RP Nº3

SETTING THE TRENDS

MEC

CONTENTS

Hint: hover over our case studies and trend tags for more information.

INTRODUCTION

JEFF HYAMS
CHIEF STRATEGY OFFICER, EMEA

Welcome to RP No.3, a series of essays from across the MEC network that cover the most significant trends of the past 12 months, while also looking forward to what we expect to be the key trends of 2013 and beyond.

Looking back, some things developed as we expected especially in the area of technology with mobile and tablet innovation, producing new devices from Google, Amazon, Apple and the entry into the tablet market by Microsoft. This resulted in significant growth for the sector driven by greater choice for the consumer – both in terms of screen size and cost.

This growth in screens continues to revitalise television and the opportunities to create and distribute engaging content was brought to life magnificently during the London Olympics and bodes well for the health of the television business and for marketers to effectively use television to reach their customers.

Smartphone growth continued apace globally, with Samsung and Apple leading the market but also reflecting tough times ahead for some of their competitors. As anticipated, we saw further developments in the area of m-commerce as retailers began to see the business opportunities which, when aligned with consumer demand, suggests that we will see more significant developments in the coming year.

Social media continues to evolve and proliferate. The Facebook IPO and subsequent fall in value created a lot of discussion as did the acquisition of Instagram, which in turn, created another stir towards the end of the year when they changed their terms of service. This brought into focus the on-going data and privacy debate where alignment between the regulators and practitioners is some way off; but, as the Instagram episode demonstrated, the solution has to be rooted in respecting consumer's needs as they are quick to act.

The reality of the connected consumer is now with us, perhaps most obviously demonstrated by the Twitter hashtag that accompanies so much of the media we consume. Looking forward, we expect to see further marketing benefits derived from reaching connected consumers across multiple screens.

We have identified eight trends that we believe will be of significance over the next year. These have been developed from the points of view shared in the essays. What they demonstrate is that, while the emphasis varies between regions, the overall themes are consistent globally. And while technology continues to develop at speed, it's not technology itself that creates change but how consumers choose to interact and use it.

It's another exciting year ahead – let us know what you think. Happy reading.

8 TRENDS FOR 2013 AND BEYOND

ANDY WASEF
HEAD OF INNOVATION AND TECHNOLOGY, NORTH AMERICA

The beautification of digital – an aesthetic (r)evolution: The first wave of digital design wasn't particularly pretty, but the next wave (fueled in large part by the ascent and importance of smartphones and tablets) is reinventing digital interfaces and storytelling, combining the power of technology with a compelling visual foundation. The result will be a new appreciation for the beauty of digital design that influences all interfaces moving forward and requires a different approach to communicating with consumers.

There's a little bit of digital in everything: The phrase 'the internet of things' has been thrown about for a few years now – to the point it may even have become annoying in its ambiguity. We may still be some way from a world where every single item is digitally connected but we're certainly on our way there as everything from cars to fridges and thermostats to forks get the digital treatment. The potential is unprecedented and the opportunities for innovation for marketers immense.

A rumble in the retail jungle: The world of retail is changing, and fast. Disrupted initially by online e-commerce, physical retail environments of all kinds are now being infiltrated by digital technologies. Digital storefronts, mobile payments and data driving personalized shopping experiences are just a few ways that our retail world is now being shaken up and the rules of shopper marketing being rewritten.

Content and technology – the new normal in brand communications: Content as a foundation of marketing communications has been growing in influence over the past few years. We talked last year about the era of 'Content-ricity', and what we're seeing now is the growth in the use of technology at the heart of brands' content ideas. Whether that is creating technology solutions that provide utility to consumers and then fuel content stories or using the digital infrastructure to amplify a content idea, the lines between technology, product and communications are blurring like never before.

The increasing digitization of TV: No, this is not another death knell for TV or high praise for YouTube. TV is alive and well, not least because the content that makes so many people love it is being enhanced by digital in a myriad of ways. From second screening behaviors and applications to Social TV buzz, and Connected TV devices to TV Everywhere solutions, the audio-visual world is being digitized piece by piece and bringing with it new experiences for consumers and new opportunities for marketers.

Social media – from fun to fundamental: This has, in various guises, now been one of our trends for the last three years. Social media marketing is maturing and growing up, and, as it does (and especially as measurement on business impact has got rapidly more sophisticated), strategies and tactics have moved from focusing on volume of fans and engagement, to now become increasingly fundamental to the core parts of a business' operation.

