

## CHASING EXPERIENCE. HOW AUGMENTED REALITY RESHAPED THE CONSUMER BEHAVIOUR AND BRAND INTERACTION

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**Abstract.** *Means of fast entertainment and the boom of any time – anywhere media and technology are a reality which became more and more prevalent. Going online on our mobile devices to communicate with friends, classmates, and acquaintances has become the activity of choice and sometimes the “must to” activity for most of us especially teens and young twenty-somethings. For the younger generation, the multitasking way of doing things is a natural state of mind and the electronic reality is an expected part of everyday life. Therefore this state of constant intentional self-distraction could well be of profound detriment to individual and cultural well-being. This study investigates the factors that influenced the user experience involved with the augmented reality video game Pokémon Go, and sought to determine if the unique combination between mobility, Pokémon Go brand nostalgia, and real life game immersion offers different levels of experience, changing or reshaping customer behavior within the players and reconfigure brand interaction as well as video game experience.*

**Keywords:** *user experience; usability; mobile augmented reality; Pokémon Go; consumer behavior; brand value; experience marketing; game immersion; Smartphone-app*

### Introduction

As marketers constantly try to encounter customers demand more experiential attraction instead of traditional marketing incentives, Augmented Reality (AR) is increasingly more appealing as a marketing means over the last years. The technological development of mobile devices has brought many advantages to the development of Mobile Augmented Reality (MAR) applications and since the customers experienced rewarding functional features, benefits and product quality (Schmitt, 1999), marketers have pursued in finding new forms of marketing experience to go beyond the standard accepted features.

Smartphones and tablets allow users to carry a range of applications with internet access, location and movement sensors, and sufficient computational resource for playing multimedia content. Relatively newly introduced as entertainment factor, mobile augmented reality (MAR) technology interconnects with the real world by artificial information and images enhancing user's live activities using mobile devices at various locations, such as at school, at work, at home, on the way meeting friends or during a walk in the park. The MAR uses technological resources aiming to expand the user's senses in relation to an ongoing action or a given task, generally using visual content. An example of a task that can be enhanced by MAR is to discover, explore and experience nearby or randomly sights using mobile devices that extends the user's

sense of direction highlighting Points of Interest (POI) or locations with virtual markers or virtual content over the real sight, helping the user to accomplish different tasks.

The release of Pokémon Go and the uproar that has followed it prove that mobile augmented reality (MAR) is going to have a big impact on digital marketing in the coming years.

This paper aims to present the momentum factor that an “interesting” augmented reality video game format which combines mobile technology with real-life settings determines new types of connections and human interactions. The paper also explores the influence that this type of game has on the way people feel, communicate and shop.

### **Augmented Reality Games: new issue in marketing**

Because our mobile phones or smartphones are considered by a large majority more important than ID papers or house keys, these devices may represent a lucrative element for mobile virtual marketing campaigns. According to Nielsen (2015), more than half of all Europe mobile subscribers own a smartphone. In Romania, for example, more than 46% of mobile phone users are smartphone users. According to Juniper-Research, by 2017 more than “3.5 billion AR apps will be downloaded on smartphones or tablet” (Bodhani, 2013).

Because of to the growing usage of smartphones and mobile applications, AR marketing because of high interest for marketers. AR became part of the marketing communication strategies. The dispersion of age of smartphone owners was for the year 2012 as followed: 6.4% of smartphone owners were under 18 years old, 17,4% were 18-24 years old, 27.2 were 25-34 years old, 21.5% were 35-44 years old and finally 26.5% of smartphone owners were over 44 years old (GO-Gulf.com, 2012). Consequently, the majority of smartphone user was between 25 and 34 years old, and the communication strategies should be adapted to this age group.

