

TECHONOMY NYC

How Augmented Reality Will Change the Brand/Consumer Relationship

Speaker:

Tony Parisi, Global Head of VR/AR Brand Solutions, Unity Technologies

Introduction:

David Kirkpatrick, Techonomy

(Transcription by [RA Fisher Ink](#))

Kirkpatrick: Tony Parisi, who's going to talk about augmented reality in the next segment is somebody who's spoken at Techonomy before, he's really extremely knowledgeable and a major practitioner in AR and VR so Tony, please, from Unity Technologies.

Parisi: Good afternoon everyone. Everyone get their coffee? We're all good to go? We're on the home stretch. Yes, so I'm going to talk about how augmented reality is going to change the brand consumer relationship. In a few minutes I'll tell you a little bit about our company, Unity, if you don't know about us. Got the slides? Yes, here we go.

Who was here at the lunch panel session talking about how addicted we are to our devices? Great. It's about to get a lot more interesting. I'm going to start with a couple of premises. The first is—oh wait, is that me? Yeah, hold on, let me just get this real quick.

[LAUGHTER]

This is from my Kindle app: "Browse the top 20 most sold and most read books on Amazon charts this week."

First premise is as technology evolves, so do our ways of getting consumer attention. The second premise is that using immersive technologies like augmented and virtual reality are going to create the most engaging brand experiences we have ever seen. How many people in this room have tried virtual reality? An Oculus Rift or something? Oh that's fantastic, great. So I don't need to try to explain that to you folks if you haven't. If you haven't, you can now get an Oculus Go for \$200, it's a portable device, you can put up on your face and get virtual reality without too much muss, fuss: you don't have to connect it to a PC. It's pretty fabulous, I have one, I tried it, I was at the F8 Conference, Facebook's developer conference last week. They're doing some incredible stuff. I may touch on that. This premise is really all about how VR and AR are new storytelling media. If you've tried VR, you don't need to be convinced of that. This is a

technology that can bring you into completely new worlds and tell stories in completely different ways. With augmented reality, we can take digital magic and bring it into the real world around us. As brand marketers, that's what we do, we tell stories. We tell stories about how our products are better. Our products will make your lives better. How the company behind the product has the most expertise or the most trusted name in its field. We tell stories.

So why am I up here? Let me tell you a little bit about Unity Technologies, but first a pop quiz. If you've tried some VR or if you've seen any of these experiences or the entertainment properties based on them, they all have something in common. Can anyone guess what that is? They were all made in Unity. So our technology is the 3D creation platform that powers over sixty percent of all the world's virtual and augmented reality content and applications that are out there. So we sort of have this front row seat into all the immersive content that's being created in the world. If you knew that about us, that's great, good for you. What you may not know about us though, and the world doesn't know in general, is that we also have a mobile advertising platform that reaches over 1.3 billion unique devices every month. You're playing a mobile game, and you have more or less undivided attention. It turns out when you see digital advertising in other forms, you're typically multi-screening. When you're playing a game and you're presented with an ad, it's a free-to-play game and the developer has to monetize somehow so they present an ad to you. When you see that ad, your attention is relatively undivided. So that business—we built this business into a massive undertaking at Unity that reaches this many people, that makes us a lot of money, that's been largely video. Video delivered into people playing games to advertise other people's games and if you install that game, the developer of the game that hosted the video gets paid and we take a cut. Simple kind of math there.

What we've done in the last year is expand that video business into brand advertising, not just installing games. As we started talking to these brands, they got really excited about technologies like virtual and augmented reality. I'm going to show you a few examples now of the different kinds of VR and AR advertising content that's been experimented with, and to talk about an AR advertising platform that Unity's going to be launching on the world pretty soon.