Data and marketing – green leaves and grey clouds: Ah, Data. Many an industry's buzz word for the past few years, it remains a perplexing world. Mountains of it are being collected but many companies are still trying to work out how to make it all useful. As they do so, we see the green leaves of great applications of data in marketing and services to consumers, while at the same time, those dark clouds of privacy concerns and nefarious control of data access continue to gather.

The new economy of disruption: One of the biggest legacies to come from the internet age has been the democratization of innovative disruption. What has been apparent for a number of years now in sectors like media and communications (anyone can be a 'publisher' today) is now occurring to all manner of services, driving inventiveness across countries and continents, and forcing change in sectors as varied as finance, education and healthcare. The result is a new economy of innovation, where disruption may become the norm, not the exception.

REVIEW

THE AESTHETIC DIGITAL REVOLUTION

GIAN LAVECCHIA
MANAGING PARTNER, DIGITAL, NORTH AMERICA

2012 saw the mainstream emergence of a new form of digital interfaces and storytelling – one that combines the power of technology with compelling visual narratives designed to drive extended user engagement. The rapid proliferation of smartphone and tablet devices into the marketplace has had a profound impact on how users consume and engage with digital content. At the same time, it's had an equally significant influence on how developers are approaching digital design – capitalizing on the unique, native sensory features of these devices (i.e. tap, swipe) and by elevating the prominence of larger visual formats (i.e. photos).

It comes as no surprise that some of the year's greatest success stories are from those that have embraced these new design principles into the core of the user experience, and consequently experienced phenomenal audience growth and engagement levels. Instagram, Pinterest, Tumblr, Flipboard and (yes) Facebook have all embraced this design philosophy adding in simple layers of social mechanics to help extend the depth and breadth of this highly shareable content.

Perhaps lost in the hyperbole of Facebook's IPO this year was the dramatic redesign of the Facebook news feed (on the desktop site, but also across their mobile and tablet applications) – a complete transformation of the user experience that changed the dynamics of social engagement and discovery and also amplified the prominence of visual storytelling for both individuals and brands alike.

In short order, Instagram quickly evolved from a fun and quirky photo app into a +100MM strong community of amateur photo enthusiasts with more than 7.5MM using the service daily, with much of its distribution occurring across Facebook and Twitter. Founder Kevin Systrom's vision to create an "instant telegram" service has clearly been realized and it's simplistic yet visually intensive design has done an exceptional job of emphasizing its core photo assets, which has helped fuel extensive consumption and social sharing behaviors. Towards the end of 2012, Instagram changed their terms of service, incurring the wrath of a large number of users, with some reports suggesting that they had lost over half of active users. While there were probably other reasons for the big drop, the reality is that people do care about the copyright of their content and any compromise of privacy particularly when that is driven by the needs of a new owner such as Facebook. Instagram did subsequently alter some of their changes but it will be interesting to see how their user base evolves.

Finally, the emergence of Pinterest has created yet another major market disruption, but this time it looks a bit different – a simple, elegant and beautifully designed "pinboard" experience that may well represent the future of e-commerce. Although we're clearly still in the early days, the e-commerce effect is real, with Pinterest users spending an average of $179 (vs. Facebook: $80, Twitter: $68) when following through to a purchase from a product seen on the platform. According to Fast Company, "it's not a stretch to say that soon, at least on retail sites, a Pinterest button might become as ubiquitous as a Facebook Like."[1]

CASE STUDIES

Progressive brands have already begun to explore the publishing boundaries of these new digital canvases, including AT&T, Coke Zero and LG's 3D Newsfeed Studio – a rich visualization tool designed to transform your Facebook posts into dynamic stacks that vary in dimension based on the level of social engagement generated.

The New York Times' groundbreaking feature, "Snow Fall", on an avalanche at Tunnel Creek, WA, USA

Fashion brand Oscar de la Renta leveraged the popularity of wedding-based board on Pinterest by live pinning images of their Bridal catwalk show in April 2012.

TREND TAGS

A combination of screen size necessity, combined with touch technology features and growth of time spent on mobile devices, has led to an aesthetic revolution in digital design – one that is both easier on the eye as well as more effective. Expect to see this revolution impact design of user interfaces across all platforms moving forward.

