

2018

FUTURE FOCUS
THE NEW MACHINE RULES

iProspect[®]



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The transformative impact of Voice, AI, and Machine Learning is being felt across the entire business landscape. Emerging markets are leapfrogging the West in the utilisation of technology and platforms. The patterns we are witnessing today, emphasize the need for a truly global perspective.

The constant introduction of new transaction opportunities has diluted consumer attention while seeding more opportunity for global brands to connect. Many more undercurrents lie ahead for all businesses and their most important constituencies.

To succeed in an increasingly complex digital economy, it is more vital than ever to be driven by a mindset that is inspired by the future, delivered today. Marketers must ensure their capabilities, solutions, and relationships are data informed and technology enabled in order to deliver better business outcomes.

I am proud to share iProspect's 2018 Future Focus: The New Machine Rules, your look at the dynamics that will define the fate of companies with the inevitable transformation that lies ahead.

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RUTH STUBBS
Global President
iProspect

FUTURE FOCUS

2018



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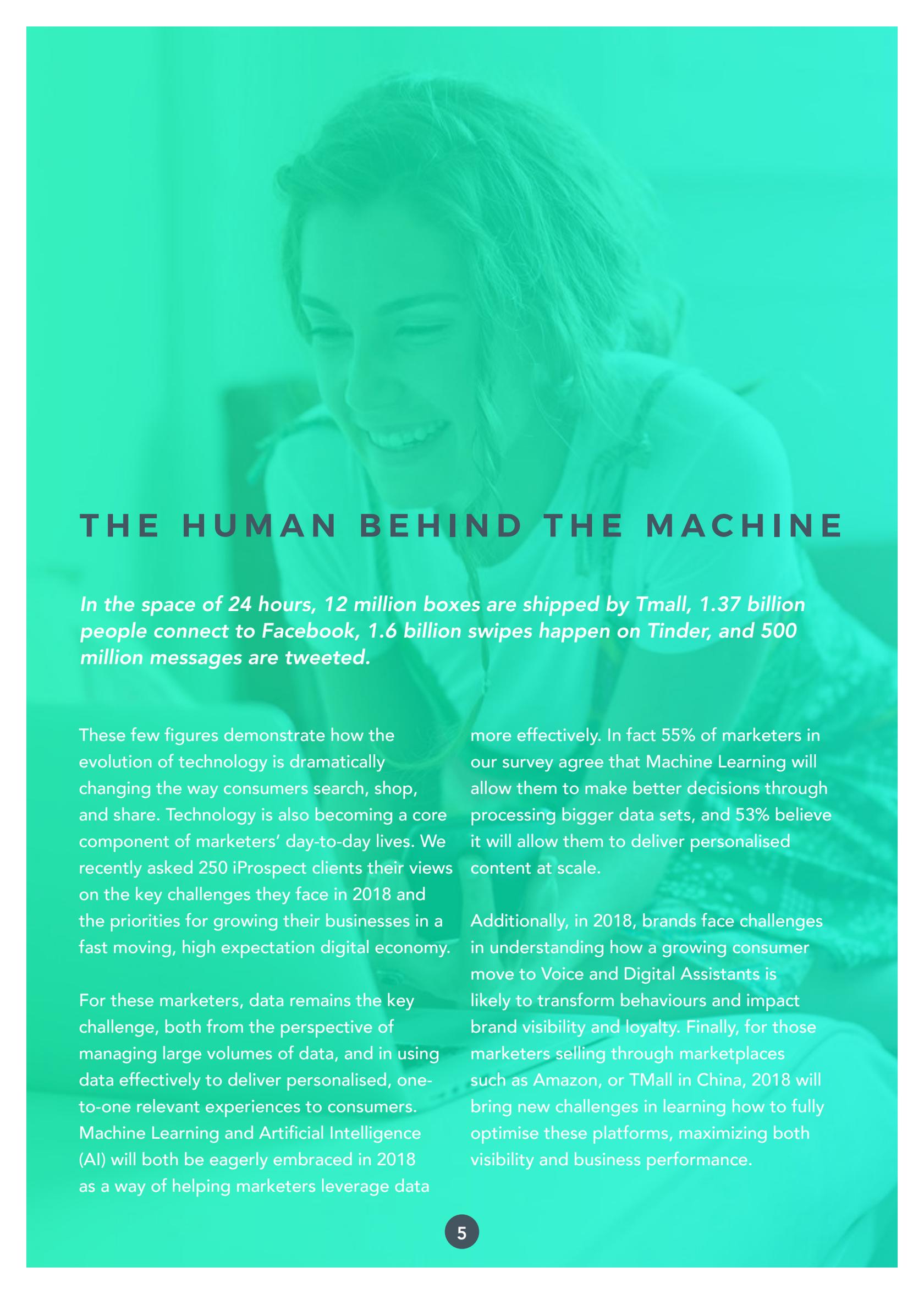
The expectation economy is now available for delivery.



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The opportunities outweigh the challenges.



THE HUMAN BEHIND THE MACHINE

In the space of 24 hours, 12 million boxes are shipped by Tmall, 1.37 billion people connect to Facebook, 1.6 billion swipes happen on Tinder, and 500 million messages are tweeted.

These few figures demonstrate how the evolution of technology is dramatically changing the way consumers search, shop, and share. Technology is also becoming a core component of marketers' day-to-day lives. We recently asked 250 iProspect clients their views on the key challenges they face in 2018 and the priorities for growing their businesses in a fast moving, high expectation digital economy.

For these marketers, data remains the key challenge, both from the perspective of managing large volumes of data, and in using data effectively to deliver personalised, one-to-one relevant experiences to consumers. Machine Learning and Artificial Intelligence (AI) will both be eagerly embraced in 2018 as a way of helping marketers leverage data

more effectively. In fact 55% of marketers in our survey agree that Machine Learning will allow them to make better decisions through processing bigger data sets, and 53% believe it will allow them to deliver personalised content at scale.

Additionally, in 2018, brands face challenges in understanding how a growing consumer move to Voice and Digital Assistants is likely to transform behaviours and impact brand visibility and loyalty. Finally, for those marketers selling through marketplaces such as Amazon, or TMall in China, 2018 will bring new challenges in learning how to fully optimise these platforms, maximizing both visibility and business performance.



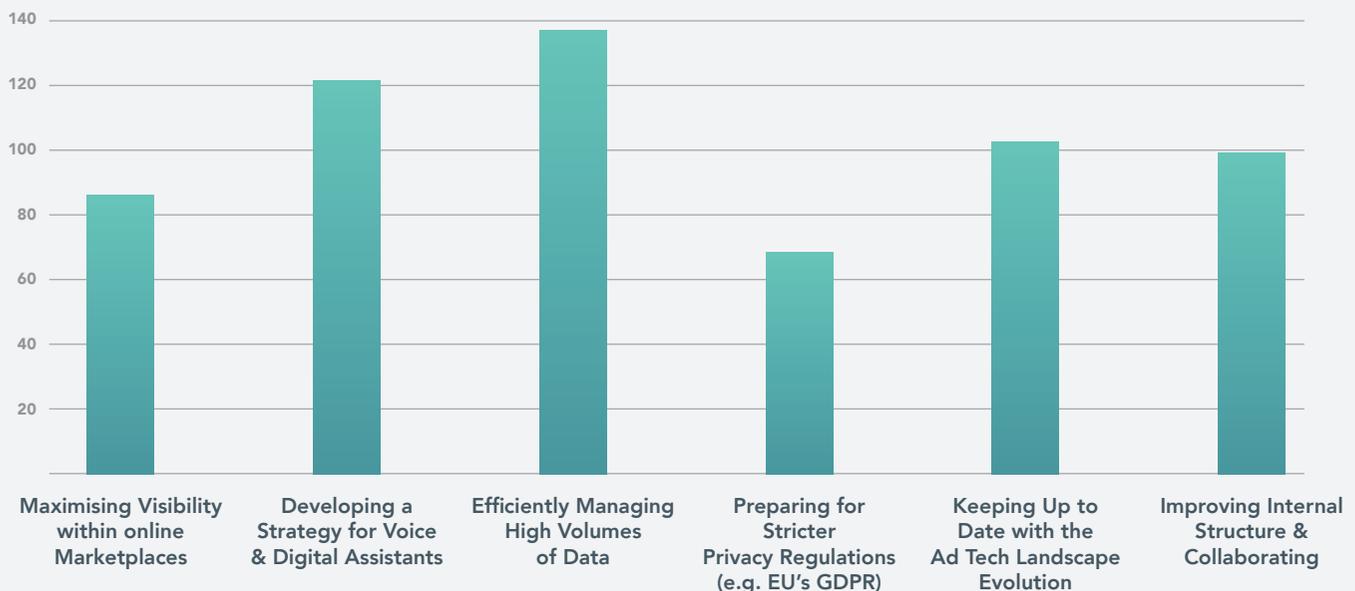
Introduction

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A fast moving, high expectation economy is here.