The development of new technology brings new forms of data. As an example of new technology, since 2006, the platform of smartphones has been adopted by consumers, manufacturers, and developers, becoming a normal part of everyday use and an integral part of data collection (Singer, 2012) Further, social networks such as Facebook, Twitter, and LinkedIn – track user interactions, interests, and the creation of content to the degree where an individual’s online identity mirrors their real-world identity to a striking degree (Sangani, 2013). Large searchable databases have enabled researchers to easily query to stored results and pull from datasets that have unprecedented size and growth; Twitter stores upwards of 340 million tweets every day (Sangani, 2013). While the size of these datasets is immense, the syntactic nature of the stored data is difficult to analyze using traditional methodologies, as they were designed for much smaller sample sizes and number of variables.

The immense power of AR on a mobile device is related with the growing of the mobile augmented reality industries to \$150 billion in revenue by 2020 (Digi-Capital, 2015). The potential was recently demonstrated by the growth of Pokémon Go game, associated with a well-known Japanese cartoon character, especially for the

Millennials. Along with the convergence of AR, and GPS / POI (point of interest) form of the game was resonating with many users. Approximately 30 million people in only a few weeks from the Pokémon Go's initial launch were actively involved.

The potential for mobile marketing to the Pokémon Go audience is enormous and it proves to be more than a fad having the potential to become the next segment of influencer marketing that retail companies look to integrate into to their marketing plans. In the same time, the small businesses segment has to closely latch on to the lure functionality of mobile augmented reality games like Pokémon Go and do to the mobility form of the game to be able to provide purchasable items at their locations (McNeal, 2013).

Considering rewards and incentives systems, we rely on technology to effectively connect with reward beneficiaries. To be relevant, we need to exceed audiences' expectations during every phase of the interaction. Technology innovations are key aspects in this context. It's also not hard to see a future advertising revenue stream for companies like Nintendo in which a local business pays a nominal fee to have a rare Pokémon appear in its store or to create designated trade/battle sites and then sell them to businesses, therefore creating an interest factor for this kind of places that could be big draws for players, making them to stay a while and trade or purchase things (Handley, 2013).

One of the big topics reflected in the past years in marketing has been the SoLoMo (Social Local Mobile) marketing. The recent Pokémon Go phenomenon illustrates the potential in this matter, because Pokémon Go managed to interestingly combine social media with local marketing, permitting interaction between virtual and real worlds. Of relevance is the impact on small businesses, which registered additional sales due to increased traffic related to the Pokémon game. Being the first popular AR game of its kind, Pokémon Go could be the model for completely new ways of interacting with consumers and creating communities both online and in real life (Bodhani, 2013). This could be a twitch for brands to start creating their own AR games, to collaborate in such endeavors, or to offer in-app purchases within other companies' AR games. We believe that very soon, brand will buy ads within Pokémon Go or similar AR games, similar with the way they buy ads on Facebook. Other ways to engage with audiences on the Pokémon Go platform could be considered, such as branded characters for instance. Pokémon Go makes brands to creatively use the technology in order to generate new customer experience.

Pokémon Go combines elements of both “smartphone” and “real life” game offering an exciting and intriguing mix because the rise of Pokémon Go is part of the new era of the Internet of Things (IoT). The integrated technology influences the way people interact with their mobile devices, with real life objects, as well as with physical spaces. New applications of this technology could also emerge allowing new ways to communicate and interact with customers. *“Pokémon Go is a sign of the growing convergence between mobile technology and real life interaction, and there are surprising implications here for the way companies market and sell. The rise of IoT and augmented reality technology is going to make it possible for people to interact in new ways that blur the boundaries of “online” and real life, and this is going to require new levels of innovation and creativity from sales and marketing strategies”* (Schwartz, 2016).

## Mobile augmented reality games and customer experience

Experience marketing has caught the interest of many practitioners and academics for now more than thirty years since Holbrook and Hirschman 1982 first introduced the idea of an experiential factor in consumer behavior, emphasizing hedonic dimensions like feeling, fantasia and fun. During the last three decades, detailed definitions of customer experience have emerged. Gentile et al. defined experience marketing as followed: *“Experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual)”* (Luigi et al., 2012).

