**Reality Check by IAB MENA**
Part 2
October 2023

In part 2 of our series on Mixed Reality, we cover the current state of mixed reality in MENA, looking at completed case studies, the challenges of measurement and the impact accessible mixed reality will have on the marketing process and on talent development.

Reality Check is a 2-part series brought to you by IAB MENA members and aims to provide a hands-on, practical perspective on the implications of mixed reality on our industry.

iab mena   *What are current, tangible success stories in MENA?*

Joanne Chehab - Tik Tok:
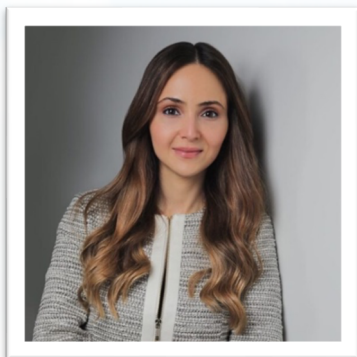
Exploring current, tangible success stories in MENA, it's evident that AR has found widespread adoption across various industry verticals on TikTok, spanning beauty, fashion, travel, telco, F&B, and more. A compelling example of AR's impact materialized within the beauty and luxury sector, where AR technology played a pivotal role in driving product trials and raising awareness during the launch of a new lipstick line for a prominent brand. With a simple hand gesture, over 60,000 users virtually tried on different lipstick shades, resulting in an impressive 13% increase in brand awareness and a 6% boost in brand recall. This early triumph served as a catalyst for AR's expansion across diverse industries, with the current spotlight on Travel & Tourism.

These successes can be attributed to (1) the creative direction or choice of experience; (2) the multi-dimensional marketing strategy (i.e., how the effect is rolled out, how creators engage with it and encourage community participation, and which ad solutions are leveraged to drive business KPIs); and (3) the platform itself, as our user experience is centred around massive engagement and virality.

In the initial stages, TikTok was deeply involved in project management and effect development to ensure seamless execution, facilitating agencies' and clients' entry into the AR realm. However, as AR technology continues to evolve, our focus now shifts even more towards taking the technology to the next level. With knowledge and expertise transitioned to agencies and clients, we look forward to a future where mixed reality and Web3 on TikTok reach even greater heights, enabling brands to engage audiences in ways that were previously unimaginable.

Julie Caironi – SnapChat:

We have been working with brands on AR activations for over six years in the region. Today, both brands and consumers in MENA are embracing AR on Snapchat. We see AR integrated into campaigns across the majority of industries, including luxury, travel, auto, cpg and of course retail.

Let's look at a real-life example. For Ramadan 2023, we brought back Snap's AR mall for its second year, offering an immersive retail experience that bridges the physical and digital worlds. Consumers were able to browse their favourite products featuring some of the region's most popular consumer brands such as American Eagle, Ounass, FACES, and others. This year's edition recorded an increase of more than 33% of shoppers compared to the inaugural season with a reach of over 12 million Snapchatters and an average play time of over 26 seconds. This particular campaign demonstrates consumer appetite for unique, immersive retail experiences that blend the physical and digital worlds.

With over 85% of daily users in MENA interacting with AR everyday, we believe AR is the current and future of immersive customer experiences. There is still a delta between the amount of time consumers spend engaging with AR and its share of overall digital investments. Brands are excited by the opportunity, however there is certainly room for significant growth in this area. To help drive that growth, Snap has developed the technology to facilitate virtual AR try-ons, catalogue browsing, showrooming, and much more.

Ultimately, brands find success when they are able to authentically connect with local communities on Snapchat and have real influence. We believe AR can do that and we are spending time with brands, to help them understand how best to use AR as a core part of their media mix.

Sarosh Waiz - GroupM:

It's still early for brands to define success for Web3 initiatives, and if metrics must be defined, they need to be based on the penetration percentage of this space, community engagement or conversion rates. In Web2, centralized platforms often provide comprehensive measurement outcomes, but in Web3, data is fragmented across multiple blockchains, wallets, and applications. This means there is a significant amount of testing and experimentation that is required to understand the value and ROI that such initiatives drive for different brands. Hence, comparisons with other channels are difficult. Data in Web3, though publicly available on the blockchain, is not linked to identifiable user information, making it difficult to track accurate user behavior and making personalization and attribution more difficult. The privacy features of Web3 make it harder for businesses to understand their customers. The users can interact without revealing their real-world identity and have more control over their information, but their activities are often publicly recorded. It's like trying to sell ice cream in a mall where everyone is wearing the same mask, but you can't really tell who likes which flavor. As Web3 matures, it is likely that we will see the development of new measurement tools, opening the door for new privacy-preserving analytics techniques.