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Marketers' Biggest Priorities in 2018



iProspect Global 2018 Client Survey

In Future Focus 2018, we examine how machines and technology are gradually impacting marketing and advertising, from facilitating seamless consumer experiences to delivering greater efficiencies and breaking down borders, and we'll take a look at how brands can make the most of machines in 2018 to drive everything from improved commerce results to accuracy and efficiency in how they market to consumers.



*Enhanced
Customer
Experience*

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Closing the gap between consumer expectation and brand reality.

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With the constant introduction of new technologies and new platforms, consumers have never had so many options for transacting, and their attention has never been so fragmented. Their expectations are rising, too. Mobile searches for “same-day shipping” have grown more than 120% since 2015, 52% of consumers consider fast response time as the key to exceptional experience, and 47% declare they will stop doing business with a brand that continues to frustrate them (CMO Council).

However, according to the CMO Council, only 7% of marketers claim their company is always able to deliver real-time, data-driven experiences across all customer touchpoints, both digital and physical. Additionally, only 6% say they have a complete view of their customer.

In 2018, to close the gap between customer expectation and reality, marketers will need to shift from a traditional channel-centric operating model to a customer-centric one. This will mean building truly integrated experiences and leveraging data and technology effectively.

To deliver, brands will need to improve capabilities in consumer intelligence, finding the right balance between day-to-day exploitation of data to meet business targets and longer term exploration to anticipate changing behaviours that deliver business growth. Finally, as data protection concerns grow amongst consumers and regulators, marketers will need to be ever more attentive to, and respectful of, consumer data, rights, and privacy.

1.1

Putting the Consumer Right at the Centre

While 2017 was about understanding how best to connect data to understand consumers better, 2018 will be the year where marketers put consumers firmly at the centre of communications.

Marketers will move increasingly from a siloed, channel-based approach to advertising, to a consumer based approach, bringing together data and resources from different parts of the organisation to facilitate a true 360-degree consumer view. Increasingly, marketers will turn to the C-Suite to help break down organisational silos and facilitate greater data sharing and usage.

The concept of 'consumer moments' will become widespread in 2018, encouraging marketers to seek out data signals that help them understand not just who their customers really are, but what are the moments that matter most as those consumers interact with brands at different stages of the purchase journey.

To identify both the right consumers and moments, brands will need a clear data and

measurement strategy, starting with their own analytics. For example, to capture the points of engagement with shoppers, standard metrics (e.g., page views or time on page) are not enough. All interactions with product page content (e.g., image zoom or detail sizes) provide meaningful cues, and the data layer of the website will need to be set up to properly capture those cues.

This means data visualisation will take on renewed importance in 2018 and we can expect to see brands moving from simply reporting what has happened, to more diagnostic analytics that look at the "why" rather than the "what." For the more advanced marketers, 2018 will see steps toward more predictive modelling and analytics with a focus on predicting and planning for likely future outcomes.

CASE

American Express Gets Personal

American Express wanted to boost online acquisition of credit cards. After analysing customer acquisition data, it became clear communications didn't focus on the specific benefits of each card. Business outcome modelling and second party data were overlaid with American Express first party data, and audiences were categorised into clusters according to card types, hidden needs, and spending capacity. This profiling helped the team track customer reactions to more personalised messages, and enabled stricter frequency control. As a result, new card requests increased more than **50% year on year**, and cards monthly expenditures were three times greater than the average.



STUDY

1.2 New Solutions to Facilitate Data Management

In 2018, we can expect brands to put greater focus on aligning data, tech, and resource capabilities in order to better understand and service consumers.

Many marketers today are already using Data Management Platforms (DMPs) to bring together a number of different data sets in order to gain a single consumer view and to activate messaging. And the more sophisticated, data rich marketers are now taking further steps forward in data analysis, looking at Data Lakes to increase internal data analysis, facilitating a greater knowledge of consumers.

While DMPs are primarily utilised for the purposes of activating digital media campaigns and focus on utilising cookies and structured data sets, Data Lakes allow companies with significant traffic and customer data to ingest a much broader set of internal data sources (e.g., logistics, inventory, pricing, etc.) and have the capability to contain both

structured and unstructured data. This opens a whole new world of possibility for usage of internal data beyond media activation. With access to broader, richer and more diverse data sets, these marketers have the ability to apply Machine Learning algorithms and can perform long-term, deeper customer analyses (e.g., yield management, forecasting, and lifetime value).

DMPs and Data Lakes naturally augment each other: DMP segments can be sent to the Data Lake for deeper analysis, and Data Lakes power DMPs with richer data streams. In 2018, we can expect to see brands building their data architecture around these two technology solutions as appropriate, powering better customer understanding, decision making, and activation.



CASE

Scrubbing the Details with The Body Shop

The Body Shop wanted to drive aggressive ecommerce growth and better evaluate the contribution of each digital channel. They reviewed their processes and methodologies to facilitate synergies, creating a unified budget for all digital channels, and reviewing their KPI set to better understand the true contribution of each channel. Being able to segment audiences and enable automation was critical, and The Body Shop used the Google technology stack to deliver, integrating Display and Search through Google's DBM, DS and DCM tools. This was underpinned with a Google 360 attribution project to analyse and feed in learnings to campaign activations. The tech and process refocus improved performance, delivering a **40% increase in revenue** and **29% improvement in conversion rate**.



STUDY

1.3 Control in the Age of Speed

In 2018, all organisations will need to put great effort into data control in order to protect their brands, their investments, and, most importantly, their consumers.

The much-anticipated EU General Data Protection Regulation (GDPR) will be enforced in May 2018, and any brand trading with EU citizens will need to comply, even if that brand is not based in the EU. The GDPR will increase the data rights of EU citizens, of whom 80% feel they do not have complete control over their personal data. However, according to research from the Direct Marketing Association earlier this year, although 96% of companies are aware of the impending GDPR deadline, one in two are not sufficiently prepared. For brands not yet prepared, efforts should be made as soon as possible towards compliance, as failure to observe the regulation in 2018 will have severe legal and reputational implications.

Beyond GDPR efforts, 2017 was a watershed year where more and more brands voiced concerns about brand safety, fraud, and viewability in the digital space, and we

can expect efforts to control the quality of inventory to continue apace in 2018. For many advertisers, strict guidelines are now in place to protect brand assets, from pre-bid controls for programmatic to purchasing inventory only on established marketplaces. In addition, we can expect to see platforms such as Facebook and Google continue to invest in brand safety tools to protect advertisers on their user-generated content platforms.

In the quest for greater control, many marketers will focus on their first-party data. Collected, segmented, and activated in the right way, first-party data is the ultimate means to communicate with precision to exactly the right user, at the right moment, in a way that is respectful to their privacy. True “people based” marketing is therefore likely to be much talked about as the ultimate solution to safety concerns in 2018.

GDPR Becomes Law

As new legislations such as the EU's General Data Protection Regulation demand more from advertisers with regard to consumer data privacy, it can become difficult for organisations to combine data usage for marketing purposes and privacy compliance, especially when third parties are involved. To prevent any data leakage, ensure the personal identifiable information you control or process is protected with sufficient encryption levels. For instance, iProspect has developed Hashed. This proprietary tool uses SHA256 to hash data, the same algorithm used by Facebook and Google, so that data is protected but can still be used for running targeted campaigns on those platforms.

