

Avatar marketing: Moving beyond gimmicks to results

March 10 2021, by Matt Weingarden

Researchers from University of Texas-Arlington, University of Virginia, Sun Yat-Sen University, and University of Washington published a new paper in the *Journal of Marketing* that seeks to advance the discipline of avatar-based marketing.

The study, forthcoming in the *Journal of Marketing*, is titled "An Emerging Theory of Avatar Marketing" and is authored by Fred Miao, Irina Kozlenkova, Haizhong Wang, Tao Xie, and Robert Palmatier.

In 2020, Samsung's Star Labs brought digital avatars to CES 2020. However, this promotion was burned by its own fanfare. The avatars looked realistic and successfully answered some questions, but only when they were heavily controlled. As this example illustrates, avatarbased marketing is still in its nascent stage.

A pressing question is "How to design effective avatars?" Given the considerable amount of ambiguity about the definition of avatar, the researchers first identify and evaluate key conceptual elements of the term avatar and offer this definition: digital entities with anthropomorphic appearance, controlled by a human or software, that have an ability to interact.

Based on this definition, they present a typology of avatar design to isolate elements that academics and managers can leverage to ensure avatars' effectiveness for achieving specific goals (e.g., providing standard vs. personalized solutions). Design elements affect avatars'



form realism and behavioral realism. Form realism refers to the extent to which the avatar's shape appears human, while behavioral realism captures the degree to which it behaves as a human would in the physical world. Form realism includes design elements such as spatial dimension (2D/3D), movement (static vs. dynamic), and human characteristics (e.g., name, gender), whereas behavioral realism captures the avatar's communication modality (e.g., verbal), response type (scripted vs. natural response), social content, and its controlling entity.

The study reveals a key limitation in avatar design: lack of consideration of the alignment between form and behavioral realism of avatars. As Miao explains, "If the levels of form and behavioral realism are mismatched, the consequences for avatars' effectiveness may be profound and can help explain inconsistent avatar performance."

Integrating form and behavioral realism, the study features a 2 x 2 avatar taxonomy that identifies four distinct categories of avatars: simplistic, superficial, intelligent unrealistic, and digital human avatars. A simplistic avatar has an unrealistic human appearance (e.g., 2D, visually static, cartoonish image) and engages in low intelligence behaviors (e.g., scripted, only task-specific communication). For example, in the Netherlands, ING Bank's 2D, cartoonish-looking avatar Inge responds to simple customer inquiries from a set of predetermined answers. In contrast, a superficial avatar has a realistic anthropomorphic appearance (e.g., 3D, visually dynamic, photorealistic image), such as Natwest Bank's Cora, but low behavioral realism in that it is only able to offer preprogrammed answers to specific questions. An intelligent unrealistic avatar (e.g., REA) is characterized by humanlike cognitive and emotional intelligence, but exhibits an unrealistic (e.g., cartoonish) human image. These avatars can engage customers in real-time, complex transactions without being mistaken for human agents. Finally, a digital human avatar such as SK-II's YUMI is the most advanced category of avatars, characterized by both a highly realistic anthropomorphic



appearance and humanlike cognitive and emotional intelligence, and is designed to provide the highest degree of realism during interactions with human users.

Based on observations of relative effectiveness of these avatars in practice, the researchers present propositions that predict outcomes of avatar marketing. In particular:

-As the form realism of an avatar increases, so do customers' expectations for its behavioral realism.

-Differences between the avatar's form and behavioral realism have asymmetric effects, such that customers experience positive (negative) disconfirmation when an avatar's behavioral realism is greater (less) than its form realism.

Recall the avatar of Samsung's Star Labs, which is high in form realism but low in behavioral realism. Kozlenkova says that "Our analysis indicates that Samsung's avatar sets audience expectations too high, which may have led to a negative disconfirmation, thereby resulting in an unfavorable customer experience."

Avatars' effectiveness may be highly contingent on the level of perceived uncertainty users experience during their interactions with avatars as well as choice of media channel (e.g., smartphones vs. desktops). Finally, design efforts should take the customer relationship phase into account because the relative effects of customers' cognitive, affective, and social responses differ across relationship stages.

The framework generates practical implications that urge firms to consider five interrelated areas: (1) when to deploy avatars, (2) avatar form realism, (3) avatar behavioral realism, (4) form-behavioral realism alignment, and (5) avatar contingency effects for optimal <u>avatar</u>-based



marketing applications.

More information: Fred Miao et al, EXPRESS: An Emerging Theory of Avatar Marketing, *Journal of Marketing* (2021). DOI: <u>10.1177/0022242921996646</u>

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