

Whitepaper

Augmented Reality (AR) in Marketing and Advertising



Executive Summary

Passive consumerism is a thing of the past. Today's consumers don't want to observe; they want to participate and be the decision-makers. Amid the challenges of choice overload and shrinking attention spans, brands don't have the luxury of selling lengthy narratives. Value delivery must be instant, which requires brands to design experiences, not just campaigns. This shift has fundamentally inspired the new-age marketing and advertising trends, including Augmented Reality (AR).

This whitepaper explores how AR has transformed the marketing and advertising landscape and continues to help brands build memorable experiences.

Introduction

AR has moved beyond the initial buzz; it's no longer just a 'nice to have' technology. It has become a critical lever in building brand experiences that encourage active participation. Saying that augmented reality places a digital layer of content over the physical world is barely scratching the surface. AR is a strategic capability that helps brands build interactive, immersive, and personalized experiences for consumers by blending the digital and physical worlds. It takes digital information and integrates it with the user's perception of the real world to augment reality rather than replacing it. Instead of removing users from their reality and displaying a virtual world as done in Virtual Reality (VR), AR enhances what already exists.

AR devices are equipped with sensors, cameras, and displays to capture digital content like images, videos, text, and 3D models. This helps in creating visuals that feel more human and intuitive. AR has various use cases from simulation and training to entertainment and corporate decision-making.

The device captures the user's environment using camera, sensors & Other Technology



Data is collected & processed to determine where to place AR Objects



User can view AR Object in real-time through their device



Augmented Reality in Marketing and Advertising

With short attention spans among consumers, issues such as scroll fatigue, low engagement, and banner blindness are common. The challenge doesn't lie in marketing efforts but in the customer experience. We are living in an era where people don't want to be advertised to - they want to experience what brands have to offer before they actually commit to anything. This is primarily why AR has become a core pillar of marketing and advertising. Customer journeys aren't linear; therefore, organizations use AR to make them more personalized and interactive. AR is used across:



Branding activations



Personalized experiential campaigns



Social media advertising filters



Outdoor and billboard advertising



Try-on campaigns



Interactive launch campaigns



Event marketing

In the marketing and advertising industries, AR is transforming customer engagement, heightening brand recognition, and driving measurable conversion. It has brought in an era of experience-based growth.



Benefits of AR

AR has revolutionized how brands engage with their customers and target audiences. With the right mindset, it is a powerful tool that can transform customer behavior, brand perception, and long-term growth. But to be fair, AR offers measurable, sustainable benefits beyond visual novelty.



Meaningful Engagement with Every Interaction

Traditional digital advertising was based on repetitive formats - remember those long advertisements during TV commercial breaks? But asking today's attention-deficit users to consume content passively can lead to poor engagement. Brands are upgrading their use of AR to improve message retention and enhance emotional connection. A good example is visiting an online cosmetics store and trying on skin and makeup products in real time through filters. By conversions.



Differentiation in Saturated Markets

In markets saturated with similar products and offerings, AR signals innovation and brand salience. It helps brands become customer-centric and deliver relevant experiences that stand out in a sea of advertising. Early adopters in their fields enjoy a perceptual advantage as trendsetters, which often leads to greater social sharing and stronger recall.



Personalization Without Dependencies

AR technology has advanced significantly since its inception. While in-store or on-premises AR devices remain popular, brands can now enable AR experiences for customers shopping on their mobile phones. For example, many fashion and apparel brands offer AR try-on experiences that let users virtually try products and make better shopping decisions. Instead of seeing what other customers see, visitors can create personalized journeys before making a purchase.



Reduced Returns and Operational Waste

Returns are hidden cost centers that not only disrupt supply chains and margins but also increase the environmental impact. With AR, customers can virtually experience products and form realistic expectations. With the ability to almost accurately visualize the color, fit, and placements, customers can make better choices, ensuring a lot less returns. AR is an effective risk mitigator for businesses focused on profitability and sustainability.



Higher Efficiency and Conversion Rates

Interactive brand experiences mean shorter decision cycles. AR capabilities enable customers to quickly and effectively eliminate friction points and reach a conclusion. This can mean lower bounce rates and higher conversion rates. From a business perspective, marketers can spend the same, or sometimes even less, and deliver better outcomes, thus enhancing revenue efficiency.



Access to Data-Rich Customer Insights

– Every AR interaction provides granular insights and intelligence. Interaction paths, intent signals, decision triggers, time spent viewing products, and customer preferences – insights generated through AR can be goldmines of customer data. This allows brands to understand their audiences and consumers better, to be able to refine not just marketing messages but also the products.



Strengthened Brand Trust and Credibility

Customers are spoilt for choice among the sea of competitive products and offerings. Additionally, exaggerated and overly polished ad campaigns mislead buyers. AR enables brands to create interactive, transparent experiences through self-guided browsing and demonstrable interactions. When customers can virtually use the product before completing the transaction, it demonstrates value and increases brand credibility. This decisive shift is reshaping modern branding.

How to Use Augmented Reality

AR not only solves marketing challenges, but it also elevates marketing and advertising efforts. Here are some of the best uses of AR to engage and impress customers:



Virtual Try-Ons

Clothing and fashion brands are actively using AR to stay competitive by offering customers virtual try-ons. Users can browse products online or in apps and virtually try on clothing, makeup, shoes, glasses, and other accessories. When customers are more confident about the product in terms of style, fit, color, and appearance, they automatically tend to complete the purchase and make lesser returns – a win-win situation for both the brand and the customer.