INSIGHT





3 Key Takeaways for Brands

1 Identify key moments of communication.

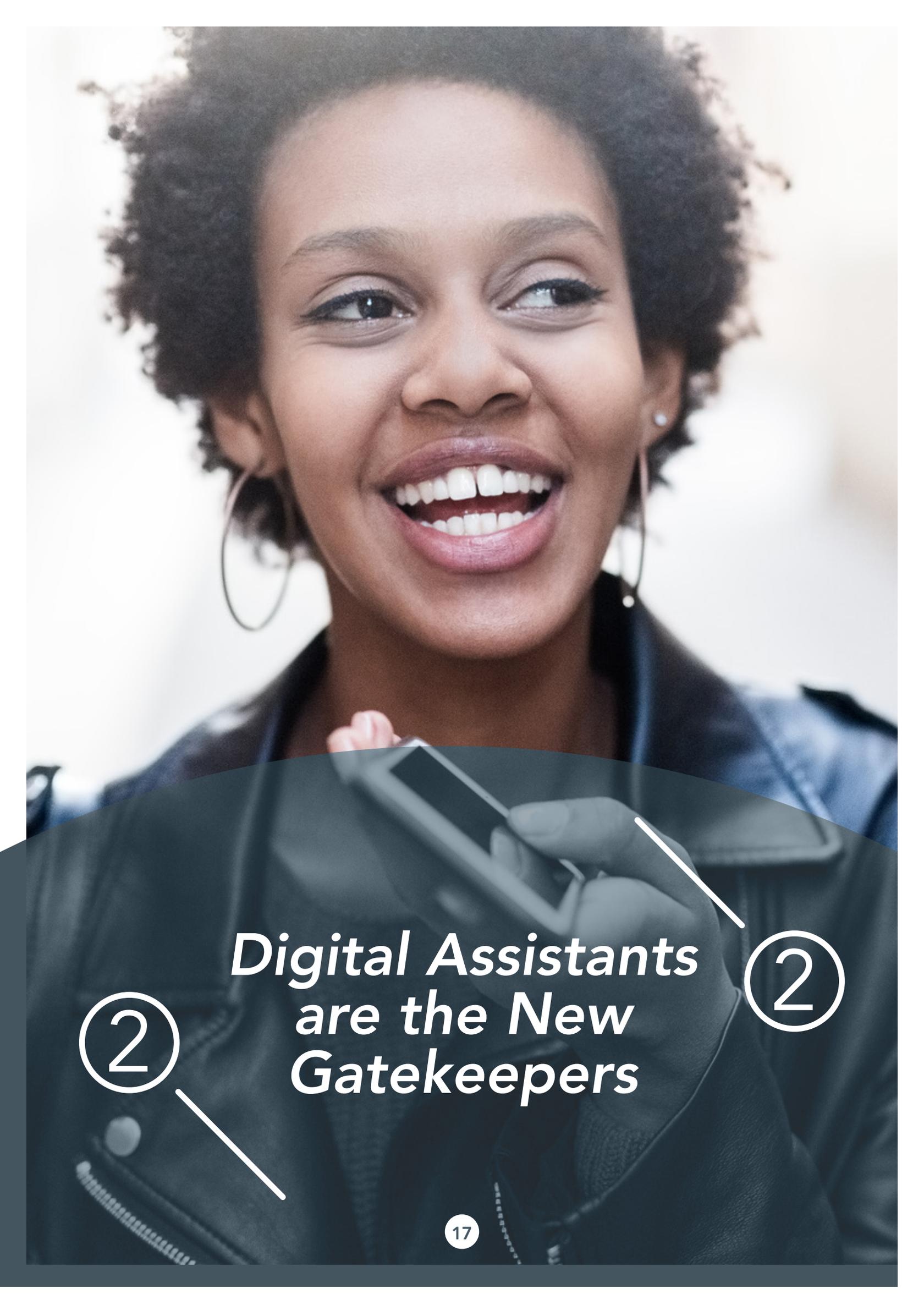
Start to look at what are the right signals that suggest the optimal moment to target a given consumer.

2 Reevaluate your tech stack.

Consider whether a DMP or Data Lake might be most appropriate, and make efforts to supercharge reporting to facilitate better decision making.

3 Audit your digital operations to ensure brand safety and compliance.

Review carefully how data flows within your organisation, and put in place agreed, written guidelines to your approach to safety, ad fraud, and viewability.



*Digital Assistants
are the New
Gatekeepers*

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Digital assistants are set to fundamentally change the relationship between brands and consumers.

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According to market intelligence company Tractica, more than 700 million people use some form of digital assistant today, be it Siri on their mobile phone, or Amazon's Alexa via a home device. With word error rate now at parity with humans, digital assistants can understand us better than ever, and usage of assistants is expected to soar to almost two billion by 2021. Within the next five years, most of the developed world will be using a digital assistant in one form or another to automate and manage many aspects of their daily lives.

And it's not just millennials who are early adopters of this technology, Forrester estimates that while 66% of 18-24 year olds are using digital assistants, almost 40% of the 70+ age group are also engaged.

Consumers are turning more of their day-to-day decisions over to digital assistants, and this will, in turn, transform how information is accessed and channeled. As a result, digital assistants will increasingly control what information a consumer does or does not receive, effectively becoming the gatekeeper to the consumer. The digital assistant will provide what it believes to be the most relevant answer to any given question, be it "What's the best Thai restaurant in Amsterdam?" or "Find me the cheapest flight from New York to Chicago on Friday."

For marketers this represents a new challenge in 2018 and beyond: learning how to market not to the consumer, but to the machine.

2.1 Relevance as the New Metric

The promise of the digital assistant is to make a consumer's life quicker, simpler and easier, delivering the exact, most relevant piece of information or service on demand. Thus, as consumer interaction shifts increasingly to digital assistants, consumer relevance becomes ever more critical to brands.

Today, being relevant means delivering greater efficiency and improved performance. Tomorrow, brands that are not relevant simply won't be seen by consumers. By nature, this means the overall volume of advertising will naturally decrease in a world of digital assistants, but for the brands that get it right, the actual power of that advertising will increase exponentially.

Marketers in 2018 will therefore need to start thinking about how they can become hyper relevant to consumers. This means using data like never before to truly understand consumer needs, motivations, and behaviours at an individual level in order to add value to the consumer interaction.

The brands that succeed in this space are likely to have first mover advantage. As a digital assistant gets to know an individual consumer's preferences and habits, it will begin to default to the consumer's brand of choice, automatically choosing Purina, for example, when the consumer asks to "Order more dogfood", or Pampers when the consumer who asks their digital assistant to "Buy diapers." For new market entrants, this will make getting their brands on the shopping list increasingly difficult. Only the most hyper relevant brands will be able to cut through and ensure their brand is the one which that able to captures the attention of the digital assistant and, hence, the consumer.

INDUSTRY

How may AI help you?

Digital assistants come in a variety of forms. Assistants can be integrated inside smartphone operating systems (Apple Siri), smartphone apps (Google app for iPhone), desktop computer systems (Cortana for Windows 10), or smart home hubs (Amazon Echo). While home hubs have been generating a lot of buzz recently, they represent the smallest opportunity compared to native smartphone assistants such as Siri. This is worth bearing in mind when planning and designing for the different types of digital assistant.

INSIGHT

amazon

2.2 Voice Search, a Fundamental Behaviour Shift

By 2020, comScore expects that 50% of all searches will be voice related, transforming the search landscape.

Although the opportunities for advertisers are not yet fully realised on the main search platforms, it is certain that voice search is on a growth trajectory from a consumer perspective and advertising revenues are likely to follow. Jupiter research anticipates a 104% growth in voice search advertising revenues over the next three years. So, it's important that brands start now to understand how best to capitalise on changing behaviours in Voice. A recent whitepaper produced by iProspect and Bing gave the first indications as to how the search landscape is changing as a result of Voice and what marketers can do today to take advantage.

One of the most obvious shifts is that voice search queries are longer and more conversational in nature. In addition, voice

queries feature more questions versus the short incomplete statements we see in a text based world. Another key differentiator is local intent as Voice related searches on mobile devices are three times more likely to be local based than text. Creating search campaigns that target long-tail conversational questions (like who, where and how), updating business listings through complete and accurate local structured data, and creating content to cover answers to common consumer questions are all ways to capitalise on voice searches.

Not many brands today are taking advantage of existing voice search traffic and learning from changing consumer behaviours. This leaves white space opportunities for smart marketers to start testing and learning in a cost-effective manner.

