experience. Thus, unlike mere observation, the new immersive technology marketers are presenting an experience that customers could not otherwise have with static or video ads. This emotional engagement enhances the recall value of the brand, leading to increased brand awareness.

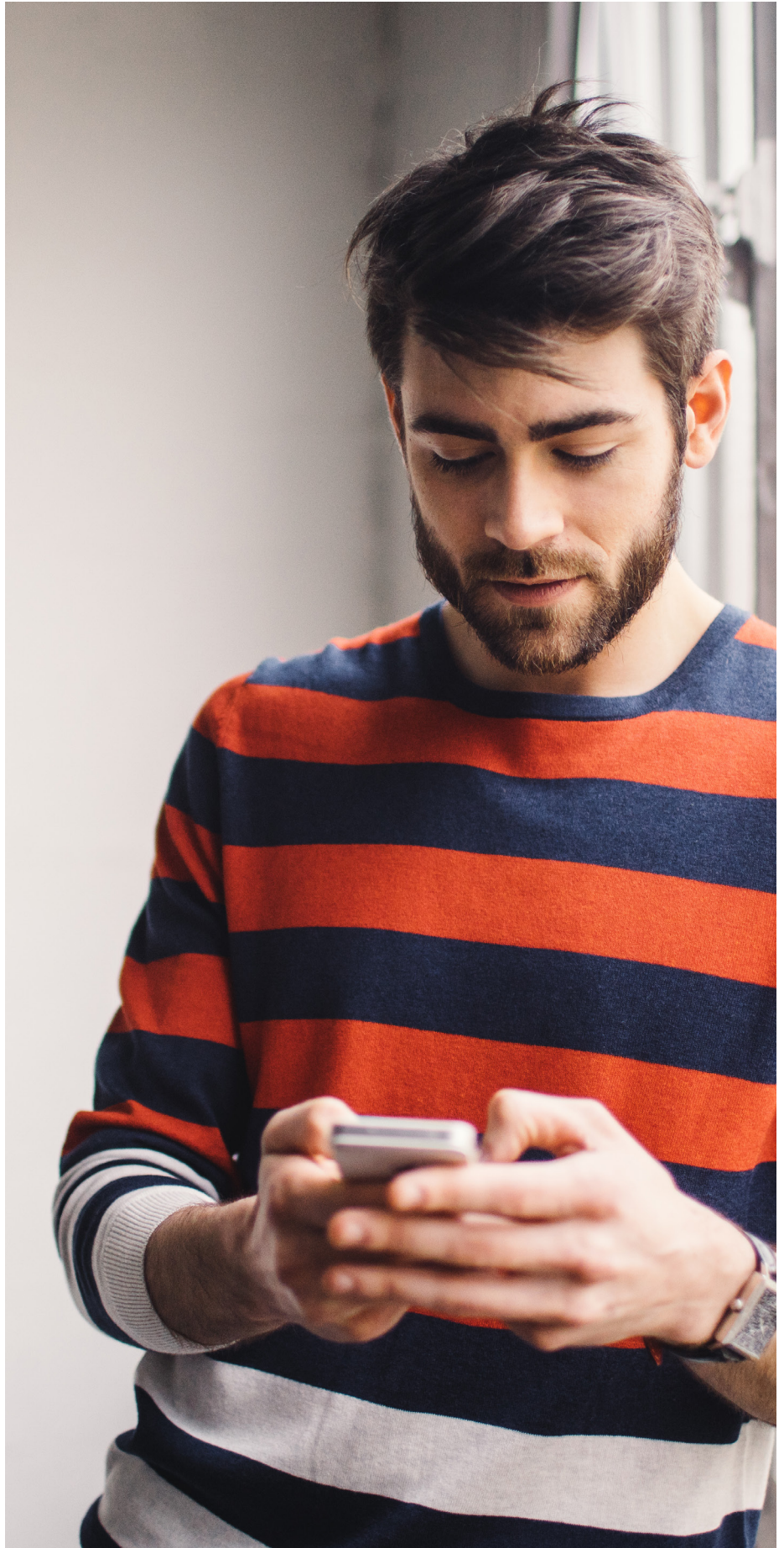


Boosted sales

Immersive ads not only facilitate an engaged viewer experiencing an emotional attachment with the brand but also directly helps with increasing sales. For example, AR technology helps in “trying on” a product before a customer purchase. This can be witnessed in various segments like for Sunglasses, shoes, clothing, jewelry, watches, and more. The ease of doing this, enables the customer to find a satisfying purchase faster, and typically leads to more such purchases as well.

Improved hyperlocal advertising and improved targeting

Immersive advertising offers advance hyperlocal advertising. The immersive ads are delivered to the consumer’s smartphone screen giving them a look and feel of the product before the actual purchase. This in turn generates a lot of data on users' interactions with the ads, which can be used to understand the effectiveness of each such augmented or virtual advertisement in capturing prospect attention. Then, various analytic approaches can be utilized to improve the user experience and engagement with the aim to increase the conversion rate through tweaking these advertisements.





The challenges of immersion

Yet, despite the hype, immersive advertising is still in its infancy and has a long way to go. Most companies are still figuring out how to use immersive

technologies and users are also trying out these ads merely out of curiosity in the new influx. It is only once this wave of initial curiosity abates, that the real test for

the adoption will begin. However, before that happens, there are a few things the marketers need to figure out.

Cost

Unlike traditional digital ads, immersive technologies-driven advertising needs specialized hardware such as IoT devices or AR/VR headsets, which are still quite expensive. Moreover, these technologies being relatively new, the pool of developers available to the marketers to create their immersive ads is limited, which adds to the costs of production. This, making immersion a widespread advertising tool will require the immersive ads industry to address the cost challenges of hardware and talent.

Success metrics for analysis

As immersive advertising engages its users so intimately, it generates a huge amount of data pertaining to user attention or the lack of it, user reactions to sections of an ad, and so on. However, analysis of this data is still restricted to using metrics that measure just the amount of user engagement. Thus, the challenge remains to find effective measures that align with business policy and user behavior.

Lack of regulatory frameworks

Traditional digital ads are already generating fundamental privacy concerns which have led to the creation of stringent data protection and privacy laws across the world. Immersive advertising by its very nature generates far more personal data volumes than existing traditional digital ads. In the absence of any regulatory frameworks, the modalities of data collection, storage and usage remains ambiguous. There is a dire need of having regulatory frameworks in place which might otherwise deter this newer form of advertising from becoming more widespread.

The road ahead

In the coming years, the volumes of immersive ads will grow as an increasing number of marketers are getting comfortable using this concept. This will boost conversations on data privacy, data collection, and data usage which will warrant governments across the globe to formulate regulatory frameworks. Meanwhile, with wider application of immersive technologies, the cost challenges of hardware and talent will be mitigated over time, making immersive advertising the preferred choice for marketers to reach out to their customer base.



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