[1] **Source:** http://www.fastcodesign.com/1670750/infographic-the-astounding-power-of-pinterest#1

LEARNING FROM THOSE WHO PUT MOBILE FIRST

JIDE SOBO
HEAD OF MOBILE, UNITED KINGDOM

Despite not being the first time the term had been discussed, 2012 was the year when the industry at large began regularly discussing the concept of 'mobile first'. As with any marketing industry buzz words, there was immediately much discourse on what the term actually meant, whether it was new, and whether it was useful or not and so on.

To us, it's about recognising the increasingly central role mobile devices are playing in the lives of the world's population and thinking about how you place mobility at the start when developing consumer experiences and communications.

While we can learn a great deal from mobile first companies like Instagram, Flipboard and Foursquare, perhaps even more useful is looking at what can be learnt from the increasing number of mobile first countries, where mobile phones are empowering the population in a way that no other platform has done before.

Mobile internet usage in countries such as Nigeria, Kenya and Indonesia already exceeds desktop internet usage, and the three are on a par in countries such as India and China. The ease with which the infrastructure can be rolled out, and the comparatively low cost of mobile devices, means that the technology is more reliable, as well as more accessible.

CASE STUDIES

In South Africa, SABMiller ran a campaign for Carling Black Label, called "Be The Coach". This campaign gave people the chance to live their dream and actually be a coach of a football team. They organised the Carling Black Label Cup, between two football teams and asked people to vote for the team selection and suggest tactics. There was no smartphone app, instead mobile messaging enabled over 11 million interactions, with the average person entering 18 times.

Google's re-imagining of the iconic Coca-Cola Hill Top ad featured ads on smartphones that linked through to a rich media experience where people could send a free Coke to one of five specially adapted vending machines across the globe. Users could send a personalised message with the Coke, which was translated on the fly by Google Translate.

Kenya has been leading the way in mobile banking for several years with their excellent M-Pesa mobile banking service. This has brought banking to the masses in Kenya, enabling them to transfer money to each other, using SMS, as well as paying for products and services. And the new M-Shwari service even allows customers to save money and earn interest, without ever visiting a bank. These are services that developed countries are struggling to gain traction with, through more complicated smartphone apps such as Google Wallet, O2's Wallet or Barclays Ping-It.

TREND TAGS

As mobile infiltrates people's lives all over the world at every socio-economic level, it is helping in many different ways: changing the lives of people who have remained unaffected by technology, until now. Fishermen in Indonesia are able to use SMS to find which market has the best price for their fish that day and can decide on the best harbour to land their catch and maximise their profit.

We can see that mobile first doesn't have to be smartphone first. Instead, we need to be smart about how we use mobile. Think about what devices our target audience use? How do they use them (SMS? Mobile web? Apps?)? In addition, think about the customer incentive and aim to delight.

A COMFORTABLE TRUTH?

ANDY WASEF
HEAD OF INNOVATION AND TECHNOLOGY, NORTH AMERICA

I'll confess, I love TV. My job may center around the latest innovations (many of which I equally love but I spend a large amount of my media diet consuming many of the great TV shows available yesterday and today (from "The 'A' Team" to "Sherlock Holmes" by way of "The Wire" and "Boardwalk Empire").

My love of TV shows may cloud my judgment but, as a native of digital marketing (as opposed to a digital native!), it's always somewhat baffled me why the whole industry has been so preoccupied with the 'Death of TV' for so long, with all manner of organizations determined to take a swing at what they evidently view as the industry's cash piñata, and collect their share of the shift in ad dollars.

Despite the incredible ascension of the internet, the reality is that in many parts of the world – including in the US – TV viewing remains steadfastly resilient, often growing in time spent over that period.

It would be easy to look at this and feel comfortable in continuing doing what we've always done...

While online video viewing is undoubtedly a rapidly growing phenomenon (1.3 billion+ monthly viewers worldwide and 185 million+ in the US alone), and **new methods of content delivery are beginning to establish themselves** (YouTube, YouKu Toudu, Hulu and Netflix etc.); the reality is that, in terms of volume of viewers and especially weekly time spent, traditional TV viewing continues to dominate the landscape in many countries (145 hours per month for traditional TV viewing compared to 5.5 hours per month for online video viewing in the US according to Nielsen).

These types of numbers could lead us to the 'The Comfortable Truth'. **It would be easy to look at this and feel comfortable in continuing doing what we've always done**; focusing efforts on TV advertising and dabbling with some online and mobile video to tick the innovation box.

