Context Matters – Even in Virtuality: Perception of Object Proximity and Ownership in Augmented Reality

David Finken
University of Lucerne
Reto Hofstetter
University of Lucerne
Aradhna Krishna
University of Michigan
Florian von Wangenheim
ETH Zürich

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Abstract

Consumers increasingly encounter Augmented Reality (AR). We investigate when and why AR product presentation influences product preferences. Drawing on Construal-Level Theory (CLT) and Context-Effect Theory (CET), we show that AR product presentation heightens product preferences (e.g., willingness to pay). Conceptually, this is because consumers feel more proximity to a product after inspecting it virtually in AR. Importantly, and as is inherent to AR, we discover that context matters in virtuality for contextual products: An incongruent contextual embedding attenuates our findings: AR only increases proximity, and subsequently, product preferences in congruent usage contexts, which we explain as a result of AR's reciprocal alignment of reality and virtuality. Six studies (Ntotal>3'000; two pre-registered) provide evidence for our expectations. Our findings also imply downstream consequences: Firms are well-advised to encourage consumers to use AR, specifically in a contextual embedding congruent to products.

Keywords: *augmented reality; context effect; psychological distance*

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