CASE

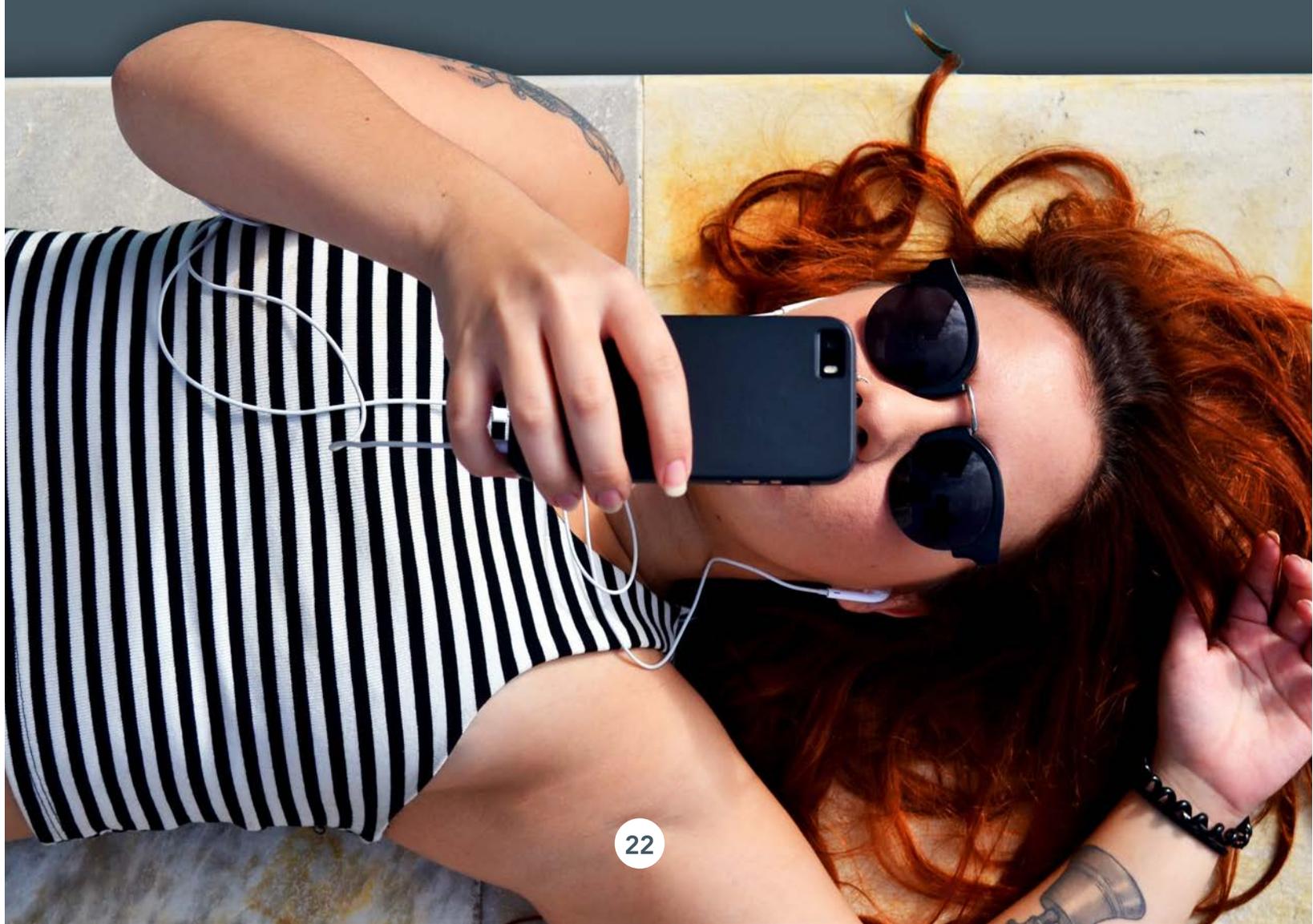
Putting Voice First for Finance

Always looking to simplify complex financial information, a major bank player wanted to serve customers in their “micro moment” of need by answering key questions likely to be Voice related. The brand partnered with iProspect to take full advantage of the Google Answer Box. After mapping opportunities through in-depth content assessment, keyword research, and gap analysis, the bank optimised each piece of content and respective metadata and microdata. The strategy resulted in immediate success, with more than 316,000 monthly search queries showing the bank’s content in the Google Answer Box, **61% YOY traffic increase** to financial educational pages, and **90% YOY increase in conversions.**

STUDY

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The New Gatekeepers



2.3 Bots Will Become the New Apps

Bots are set to dominate our future. In fact, according to Gartner, by 2020 85% of all customer interactions will be managed without a human.

Bots also have a key role to play for digital assistants. Bots make it possible for digital assistants to deliver immediate answers and information to consumers, based on their questions. In the future, therefore, bots are set to effectively become the voice of a brand or service. And, in a world where consumer expectations around service continue to grow, brands will increasingly be defined not by what they say about themselves, but by the utility and the service experience they deliver to those consumers.

Since bots hold the power to a brand's future potential to connect with consumers, marketers must make sure their bots provide relevant and helpful services. This starts with

understanding the consumer, thinking about when Voice versus text based services might be required, and the right context in which the assistant would need to respond. It also means understanding consumer psychographics, motivations, and their digital footprint to determine what utilities are likely to add most value. When creating a bot, brands will need to structure commercial interactions through the lens of providing value and simplifying a consumer's life. If a bot is merely a novelty, it will be used a handful of times and then forgotten. Finally, with more than 20,000 bots already available on the Amazon platform alone, will need to think about how to amplify the adoption of their bots to ensure uptake and usage.

CASE

Philadelphia Cream Cheese Gets Skillful

Recognising cheesecakes as a massive sales volume growth opportunity, Philadelphia Cream Cheese wanted to inspire consumers to make their own cheesecakes, rather than just buy them. The brand partnered with Amazon to tap into consumers' shopping habits and show them just how easy it is to make a delicious cheesecake. Philadelphia developed an Alexa skill letting people simply ask "Alexa, open cheesecake recipes" to access fifteen popular simple recipes while keeping their sticky, floury hands free. The brand also developed a cheesecake hub promoted across the Amazon ecosystem through paid media. As a result, the cheesecake activity generated more than 95% of all Philadelphia Cream Cheese sales on the platform.



STUDY



3 Key Takeaways for Brands

1 Start to think about how your brand can become more relevant to consumers.

Use data more effectively to deliver on right person, right content, right moment, right message.

2 Seize the voice search opportunity.

Take advantage of the current white space by ensuring you adapt your search strategy to capitalise on voice searches for your brand or service.

3 Start to think about whether a bot can add value to your brand.

Look at how your brand might answer a specific consumer need and whether bots could deliver an improved customer experience.

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**Artificial
Intelligence
& Machine
Learning
Transform
Marketing**

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It's time for brands to get ahead of the intelligence curve.

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Simply put, artificial intelligence (AI) aims to emulate human cognitive capabilities through artificial systems. One of the specialties of AI is Machine Learning, which enables computers to solve a problem by themselves, learning through examples, rather than being programmed specifically to solve a distinct problem.

Although the terms “Artificial Intelligence” and “Machine Learning” can be traced back to the early 1950s, these concepts have really gained traction over the last few years. Today, the tech giants are all investing in specific AI or Machine Learning capabilities, either internally (e.g., IBM Watson or Microsoft Azure), or through acquisitions (e.g., Google/Deepmind or Apple/VocallQ).

If AI and Machine Learning capabilities are sought-after by tech companies, it's because those companies understand the benefits in terms of customer experience (e.g., personalised recommendations on Netflix), security (e.g., fraud detection on Paypal transactions), or product development (e.g., autonomous cars for Uber).

In 2018, we can expect mainstream brands to start truly testing the potential of AI and Machine Learning in advertising, taking marketing efforts to the next level. Machine Learning has the power to improve efficiency, help scale personalisation, and predict consumer behaviour with greater accuracy. As a result, 2018 will bring greater investment and experimentation in this area.

3.1 Machine Learning Will Deliver Greater Efficiency

Despite its many undeniable benefits for brands, digital marketing has long suffered from the amount of time it takes to optimise at scale. Machine Learning will bring huge efficiency gains for marketers in 2018.