However, to do so would mean missing out on the many opportunities next generation TV can offer today, leaving us unprepared for tomorrow.

TV/Video delivered through the internet in some form or other is likely to be the future delivery mechanism. And it will offer some benefits that traditional TV lacks – flexibility of access to preferred content, interactive features and (sometimes) lower ad load for consumers, less ad clutter, more accurate targeting and (hopefully) cross-platform measurement for advertisers.

Apart from the volume and type of video being watched on other platforms than the main TV screen, the big story of the past 12-18 months in the US, UK and elsewhere has been the **explosion of 2nd Screening** (aka Dual Screening and Social TV).

The growth of this behavior represents both a **threat and an opportunity for advertisers**. Data from Nielsen points to the concern that viewers' attention is being directed away from what they're watching (57% of 2nd Screeners were checking email and 45% doing something else unrelated to the show itself). Even during the 2012 Super Bowl (one of the world's most watched annual TV events), data from Flurry Analytics (looking at per second usage of 192k mobile apps) demonstrated how viewers' attention is increasingly diverting to mobile devices as well as the main screen.

On the flip side, this increasingly natural and ubiquitous behavior represents a potent opportunity for content makers and advertisers alike – something demonstrated brilliantly by Heineken's Star Player app in 2011 and eBay's 'Watch with eBay' app in 2012.

In original long-form content, it's too early to say whether the first steps made by digital video specialists will be a success. However, in the US in particular, they undoubtedly put their money where their mouths were in 2012 and are not going to give up easily. If they can prove successful at generating audiences and revenue at scale, we may begin to see the start of a slight shift in the balance of power.

Meanwhile, the dominant traditional TV players – while holding the young upstarts at bay – are also developing their own solutions for the next gen TV world. TV everywhere has some way to go yet but gets closer every year, and all the networks are embracing the benefits that social TV and 2nd Screening brings.

Navigating the world of next generation TV and video is a complex task and added together with data showing the continued resilience of traditional TV viewing means **it can be tempting (and comfortable) to believe we can safely continue as normal** in the way we approach video advertising.

TREND TAGS

But just as **consumers are seamlessly supplementing their main screen viewing with internet-delivered video** and 2nd Screen experiences, we too need to **re-frame the conversation away from TV vs. Online and think in their terms... that of the 'Best Available Screen'** for content that they wish to view at any particular moment in time, in any place, in any mood. **We live in an 'And' world, not an 'Or' world.**

We live in an 'And' world, not an 'Or' world

MICROSOFT: THE COMEBACK KID?

GUILLAUME GOUDAL
HEAD OF DIGITAL, AUSTRALIA

The last year has been one of the most significant in Microsoft's history as they attempted to reboot the company through technology and design, for the consumer and for the enterprise customer. Their year can be framed around CES – specifically in January 2012 they previewed what was to come, while a year later they were not in attendance. Was this a sign of confidence or concern?

At CES 2012, Microsoft CEO Steve Ballmer unveiled the latest generation of Windows Phones, Windows 8 including a Windows App Store and updates on Xbox 360. Many were expecting the official announcement of Xbox 720 and Surface but what we got ended up being much bigger than that. For those who read between the lines, it was clear that Microsoft was revealing multiple components of a clever strategy with an important cultural change.

The tile-based interface, called Metro, announced the shift to a new "no compromise" and "make it easy" approach to their design (something sorely lacking at times in the past 10 years), providing a common experience across all platforms. Using their most successful product innovation of the past 10 years, Xbox, as the blueprint, Microsoft has begun to move away from offering software that people put up with, to actually enhancing their experience by simplifying it and making it prettier.

Another company famous for providing a simple and intuitive experience is of course Apple. With Metro, Windows Store and Surface, Microsoft is going with the flow by building on a competitor's existing market successes and accepting emerging consumer needs. In other words, Microsoft might be moving away from previously used oligopoly management techniques and towards conquering competitors' properties, rather than protecting its own.

In October 2012, Microsoft launched Windows 8 and Surface. These were two crucial components in building a coherent and holistic offer.

Windows 8 is the "re-imagined" version of traditional Windows operating system. It's touch-centric and tile-based (vs. file-based interfaces in past versions), creating a unified ecosystem alongside Windows Phone, Surface and Xbox and allowing customers to move to the cloud on their terms.