Virtual Real Estate Staging and Home Décor

In the real estate market, empty or under-construction properties are difficult to visualize as homes. Using digital overlay over original properties allows for virtually staging homes to showcase their true potential. Customers can look at online listings and envision their future homes with digital furniture, décor, and other finishes.

Similarly, furniture and décor brands provide customers with the feature of using a digital overlay of products in their home environments. This strengthens the purchase intent and lowers cart abandonment. The use of AR drives a significant increase in buyer engagement.



Interactive Printing and Packaging

Businesses can make their print ads and packaging more engaging and interactive using AR. For example, customers can visit weblinks or scan QR codes to access videos, tutorials, coupons, loyalty programs, and much more. This results in extended brand engagement and allows converting something as simple as packaging into an engagement channel.

Event and Experiential Marketing

AR can transform moments at events, malls, workshops, and public places into memories through interactive storytelling, gamification, and social sharing. This is an effective strategy for strong media and PR coverage as AR elevates experiences even in crowded event environments.

A similar example is the use of AR in automotive advertising and exhibitions, where buyers can explore vehicles from both inside and outside without physically interacting with them. This not only reduces the load on dealerships but also improves lead quality.



Creating Marketing and Advertising Campaigns Using AR

Before businesses deploy AR solutions, they must verify multiple factors, including device penetration, product and digital maturity, and audience flexibility. This is because a successful AR implementation depends highly on design and execution discipline. Here's a strategic framework that AR campaigns should follow:



Define the objective

Understand what you want to achieve with an AR campaign, such as, brand awareness, product marketing, engagement, conversion, or customer retention.



Design AR experience

Make sure every campaign is purpose-driven so it can be more intuitive and visually compelling.



Choose the platform

Identify where you can reach your audience - social media AR, web-based AR, or app-based AR.



Integrate with

the customer journey - AR campaigns should be embedded within existing customer journeys to avoid interrupting the experience.



Measure outcomes

Evaluate the AR campaign's performance using metrics such as engagement, conversion rate, drop-offs, and behavioral triggers.



Improve and iterate

Use real customer data and campaign insights to make continuous improvement and enhance outcomes.



Tips for Small Businesses Investing in AR Marketing and Advertising

Augmented reality may sound like an enterprise-only technology, but it is more cost-effective and practical than it is perceived to be. The key is to start small and scale as you go. Here's how small businesses can create a huge impact using AR in marketing and advertising:

Set a clear objective - Begin by defining the use cases of AR in your small business. Understand whether you want to increase product awareness, improve conversion rates, strengthen your online presence, reduce returns, or stand out among competitors. Instead of implementing AR as an experiment or novelty, ensure that it addresses one or more bottlenecks.

Leverage high-impact touchpoints - Instead of deploying AR everywhere, identify and implement AR at touchpoints where awareness and engagement matter most. Dedicating resources to a single funnel stage will lower costs and deliver better, measurable results.

Leverage social AR and webAR - This removes download friction. Small businesses can start with web AR, where users can simply click a link or scan a QR code to access AR experiences. Similarly, social channels like Snapchat and Instagram have built-in AR tools that brands can use to quickly launch AR experiences. The idea is to leverage what is already available and maximize its value.

Optimize for smartphones - In today's economy, smartphones are the primary devices customers use to engage with brands online. Therefore, small brands should design AR campaigns that run smoothly and load fast on standard mobile cameras. The key is to deliver maximum value with minimal instructions.

Partner with the experts - It can be cumbersome to build in-house AR capabilities from scratch. Building solutions internally requires the right tools, specialized skills, and continuous monitoring and optimization. A better alternative for small, young, and mid-sized businesses is to partner with AR solution providers and choose a modular or pay-as-you-go model. It is the fastest and most cost-effective way to use AR marketing if you start with short-term, plug-and-play models from providers who can serve as an extension of your creative team.

Validate ROI before scaling - Start small and track engagement and conversion metrics before implementing AR at scale. This would help you validate AR decisions, enhance future efforts, and invest in the right strategies. Based on performance and ROI, brands can expand digital experiences across products, campaigns, apps, and new AR channels.



Leadership Imperative

Augmented Reality is not an alternative to traditional marketing—it elevates it. With specialized AR skills, creative experience design, and strong execution discipline, businesses can transform customer engagement, heighten brand recognition, and drive measurable conversion. What marketers need is a shift in mindset. Here are some key takeaways:

- Convert messaging into meaning and engage in storytelling
- Use AR to provide proof of the pudding; build trust before the purchase
- Focus on building experiences, and customers will follow

We are living in an experience-led economy where newness is the only constant. Brands that use AR thoughtfully can not only be seen but also be remembered.

Conclusion

AR is no longer a novelty, and it is unsurprising that the technology has become so widespread so quickly. Consumer attention may continue to decline, and the need for personalization may increase further in the near future. AR has the potential to solidify customer trust and meet customer expectations across industries, including fashion, retail, e-commerce, automotive, beauty, real estate, and consumer goods. It is truly a critical driver of modern brand building and loyalty.

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