Digital has dramatically expanded the job of today's CMO, who now has the added responsibility of knowing and genuinely understanding the technology and its implications from a data and legal perspective. This increased pressure, combined with an explosion of available data, makes it hard for marketers to keep up with everything in a finite amount of time.

The automation and self-training capabilities of Machine Learning will enable organisations to perform tasks faster and at a larger scale, from very simple actions to client-facing solutions. For instance, more than 850 articles about sports or election results published by the Washington Post during the past year have been entirely written by an artificial intelligent agent, Heliograf.

Machine Learning will also help organisations make sense of data. As ever-increasing

amounts of data become collectable, Machine Learning algorithms are perfect for sorting, ordering, classifying, and enriching those data. For marketers, it opens up the scope of possibilities, from being able to access better segmentation, to applying more accurate performance attribution, to leveraging huge data sets in their performance marketing. Intelligent automation engines can even automatically generate audience groups from historical performance, allocate budgets, and build a bidding strategy

The benefits for organisations are numerous and varied. Machine Learning will save time and energy, freeing them to focus on high-value tasks that only human intelligence can address, and enabling people to make faster and better decisions, manage more data, and prevent missed opportunities.

CASE

Eurostar says 'Bonjour' to Machine Learning

Eurostar wanted to appear at the top of the search results when potential customers search by destination, to stand out from airline competitors. To do so, they utilised iProspect's new AI learning system, CORE. CORE collects data from a range of sources, and evaluates which media investments are performing best. It then predicts how much the strategy could be improved upon by making specific changes and automatically activates those changes in real time. CORE's data cycle runs continuously, which means it is constantly testing and learning from the decisions it has made. As a result, Eurostar's **cost per acquisition was improved by 81%** and **campaign spend reduced by 45%**.



STUDY



3.2 True Personalisation at Scale Becomes Possible

Beyond efficiency, Machine Learning will enable brands to build more personalised conversations with consumers, at scale.

For brands, managing high volumes of individual conversations without compromising the quality of each one can be a true challenge. An efficient conversation requires both careful listening and a relevant response, and Machine Learning can help with both.

In the past, brands have refined their online messages by designing a few different versions, running a campaign, analysing the results, and finally, opting for the version that worked best. Machine Learning can make this process much more accurate by considering more variables, combining more data sources, and providing faster results. As the testing process will be more efficient, it will reduce the amount of guesswork and preconceptions, enabling marketing and creative departments to access better, less biased insights.

Not only can those scalable and real-time analyses be helpful for gaining insights, they can also be used for building creative assets on the fly. Paired with a Dynamic Creative Optimisation (DCO) tool, the algorithm can define the best unique combination of image, text, font, and even button position for each individual message. Numerous additional opportunities are possible through connections with web page customisation technologies, product recommendations engine, and CRM tools.

We expect 2018 to be the year that personalisation at scale becomes truly possible. Thanks to Machine Learning, media and messages will be better aligned, resulting in a more relevant experience for consumers and diminishing the friction points between first touch and conversion.

Machine Learning Gets Personal

Chamberlain University saw an opportunity to leverage Machine Learning to deliver personalised user experiences based on consumer intent that would provide more relevant and engaging content. Visitors were served different combinations of content and calls-to-action, based on the marketing channel they came from and their behaviour on the website. By dynamically matching the user experience to the visitor's mindset (research phase or intent to apply) through Machine Learning, Chamberlain University saw a **10% increase in performance.**



CHAMBERLAIN
UNIVERSITY

STUDY



3.3 From Describing Consumer Behaviour to Predicting Behaviour

We anticipate the number of predictive models based on Machine Learning to be on the rise in 2018.

The self-correcting capabilities of Machine Learning can help marketers in their quest to better anticipate consumer behaviours and needs through predictive models. Those models require large data sets and interoperability between those data sets. In that respect, the development of predictive models is facilitated by the collapse of technological barriers.

With the rise of cross-device measurement that concentrates scattered information in a single view, and CRM onboarding that links email addresses to cookies, or mobile advertising identifiers to geolocation data, the vision of the consumer's journey has never been more complete for an advertiser.

Paired with Machine Learning, this expanse of data can help marketers predict the physical movements of a group of people, for instance, anticipating which billboard an individual will walk by. This kind of information is highly valuable for trading optimisation and media

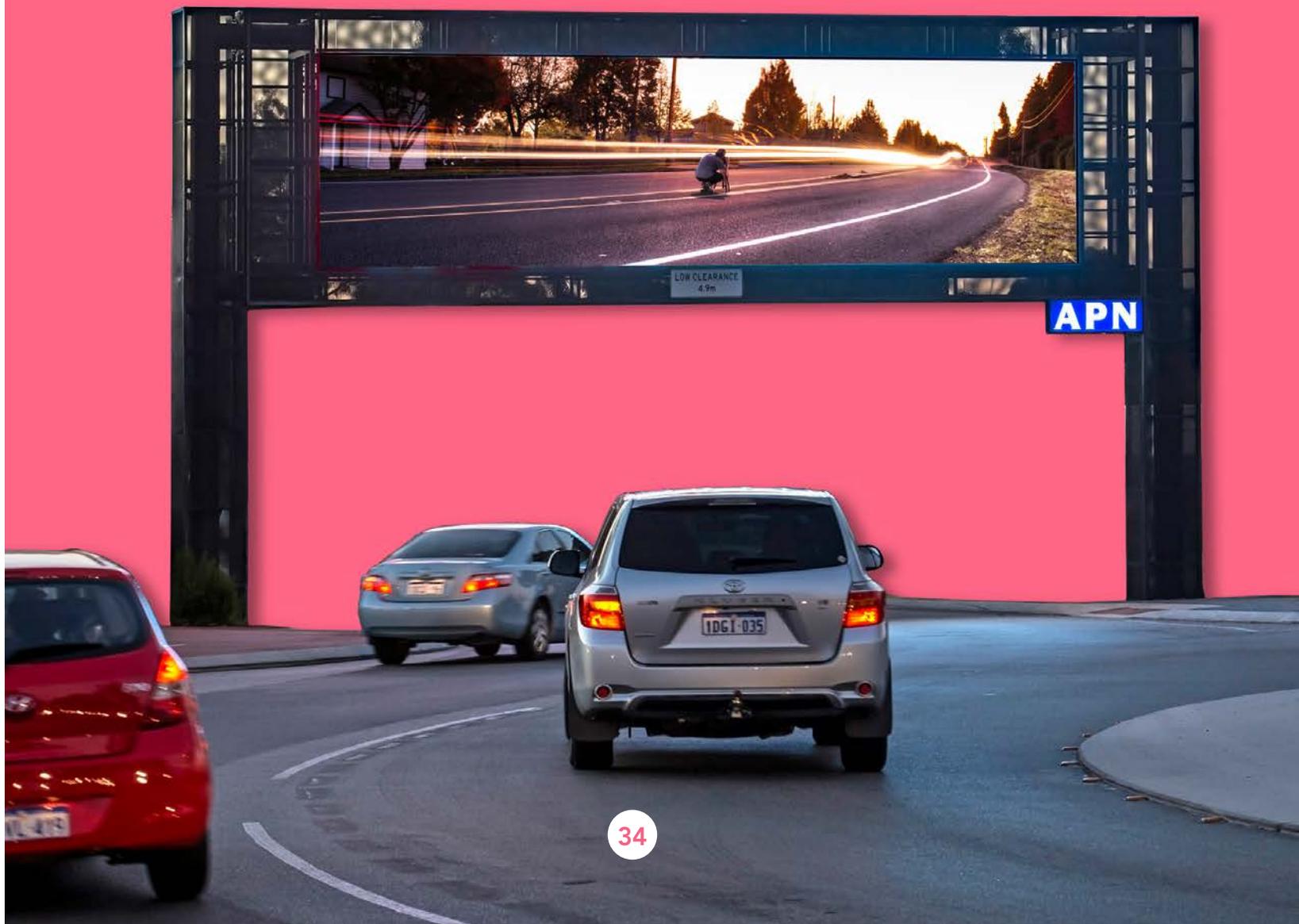
waste reduction. From a CRM standpoint, prediction makes possible the estimation of the customer lifetime value before conversion, or triggers an alert when a risk of churn is detected. Applications for Machine Learning seem endless and marketers need to think about the best use cases for their businesses in 2018.