We did this thing last year where we started experimenting with VR advertising. We created an ad that was placed into a few select VR titles. If you know the world of VR and you're aware of what's going on in the development of the market you may know that there's only about ten to twenty million devices out there, depending upon how you count it, between the mobile ones and the desktop ones. So it's not really big reach in terms of advertising, but the kind of engagement you can get is pretty incredible. So we just did this pilot, this little experiment. It was timed for the theatrical release of *Jigsaw*, the fifth installment of the *Saw* horror franchise. So here you are, you're inside this VR app and you're invited—you see a little tile floating in space, and you tap on it—to go into an experience that immediately you have to escape out of. So I'm going to show you a quick bit of this trailer, it's not the whole thing, we just condensed

it into a short video. Trigger warning, if you don't like blood spatter, there's virtual blood spatter about to happen.

[VIDEO PLAYING]

Video: I see you made your decision. I hope you can live with yourself.

Parisi: And so in typical fashion, you would pull some levers and you escape, and as you escape that basically killed your friend and that's how you get out of this trap. Typical *Saw* movie fare. At the end, you will see a trailer for the *Jigsaw* movie, because every movie advertiser always has to end with that fifteen second trailer. So we had this minute-and-a-half ad unit. It was a pilot. We wanted to see how people reacted to it. We actually did emotional measurement studies with an agency called Isobar, you're probably familiar with them—digital agency. Not surprisingly, the digital content was much scarier—we actually hooked some people up to devices, EKGs, EAGs, we measured their sweat—it was much scarier than watching similar content and just basically linear trailer that had jump scares.

But again we only reached a few hundred thousand people. This was a quick pilot over the course of a couple weeks, delivered into Samsung's internet browser on the Gear VR which reaches about a million people. But we got some really great results from that. When you look at other forms of VR advertising here, people know Sperry, the boating shoe folks? The Topsider? They did this wonderful in-store activation using VR equipment in the retail store. They actually took a 360 video of the America's cup boating race and recreated that in store with a moving platform, driven by a Unity plug-in that actually blows wind and water on your face to recreate the America's Cup race.

[VIDEO PLAYING]

Video 1: That's as close as you're going to get if you're not actually on there, so I would definitely recommend giving it a shot.

Video 2: Surprisingly it feels very similar, just based on the little gimbal that you're on, on your feet. And then you get the spray, you get the sound. It's actually a really authentic experience.

Parisi: So incredible and thrilling, sort of nothing to match the depth of immersion of experience like that. But of course, it's an in-store activation, how many people are going to see that. So think about that. Next up:

[VIDEO PLAYING]

Parisi: Something done through the HoloLens, with Red Bull. This is for the Red Bull Air Race. There were sensors on the plane as they're flying around and the airfield was digitally recreated in the Microsoft HoloLens, and then you can see it on your desktop. Also absolutely fabulous. It's basically—it's brand engagement combined with live sporting. Really wonderful experiment

but, you know, the HoloLens. It's a \$3,000 piece of equipment, tens of thousands of people have it. So I think you can see where I'm going with this. What was pretty fantastic, that happened last year—how many people have done snap lenses? We're an older crowd but you've probably played with Snapchat. People are thinking of phone-based AR either as—now we're talking about augmented reality full on, on a phone. Phone-based AR is either like Pokemon Go, where you're playing a location-based game, where you see little bit maps superimposed on your camera image, or maybe a selfie filter from Snapchat where you get turned into a bunny with ears, little furry creature, right? Well something fantastic happened last summer, which is Apple released a technology called AR Kit, which lets you do what we consider to be much more true augmented reality in the phone. And you'll see an example here, just a quick tech demo. Did you see how the lighting changed on that creature, and that creature's actually on the table top with the little girl and the birthday cake. You can place objects in real space. Your phone is a magic window into this augmented world, and you can look around and see the creatures and everything and they match the lighting. You can create these really realistic effects that you're looking through your phone to see. And now what we're seeing is experiments with brand content that are pretty incredible. Check this out. This is Tesla fan art. This is not an official Tesla commercial. Some fellow took Unity and made an application where he made his own model of the Tesla and put it in his driveway, played with it a little bit and drove it around.

[VIDEO PLAYING]

Parisi: Remember this is just looking through an iPad or a phone to see this, right? The car is not really there.

IKEA experimented with this technology last year and they actually created a retail app where you can place furniture in your living room, IKEA Spaces.