Accordingly, Brakus, Schmitt, and Zarantonello (2009) defined the interaction between customer and product, company or part of the organization as brand-related stimuli. In former publications Schmitt (1999) already emphasized the need for experience marketing to stimulate and emotionally affect the customer during the consumption experience in order to evoke an internal and behavioral consumer response (Brakus, Schmitt, Zarantonello, 2009). AR marketing falls into the category of sensory experience since it follows the “objective of creating experiences, through sight, sound, touch” (Schmitt, 1999, p.61), accompanied by affective component arousing strong emotions like joy or the feeling to be entertained. Furthermore, the authors Pine and Gilmore (1998) emphasized these stimuli as memorable events that encourage the customer to buy (2004, Trade in ads for experiences)

In this new framework, experience marketing seeks to set affective stimuli in order to facilitate the product evaluation and encourage a positive buying decision. Moreover, consumer behavior literature emphasized cognitive stimuli that affect the buying decision (Engel, Blackwell & Miniard, 1995; Hoyer and McInnis, 2010). Accordingly, Cacioppo and Petty elaborated in their studies the Elaboration-Likelihood-Model (ELM) that should define and clarify how customers perceive and process information given via marketing communication elements. They viewed customers as evaluators of information as well as affective deciders dealing with persuasive appeals. Depending on the level of elaboration of information, the customer, on the one hand, will be more influenced by arguments and content, which is called by Cacioppo and Petty the “Central Route” of persuasion. On the other hand, recipients who are more influenced by emotional appeals will follow the “Peripheral Route” (Cacioppo & Petty, 1984). Nevertheless, it has to be considered that the two routes are not “two mutually exclusive and exhaustive “types” of message processing” (Cacioppo & Petty, 1984, p. 673). Applied on marketing via AR the persuasion could be created in two possible ways. First, if the AR ad offers additional information towards the product, the customer will think about the arguments and generate a cognitive response (Central Route). Second, if the AR ad aims only to create an experience for the customer, he or she will not feel motivated to think about arguments deeply (Peripheral Route) and probably will show a higher tendency to respond affectively. Achieving the stimulus does not lead certainly to an active response for example like direct purchase, but it can have an influence on later decisions and behavior (Solomon, 2006). Gamification (the use of gaming concepts in a non-game setting, an increasingly popular concept) has long been used in online marketing. This approach generates consumer engagement and retention. Add rewards and incentives associated with a model like

this can increase engagement exponentially, leading to loyalty and maybe other surprising outcomes.

The Nobel prize-winning psychologist Daniel Kahneman has introduced in 1996 so called the Peak/End rule that recently started to be used in experience design. The peak/end rule explains how happy we feel with an experience and is based on simple formula – quality of experience is the average between how you felt at the end of the experience with how you felt at the most emotionally intense moment ('peak emotion'). So no matter how many touch points you have in your customer journey – the only two points that matter from this understanding of customer experience is the point at the end and the point when emotion is at its most intense and that's because these are the moments (the peak and end moments) that get encoded into your memory – we tend to forget the rest. Moreover, because it is our 'remembering self', the self-built on our memories that inform our judgments and behavior (such as buying more or again, or recommending), memories are what matter. The interesting trend that Kahneman's rule is pointing in relation to consumer experience (CX) is focusing on the customer journey map – if it has an intimidating number of touchpoints to manage, focus first and foremost on what really matters to the customer experience – the last touchpoint and the most emotionally intense touchpoint and do not focus that much on customer experience itself – start focusing on memories of customer experience. CX is about memory making and the customers are always memory makers.

Liraz Margalit (2016) investigated the way Pokémon Go stimulates engagement, retention, and virality: *"From an evolutionary standpoint, our brains operate much better in a natural environment that's rooted deeply in our mind, compared to a setting based in virtual reality. Our behavior is governed by two parallel processes – the conscious process that revolves around our immediate tasks (in this case, winning Pokémon Go) and the unconscious process responsible for ensuring that there are no threats or sudden changes in our environment. When playing virtual reality games, the unconscious computation in our brains is forced to work much harder, because it's not familiar with this strange virtual reality environment"*.