Although prediction could be a game-changer in a brand's communication strategy, it is critical for marketers to understand the current limitations. First, algorithms can't work without proper input and are not (yet) capable of evaluating the intrinsic quality of an informational entry. In addition, effective use of algorithms in the decision-making process requires marketers to trust a machine. Finally, as there will always be challenges a machine won't be able to predict, Machine Learning shouldn't stand alone. Organisations that define clear roles for Machine Learning in relation to human marketers will be better positioned for success.

Out of Home Gets Smart

One major outdoor advertising company wanted to improve their sales and pricing methodologies to gain in efficiency. As the digitisation of out-of-home media channels generates a huge and complex variety of product and pricing options, the company embraced a machine learning approach. It enabled their client's sales managers to have greater visibility into current and predicted sales performance, so that they could apply tighter control on sales and pricing processes.

INSIGHT





3 Key Takeaways for Brands

1 Start exploring how Machine Learning could help your organisation.

As the core principle of Machine Learning is the ability to continuously refine an initial model, the longer the learning phase, the better the rewards.

2 Think of your data ecosystem as a whole.

The Machine Learning algorithm is only as good as its data. Even the best models won't learn anything from poor quality data, resulting in poor performance.

3 Mix human intelligence with Machine Learning.

Defining clear and specific roles for Machine Learning is critical, as it isn't a silver bullet for every marketer's challenge.

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The distance between inspiration and conversion is now smaller than ever.

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Global ecommerce sales reached nearly \$1.9 trillion in 2016, and are forecasted to grow to \$3.9 trillion in 2020. As consumers expect to be able to buy everything, everywhere and at anytime, this staggering growth will be increasingly supported by ecosystems which weren't designed to be transaction first, but are now developing commerce features.

Social and messaging platforms are all striving to seamlessly bring commerce in their fabric. In Asia this is old news, consumers have already been buying directly within social environments like WeChat for years. However, social commerce is now so well rooted in consumers' habits that even very brand-cautious luxury players are investing heavily in that sales channel.

Platforms are also closing the gap between inspiration and conversion by connecting commerce with discovery. Pinterest, where 97% of searches do not include a brand name,

used to be a sought-after environment for reaching consumers in their initial planning stage. It is now also rolling out features to drive conversions earlier. In 2018, we can anticipate discovery to grow faster than ever through the rise of visual search, powered by the recent progress of image recognition and increased mobile connectivity.

Virtual reality (VR) will take commerce to new horizons. Again, China is leading the way and has successfully demonstrated that virtual reality commerce could generate real-world sales for brands. Marketers can't afford to ignore the ascent of VR, if they don't want to lag behind. However, the big game changer for commerce, as for many other industries, could be the much talked-about blockchain. What's better than a distributed structure to stretch commerce boundaries?

The race for tech companies and brands to conquer new commerce opportunities is on.



4.1

From Discovery Engines to Transaction Engines

The Web has always empowered consumers to discover a host of new trends, products, and inspirations. In 2018, the impetus of visual search and its convergence with transaction will enable brands to truly reap the benefits of discovery.

In 2018, we anticipate the world of search to expand from a single text-driven approach to a triple text-driven, voice-driven, and visual-driven approach. The latter is quickly gaining traction with the success of platforms like Pinterest, eBay or ASOS, which now allow users to snap a picture of a product, upload to the platform and have a tailored search result matched back to the image database. For consumers, it opens up a whole new searchable world. For brands, a platform like Pinterest, where 93% of users report they use it to plan for future purchases, can be leveraged to take a strong hold earlier in the journey to purchase. This drastically dials up the importance of having numerous accurate, visible and high quality product images available.

Discovery engines, however, shouldn't be seen only as upper funnel opportunities, as all platforms have unveiled new ways to connect inspiration to transaction. Brands can now tap into the recently opened Pinterest Taste Graph to improve their ad targeting, or use Shop the Look pins, enabling consumers to buy individual products from inspirational designers. Facebook introduced Collection ads in the same vein. Even Amazon has entered the discovery game with Spark, a place for consumers to discover and shop products shared by users with similar interests. For marketers, it means that content traditionally intended to serve brand image purposes could now offer new prospects for faster, more direct conversion. It also means marketers will need to better integrate their branding and performance tactics to unlock the full value of discovery platforms.

Pinning Success with Pier 1

Pier 1 has built its premiere home furnishings business on strong relationships, providing the decorating inspiration that helps customers create beautiful spaces in their homes. The brand aimed to take their Pinterest game to the next level to reach a broader audience, deepen their connection with their existing audience, and drive more targeted traffic to their website. Combining data-driven forecasting from demographics, historical data, and behavioural data, with advanced targeting tactics and innovative formats like One Tap promoted pins, Pier 1 successfully reduced friction between inspiration and purchase, resulting in a **59% increase in Engagement Rate** and **639% increase in Click-Through Rate**.

Pier 1 imports

STUDY



4.2 New Commerce Experiences – Learning from China

As China ecommerce sales are expected to reach \$1.46 trillion USD in 2018, more than US and Western Europe combined, a new paradigm for commerce is taking shape at the intersection of entertainment, convenience, and transaction.

Whether it's a virtual reality mall, Kobe Bryant opening Singles Day, or Kentucky Fried Chicken selling 80,000 nuggets in a day on Tmall, anything is possible in China if it enhances the customer experience.

Social commerce is now mainstream in China. Consumers have been discovering, interacting with customer service, and purchasing within social platforms for years. The fact that WeChat is both a wallet for consumers and storefront for brands sets it apart from its messaging platform peers. As Tencent pushes forward with its global ambition, Western platforms have just started to experiment with commerce functionality. Facebook has obtained the necessary PSD2 license to process payments in Europe, and some Masterpass-enabled chatbots are now available in Messenger in the US. We anticipate more initiatives in this direction in 2018, and brands need to seriously consider

how to bring the point of transaction into their social activity, whether it be customer service via Messenger or shoppable media that links to off-platform product pages.

Virtual reality shopping experiences is another growing area of the Chinese ecommerce landscape. Buy+, an Alibaba subsidiary, transports consumers to virtual malls across the globe (e.g., Costco or Macy's), where they can purchase using AliPay with the nod of a head. Eight million people tried Buy+ during Singles' Day 2016. Similar to conversational commerce, Western marketers are only starting to contemplate the VR potential for commerce. Eram, a 90 year old French shoe retailer, has just launched a VR showroom to let consumers discover its new collection. We anticipate more brands moving from in-house tests to real world applications that drive results in 2018.

CASE

A Very Valentino Valentine's

For Chinese Valentine's Day, Valentino launched an omni-channel campaign to promote their limited edition Rockstud Spike handbag, available exclusively on WeChat. A geotargeting strategy was implemented based on how consumers responded to previous WeChat advertising efforts. The 'Moments' newsfeed, influencers, organic and paid search were used to amplify the campaign and drive users to convert within the application. Overall, the campaign was seen more than **40M times**, generated a spike in new fans of **15% in six days** and the bag sold out in three days.

VALENTINO

STUDY

4.3 The Bright Future of Blockchain-Powered Commerce

With estimates of blockchain reaching 10% of global GDP by 2025, ecommerce heavyweights and brands alike will need to take heed of this new valuable platform as it gains traction.

Blockchain, a public and distributed ledger of transactions where anyone can keep track of operations, can bring numerous advantages to the world of ecommerce.

The first obvious benefit will be cost efficiency. With transactions between consumer and marketplace becoming direct and transparent, blockchain will remove the need for a middle man and, in doing so, simplify fees. This will equate to a much more streamlined and cost effective transaction process, a move that could herald the removal of numerous bank fees and transaction fees, improving thin margins for the marketplaces, and enhancing the convenience of online transactions.

Brands could also benefit from more independence from marketplaces by becoming able to transfer consumers' reviews between two ecosystems, an operation currently impossible as reviews are owned by marketplaces. Blockchain could

create a more transparent, unbiased and transferable product review platform that sits on its infrastructure and is pulled in by the marketplaces.

Other potential changes like lightning fast cashback programs, universal product ID's, or automatic refund programs using smart contracts could, if implemented at scale, create a new paradigm of seamless ecommerce experiences.