[VIDEO PLAYING]

Parisi: So you can sort of see the applications of this for shopping, checking out new products. Here's a wonderful simple creative example, this is just a tech demo made by Ned, a French agency, that's all about using your camera, then seeing a portal into a fantastical world you walk into. And then as you walk into it, you can actually turn around and see the real world behind you when you look the other way. Pretty fabulous. So you can imagine being able to walk into a virtual store, or just go into some— the environment of some entertainment property, and the magical world which they—you know, a Disney creation. And see that—the real world coming out the other side of the camera. So that's pretty fantastic.

And what we've found is, based on some surveys, consumers are pretty okay with this. They see the value of this. Based on this survey that was done last year, more than half the consumers were actually okay with this idea that, look, I'm going to actually look through a

device and see more stuff. And you can imagine that for all kinds of examples of brand retail and entertainment content as we talked about.

So this is the range of things that we're looking at at Unity, in terms of advertising technology. But most of the examples I've shown, they're not ad products really. They are apps or they are in-store activations. One way to kind of frame this out is to think about it this way: When you look at traditional media laid out here, you can look at it as being really immersive or hitting massive scale. And the kind of things we care about at Unity as an advertising business would have massive scale. The VR activations we talked about: super immersive, super deep. Only reach a few million people at the most now, if you get VR apps and content. The world of VR content is actually thriving in terms of people buying premium content. It's doing pretty well. I think a lot of folks think that it's stalled because it's not as hyped anymore, but it's actually doing real well.

People are buying apps but they're not necessarily going to go and get a marketing app. So that's kind of where that stands right now. And on the far end of digital advertising, the thing that Unity's platform scaled out and is making a lot of money on, is mobile video. I mean it's not—it's kind of as immersive as television, right? You're kind of leaning back, but it's a little bit different again because, like I said, when you're playing a game and you finish the end of a game level and you want to get to the next level, you're kind of committed to this device. You're looking at this thing and you're fairly immersed in that again. Something like seventy percent of the folks don't multiscreen when they're playing their video games. You've got people really engaged but it's still a linear medium. So now imagine that you could add to that what we call "interactive brand playables." Unity does that. It's a little minigame for a brand. And that's really cool, and that's super engaging, but it's not immersive in that 3D sense like VR or AR.

And then we have the AR apps, I gave you some great demonstrations of those but it's an app. I mean how many people in this room get an app to be marketed to. You rarely do that. David, you talked about the Starbucks app, but that's really high value there, right? Maybe Nike has an app that a lot of folks would get, but in general you're not going to go download an app to get advertised to. But what if you could have ad units that did augmented reality of the type we're talking about? Unity's now in actually a private beta to deliver an ad platform like this. That is an actual screenshot from a campaign that we're doing with Disney for Duck Tales. Do folks know what Duck Tales is? I'm a little old for this business, but if you've got kids, you probably know. So Saturday morning cartoon, they just launched again and you're playing an AR game, you've already got the camera turned on and you're invited to then opt into the world of Duck Tales. And like that portal example I showed you what you see is a magic window—it's a round porthole into Scrooge McDuck's vault. You go in the vault and you're swimming through the coins, and you look back that way: there's the real world through the window that way. And that's just delivered as a thirty to sixty second ad unit. So now imagine what the world is going to look like when we can do this through our phones.

But of course, we don't think this is where this is going to stop right? Most of the people invested in augmented reality technology believe that what Apple's doing with AR Kit, Google's doing with AR Core to do this on your phone today turns into the smart glasses of tomorrow, maybe the contact lenses of tomorrow. And so now—and this is for the Techonomy crowd in particular—let's think about how this is going to work in the world and not have *Minority Report* and that kind of future ahead of us. So we need to think about that. My personal belief is that it's going to be opt-in or it's not going to work. You're not going to be walking by everywhere and just be spammed with brand content. It won't work that way, right? And that's going to be the best brand advertising, the stuff that people are going to want to see and want to interact with.

So that's a really great future that we're looking forward to.