Julie Caironi - Snapchat:

In recent years, augmented reality has emerged as a breakthrough innovation in advertising formats. As with all new formats, there is a learning curve for both platforms and advertisers, to understand that impact vs traditional formats. AR has certainly demonstrated a higher likelihood of grabbing users' attention when compared to traditional formats. To put things into context, the attention garnered by Snap lenses surpassed Lumen benchmarks by fourfold. Moreover, there is growing evidence indicating that attention on augmented reality significantly influences

outcomes, be it in terms of sales or building brand recognition. After conducting an internal meta-analysis spanning two years of AR campaign data, we observed that:

- When augmented reality is incorporated, it significantly boosts the impact on upper and mid-funnel brand metrics, especially in terms of specific action intent (+10pp on average, which is a level of achievement that is difficult to attain with other formats).
- We have also seen that purchase intent translates into a substantial portion of incremental users taking actions when exposed to augmented reality (these include page views, add to cart, checkouts, and purchases.)
- Augmented reality has also proven to drive incremental users to the funnel, with an average increase of 30% in Saudi Arabia and even higher figures in the UAE.

This analysis demonstrates that AR impacts the digital metrics that brands and advertisers care about.

What does it mean for marketing fundamentals, in terms of principles, talent, tools and process?

Richard Fitzgerald - Augustus Media:

Some marketing fundamentals always remain unchanged, such as achieving brand awareness, persuasion, and altering consumer behaviour, regardless of emerging digital technologies. However, the same marketing strategies that worked in a pre-digital age, or even in a Web1, Web2 age will no longer be as effective, for the simple fact that consumers have moved on. New skills are needed; just as this was the case for digital display, mobile, and social previously, new skills are needed for Web3 marketing. Some of Web3 will require a more nuanced knowledge of technologies; the different layers, chains and how interoperable things are, plus how the user experience actually is. The challenge today is that far more material and courses for digital marketing and even AI is there is for Web3. There is one made regionally on Nas Academy with a metaverse focus. Without the basic understanding of Web3, in terms of wallets, metaverse and tokens; it's almost impossible to lead on a strategy, or put a marketing proposal in place. People of all

ages are more exposed to mixed reality. Adapting core marketing principles to this new behavior is a challenge, but one that has been faced many times before, to a point where 'marketing' of the day becomes synonymous with media consumption, the only problem is that this takes time!

Anthony Nghayoui – Omnicom Media Group

Marketing fundamentals haven't changed with social media or performance marketing, and they sure won't change with Web3 and mixed reality. While Web3 and MR will certainly disrupt every possible industry, it takes more than a new medium or technology to reshape millions of years of fundamental human behaviours, emotional responses and decision-making.

With digital media comes increased measurability and an abundance of data points. The same could happen with the use of mixed reality Web3 in advertising. Ad attention measurement should become more abundant as VR headsets and similar technologies would easily track eyeballs and record the duration each user looks at an ad, unlocking a whole array of insights. The use of blockchain technology in advertising could enhance conversion attribution and increase its accuracy by linking each sale to one or many ad impressions. While they enrich reporting, such advanced tracking possibilities can be a double-edged sword, which could shift advertiser attention from the more meaningful to the more measurable metrics.

Change is a constant in media agencies, and so is talent development and reskilling. Web3 will require a lot of reskilling when the time is right. Mixed reality could also play a role in enhancing virtual talent development across all industries by bringing more of the in-person training benefits to cover some of the shortcomings of remote training.

Major technological disruptions have the potential to reshuffle the cards and influence the list of big players, Web3 and mixed reality would only catalyse such changes. There will always be a big bet on startups to win in this space. While it is known that 90% of startups fail within their first year, major companies will certainly be on the lookout for any potential acquisitions that could boost their competitive advantages.