Blockchain holds both promise and peril for ecommerce players. One on hand, the benefits for consumers will certainly encourage them to transact more and more online. On the other, established ecommerce platforms could see their influence on brands decrease and new marketplaces emerge, enabled by lower barriers to entry. Whilst the effects of blockchain may be quite a few years from hitting their full potential, ecommerce players need to plan now for success tomorrow.

CASE

Building a Brand Block by Block

Japanese ecommerce giant Rakuten began investing in blockchain as early as 2014 through a participation in Bitnet Technologies, a provider of a digital payments platform powered by blockchain. Since then, the brand has accelerated its efforts in that space and opened the Rakuten Blockchain Lab in Belfast, dedicated to pursuing the integration of the technology with the monolith ecommerce marketplace through the acquisition of intellectual property assets from Bitnet.



STUDY



3 Key Takeaways for Brands

1 Bring branding and performance tactics closer together to make the most of discovery platforms.

Audit your current product images to make sure they are visual search ready and look at how you can better connect brand to commerce in messaging.

2 Start integrating inspiration and entertainment into your commerce strategy.

Look to China for inspiration and a view of what commerce could look like tomorrow.

3 Think about how blockchain could transform your business.

Start investigating blockchain and understanding how it might impact or aid your commerce business.



5

*The Rise of
Amazon, the
Everything Store*

5

“

The expectation economy is now available for delivery.

”

There can be little doubt that 2017 was a significant year for Amazon, as its seemingly irresistible expansion broke new ground across some of the biggest categories in the world.

In sports streaming, it acquired rights to its home turf NFL, as well as apparently making overtures into global appeal sports such as tennis, rugby, golf and football. It won Oscars and Golden Globes for its original content on Prime. It made acquisitions in healthcare, AI and bioscience. The cloud services division turned \$4.1 billion without even trying. Echo and Alexa, like Prime before them, have proved more of a hit than most analysts expected. And of course, the seismic acquisition of Whole Foods sent shockwaves through retail worldwide.

Amazon's enormous capital power and evident knack for winning in any division it turns its attention to means it truly is becoming the

oft-quoted 'Everything Store', apparently achieving the impossible – major, simultaneous expansion without sacrifice of either product or profit.

Yet the company remains highly secretive, rarely announcing its intent or offering strategic insight. This means that as Amazon claims not only more net shoppers, but also creates new shopper behaviours, the onus is on today's marketers to be proactive, rather than reactive, in developing their understanding of it.

The good news is that there's no more opportune time to learn than now. As Amazon finally turns its attention to the long dormant opportunity in ads by outlining plans for it to become a major income stream, marketers should seize the opportunity to get in at ground zero and start including it on media plans today.

5.1 Mastering the Marketplace to Stand Out

With Amazon now such an enormous machine, the first challenge is simply being visible at all, especially as 70% of shoppers never make it past the first page of on-site search results.

For marketers, mastering Amazon's 'internal SEO' will be hugely important. Dropping from rank 5 to rank 15 can result in as much as a 75% sales loss. Many metrics influence the prominence of their product pages. As a result, there is no one way to win, and many considerations need to be taken into account, from whether the brand has 'seller' or 'vendor' status, to the choice of who executes fulfilment.

The ranking algorithm gives strong preference not just to the seller's price, but also to those

products which satisfy customer expectations. In order to rank higher and sell more, marketers must therefore think about the whole experience right through to delivery, CRM and aftercare.

Paid placement also impacts overall Amazon performance. Products that place well in search results, even via paid, tend to sell more, and products that sell more tend to place better in search results.

Give Them What They Want

When it comes to marketplace optimisation, ranking high is critical but isn't the sole condition for success. Conversion optimisation should also be an area of focus. It's down to the strength (quality, persuasiveness, relevance) of owned media to determine whether visitors will become customers, and eventually brand advocates, driving 'earned media'. Giving customers the product information they need to make a purchase decision is crucial, and content that can contribute to this includes product images, technical specification, description and customer Q&A. For instance, according to Amazon, product pages with video have seen a 22% uplift, and adding between three and six images can increase conversion up to 30%. Amazon brings SEO and CRO closer together and marketers should keep that in mind when planning their Amazon strategy.



INSIGHT



5.2 Paid Media Brings New Opportunities to Grow Business

For marketers, Amazon ranks next to Google and Facebook as the platform most likely to bring new targeting opportunities in 2018.

Amazon is shifting to the same model as Google and Facebook, wherein agencies can develop and apply expertise directly. For example, Amazon Media Group, an internal division responsible for programmatic display ads, has been opened to those who are equipped to take advantage. Whilst this is good for innovation and performance, it is nonetheless very tightly knitted to nuts-and-bolts ecommerce mechanics, such as delivery and customer satisfaction. It will, therefore, be important for marketers to approach Amazon advertising with the complete skillset.

From a customer data perspective, Amazon is, if not exactly lifting the lid, at least more actively using their troves of shopper data. More information is being shared in the planning phase, helping advertisers

allocate spend effectively. This is also visible in activation. In June 2017, the company launched Amazon Audiences, similar to Facebook's Custom Audiences, allowing brands to audience match into the platform.

As for Alexa, it's unexpected scale, connection to commerce, and user base of valuable Prime members makes it an attractive advertising proposition. Aggressive moves in both software (SDKs, Skills) and hardware (Echo Look, Echo Spot) signal an appetite to maximise the market and Amazon's presence within that market, possibly even extending to cars, wearables, etc. No one knows for sure how or when advertising functions will be introduced to Alexa, but there's no doubt it is now a major part of Amazon's machine.

CASE

Amazon Provides Sweet Success

A candy brand, virtually unknown on Amazon, wanted to capture market share during the critical Halloween period. The brand pursued an aggressive bidding strategy via Amazon Marketing Services for both brand and non-brand keywords. This strategy was complemented with the optimisation of A+ pages to provide a rich, immersive experience. The brand managed to raise in the top 2 spots of 'Halloween Candy' search, above heavyweight players. Not only did the campaign increase **YOY sales by more than 270% on Amazon**, but it also contributed to in-store as well, as measured by Nielsen.

The Amazon logo, featuring the word "amazon" in a lowercase, sans-serif font with a curved orange arrow underneath it.

STUDY

5.3 Thinking Back to Front

Whilst the consumer experience – the ‘front end’ – is critical for winning on Amazon, the reality is this can only happen successfully if brands align the ‘back end’, i.e., systems, technology, people and processes, to deliver it.

Being visible on Amazon in both paid and organic will shortly become as much of a basic imperative as bidding on the right keywords in Google or having a Facebook page. But Amazon will also demand that departments like sales, intelligence, or marketing work closer than ever before.

As the experience of the sale itself is now more of a brand consideration than ever, marketers will need to ensure logistics and customer support match the quality of their marketing effort. Amazon’s one-click narrowed the gap between browsing and purchasing, with Prime then narrowing the gap

between purchase and fulfilment. Consumer expectations swiftly followed, and immediacy quickly became the new norm. Customers expect to be able to buy what they want, when they want, on any device, and have delivery reflect their needs. It is no coincidence that many new build apartment complexes are reinstating the mailroom alongside the concierge.