Playing augmented reality games as Pokémon Go involves the actual environment, to which people are very familiar and comfortable. People prefer such things; the information is easier to process. This sense of familiarity makes people enjoy more the game. Pokémon Go presents some other advantages too. The game itself is simple to understand and easy to play both for children and adults. The game also has a gratification system embedded, which makes people crave for continuous engagement. The players might find the reward anywhere, at any time. An additional pleasure is generated by evoked nostalgia: it activates memories from childhood and social games outside like tag or hide-and-seek. Pokémon Go stimulates also the need for fantasy. *"Such games boost adrenaline levels and awaken strong feelings of power—as well as frustration, gratification, and enjoyment"* (Margalit, 2016).

### **Mobile augmented reality games and brand experience**

AR has empowered the consumer. Efficient and comfortable buying decisions are easier to take. AR offers equal opportunities both for brands and for customers,

facilitating the buying processes. For instance, IKEA was one of the first brands to embrace AR with a platform that allows their customers to superimpose furniture into their very own living space. Why does this matter? The application allows for a much quicker transaction as no in-store visit is required and the chances of having to return the product are reduced significantly.

From a loyalty standpoint, rewards programs have become far more stimulating as gamification has increased personalization and ultimately increases the enjoyment level. Walgreens' demonstrated this in their Aisle 411 application. It guides customers through their stores helping them discover more products, uncover in-store promotions and build loyalty points. Integration is another benefit that customer sees; sharing information and experiences across different social channels throughout the path to purchase provide more confidence in the products and brands.

Aside from infatuating the customer, AR can pay serious dividends to an organization. Creating a virtual shopping platform has the ability to reduce overhead operating costs, minimize your sales force and develop enormous word of mouth for a brand. AR allows a company to plant a 24-hour interactive shopping mall directly into the palms of consumers, capitalizing on our obsession with mobile devices and 'in the moment' impulses. The sophistication of customer engagement has the ability to foster a real relationship with the user, which can increase sentiment and loyalty to the brand.

Sephora launched a Virtual Artist Tool earlier this year that allows customers to try on their line of makeups and lipsticks through their front facing camera. Within the first eight weeks of its launch, the app saw 1.6 million downloads. Modiface, the tech company that developed the app, is confident the intuitive purchase process has the ability to increase online and mobile conversions by 80%.

Brands that are more readily available are more likely to fulfill consumer need states. When it comes to QSRs, brands can increase their physical availability by increasing the number and accessibility of their locations. Providing more reasons to visit their stores or locations creates new consumer entry points. In this case, Pokémon Go drives traffic to these locations by making them desirable destinations for anyone playing. Given that these consumers will have likely been walking around for hours glued to their phones while playing, the Golden Arch labeled "PokéStop" are likely to trigger and satisfy hunger and thirst need states. It will be interesting to see how the potential washroom lineups influences paying, yet non-playing consumers.

## **Conclusion**

The most valuable aspect of Augmented Reality to a brand is the capacity to track and analyze the data that the customers are providing them in real time. Gathering feedback through interactions with the user, allows brands to create a highly personalized profile of the customer for targeted marketing efforts and customer relationship continues to strengthen long after the initial purchase.

AR has had the biggest influence on the retail industry. Its presence has forced retailers to consider strategies to compete with the early adopters. In the future, it is not hard to envision a company that strictly operates through AR applications without any online

or brick-and-mortar channels. Limits of the technology, such as battery life, connectivity and privacy issues, are preventing the complete potential of AR's impact and will surely be the focus of future developments. However, as the technology becomes more streamlined, its capacity will continue to grow into different sectors and exert its influence on consumer's buying behaviors, shaping in the same time the way marketing strategies are approached.

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