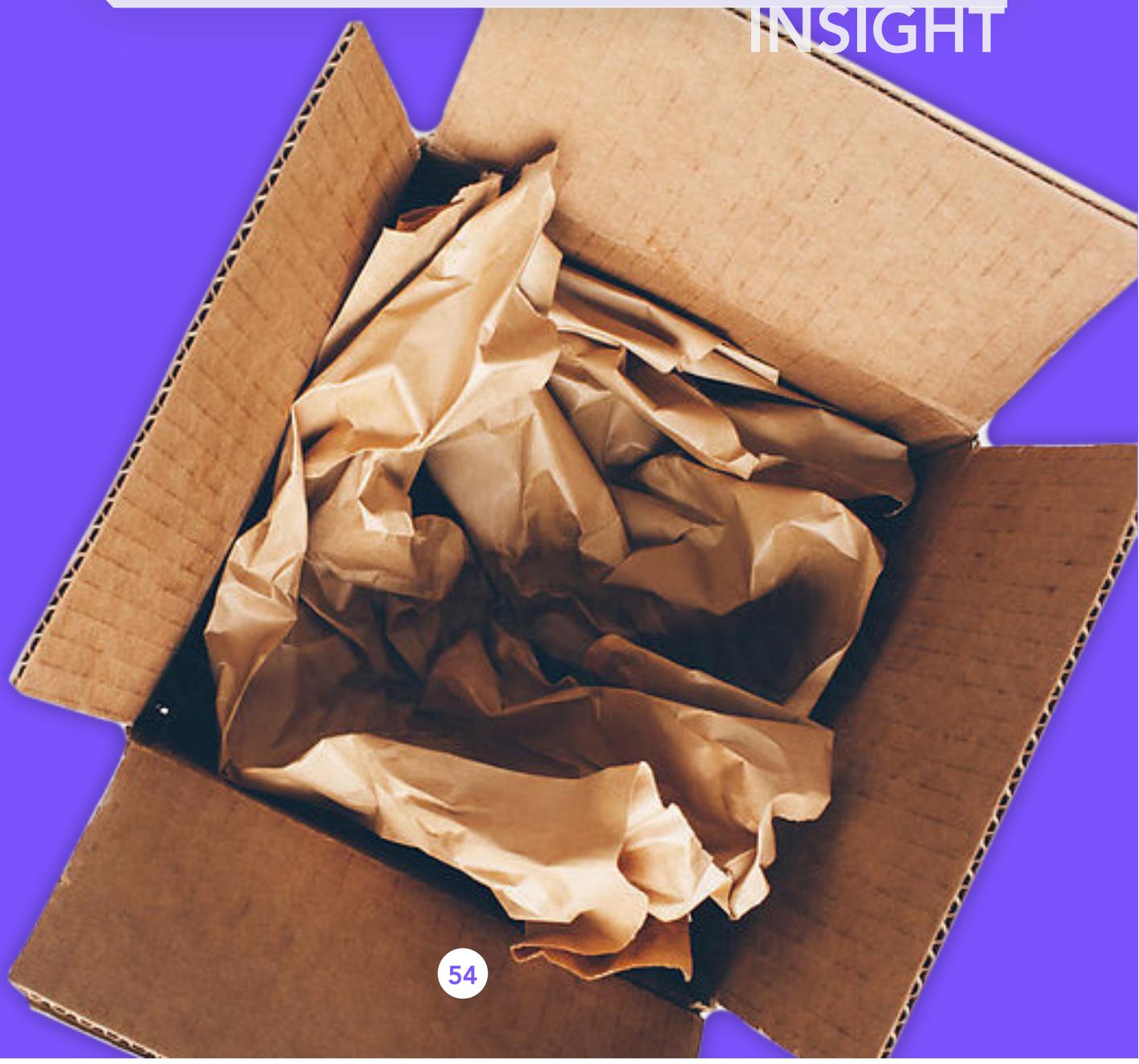
We are moving into an age of value, rather than cost. It is not enough just to be cheap, brands must deliver value across the consumer experience, tailored to that consumer.

Unlocking Amazon Key

In its quest to remove every possible friction point for commerce, Amazon launched a new service in November 2017, Amazon Key. To end missed deliveries, Amazon now offers package deliveries inside the homes of its Prime members. The service works via a smart lock verifying the identity of the driver delivering the package, and a security camera verifying their movements. After the launch of Echo speakers and Dash buttons, Key is the latest move from Amazon to more closely connect to the homes of its users and enhance their shopping experience.



INSIGHT





3 Key Takeaways for Brands

1 Don't just 'be there'.

Product description, imagery, review programs... Start optimising your presence on Amazon to rank higher in products listings and improve business performance.

2 Seize the paid opportunity on Amazon.

Investing in Amazon's tightly controlled ecosystem can help directly impact visibility and therefore sales.

3 Consider the consumer 'Amazon' experience in its entirety.

Review and align effort across all departments involved in commerce on Amazon, not only the front end.



Conclusion

With technology advances providing the capability to unlock new opportunities, get closer to consumers and extract greater value, 2018 will be an exciting year for marketers.

Advances in Machine Learning will allow for greater effectiveness and efficiency in marketing communications, allowing both marketers and agencies to focus on adding strategic value, whilst allowing machines to take on more of the more complex administrative tasks associated with digital optimisation.

The greatest success will be delivered by those brands who invest in the future, effectively leveraging the strength of their human strategic capital to create the new machine rules.

Savvy marketers will therefore increasingly need to understand how to balance the Human vs Machine elements of their business to ensure they leverage the true value of both. After all, the machines will only ever be as good as the human strategists in the background who set the direction of travel, develop the strategy, and feed the machine with data and hypotheses, testing new variables and applying learnings as appropriate.

About the Authors



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Educated as a Master of Arts in Interactive Media, Reynder has a special interest in realizing the best relationship between brands and audiences. Starting his career in the mid-nineties as an Art Director, he developed a broad experience in online marketing and omnichannel strategy, interactive multimedia, design, interface design, interaction design, web design, and web care. He works for top 500 clients locally and internationally and uses his passion for customer insights to realise strong brand experiences.



Phillip Dyte
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In the past eight years, Phillip has worked across the spectrum of marketing, from PR to martech to media. As a technophile who built his first computer at 12, Phillip uses data and systems to organise the world. As an English graduate with a specialism in semiotics, he uses people and theory to understand it. Among other things, he created Burberry's paid social strategy, helped IKEA empirically prove mobile advertising footfall, advised on client inventory and M&A, founded the UK strategy function, won a few awards and – most importantly – got to help a lot of people get where they wanted to go. Phillip likes the truth and things that work.



Najib Galeb
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Najib has 8 years' experience in digital marketing. After having occupied various managing roles at Ogilvy, Manning Gottlieb OMD and Digitas LBi, Najib joined iProspect France in 2014 as Associate Director of tracking, to develop new and innovative solutions for clients. In 2016, he took the role of Innovation Lead to make the most of his two areas of expertise: marketing and statistics. He is responsible for designing new solutions to improve and evaluate marketing performance (viewability, cross-device measurement, beacon technology, etc.).



Shenda Loughnane
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Shenda has more than 12 years' experience in digital media and a further 10 in traditional advertising. Her experience includes work in agencies such as Saatchi & Saatchi in the Czech Republic and Media Planning Group in London. Prior to joining the iProspect Global team as Strategy Director, Shenda ran the iProspect office in Ireland and managed digital across the Dentsu Aegis Group in Dublin. Before joining the Dentsu Aegis Group, she led a full service digital agency in Ireland for 10 years.



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Aurélien has seven years of experience in digital marketing. Prior to joining the iProspect Global team as Strategy Manager, Aurélien was in charge of marketing for iProspect France. He started his career at Isobar and Carat where he helped telecommunications and food advertisers with their digital communications. Aurélien holds a Master's degree in Strategic Marketing.



Bowan Spanbroek
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Having grown up in Western Australia, one of the most isolated parts of the world, Bowan has a keen interest in technology and its ability to connect people to the world in meaningful ways. Bowan has eight years' experience in digital creative, production, and media agencies and, most recently, performance strategy at iProspect. Bowan now lives in Singapore and leads APAC as the Head of Strategy.



Andrea Wilson
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As Vice President, Strategy Director & Luxury Practice Lead, Andrea weaves her wealth of business and consumer insights into cutting-edge digital strategies. Leveraging 14 years of industry experience, Andrea plays an instrumental role in ensuring that iProspect is the leading digital agency for luxury and premium retailers. A passionate advocate for consumer research, Andrea has spearheaded many industry-first studies about affluent consumer behaviour. Her industry recognitions include Luxury Daily's "Luxury Women to Watch" and Direct Marketing News' "Top 40 Under 40."





iProspect is a global, award-winning agency – driving business performance for the world’s largest brands including adidas, Diageo, Hilton, Burberry, General Motors, Procter & Gamble, Gucci, and Microsoft. The iProspect team works across a network of 4,200 employees spread over 91 offices in 55 countries.

In 2017, iProspect won more than 200 awards including 15 leadership recognition awards and 33 Agency of the Year titles, and was named a Leader in The Forrester Wave™: Search Marketing Agencies, Q4 2017, #1 Global Digital Performance Agency by RECMA, Industry Agency of Choice at The International Performance Marketing Awards, and both Best Place to Work and Most Effective Media Agency by The Drum. Global President, Ruth Stubbs, recently received top honors as the Vision winner for the first Women Leading Change Awards presented by Campaign360. iProspect is part of the Dentsu Aegis Network, a wholly owned subsidiary of Dentsu Inc.

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