Surface is a latecomer to the tablet market. In November 2011, Forrester Research showed consumers were already losing interest in a (Windows-powered) tablet, and Gartner expects Surface to reach the third place by 2015 but with a distant 11% market share. However, this tablet is all about tight software and hardware integration. Surface has a physical keyboard and supports Microsoft Office. We believe this combination will accelerate its adoption as the enterprise tablet – a field Apple has yet to surpass Microsoft in – and one that could be key in the cross-sell of Windows Phone devices.

In 2012, with Metro, Microsoft delivered a coherent and intuitive (cloud-based) user experience on all screens and across all types of content. For consumers, it's a broader and accessible alternative to the pricy Apple experience. However, some questions remain. Is Microsoft attractive as a brand, and one that consumers desire to identify with? Can Microsoft Surface begin to take significant share from Apple's iOS and Google's Android devices?

2013 will begin to unveil some of the answers and we'll see if and where they can grow market share; while additionally, they will continue to make further developments with their Xbox platform as well as integrating Skype further into their product portfolio. We won't know for some time whether 2012 marked the rebirth of Microsoft or just another false dawn. We will also know more about the significance of their non-appearance at CES 2013 when we see their next product launch.

TREND TAGS

STORYTELLING AND CURATION:

CONTENT PARTNERSHIPS IN THE DIGITAL AGE

JEAN-BAPTISTE LEROUX
ACCOUNT DIRECTOR, MEC ACCESS

Over recent years we have begun to see a trend where relevant and compelling content ideas sit at the heart of strong communication strategies. In 2012, we saw evidence that Content Marketing is not only alive and well but evolving at an ever increasing pace with the successes of initiatives like "Red Bull Stratos", and "Kony 2012".

The lines between who creates, brands, curates and distributes content are blurring. Alongside traditional content creators/distributors, content is now coming from individuals, entrepreneurs, rights holders and an increasing number of discerning digital publishers such as Vice and Crane.tv. Brands are also becoming content creators and media owners in their own right: Red Bull Media House, LVMH's NOWNESS, Zegna's ZegnArt and Coca-Cola's 2020 Content vision to name a few!

While content distributors such as YouTube, Hulu and Vimeo are global powerhouses, the brand opportunities on these platforms remain largely outside of editorial conversations. Smaller and more targeted content distributors (Vice, Protein, Largetail and Glam Media) and seeders (Unruly, Goviral and ebuzzing) offer brands more cost effective and targeted ways to reach consumers. They also enable brands to reap earned media benefits rather than simply topping and tailing other's content.

Through integrated storytelling and content curation, successful media companies are building strong relationships between talent, rights holders, brands and content creators/distributors. They are also acting as "storytelling" facilitators, ensuring brand messages come out clearly through the content without negating the creative impulse of the talent at work.

Agencies, publishers and brands alike are all working to make the cut. With this in mind, we've been ramping up our capabilities by collaborating with Vice, the publisher come agency responsible for the development of The Creators Project with Intel. In its first year, the content on the site was viewed some 55 million times and its events were attended by tens of thousands of people.

As we hit full speed in 2013, let's remember that content in the digital world encompasses creation, branding, curation and distribution. Our role lies within each as connector, facilitator and negotiator for the brands we represent.

CASE STUDIES

We have our own successes with Dewar's @ TED 2012 and KFC's South Africa's Add Hope campaign. Combining over 2 thousand tweets and a 46 day video diary, KFC Add Hope raised over 12 million Rand by following celebrity extreme adventurer Riaan Manser as he biked across South Africa in the fight against hunger. Across both these campaigns, the quality of the content and talent enable owned and earned media value to largely outweigh the value generated by "paid for" activity!

TREND TAGS

MOBILE AND RETAIL: INCREASINGLY INTIMATE BEDFELLOWS

CYNTHIA EVANS
CHIEF STRATEGY OFFICER, LATIN AMERICA

ANDY WASEF
HEAD OF INNOVATION AND TECHNOLOGY, NORTH AMERICA

2012 was the year that saw the beginning of a beautiful romance.

In the preceding year or two, the affection was very much on the side of the consumer, embracing the use of mobile as part of their shopping process but with retailers not so enamoured. In 2012 we saw that change, with manufacturers and retailers taking the attitude 'if you can't beat them, join them' and developing mobile tools and services to augment consumers' shopping experiences with them.

The behavior now commonly known as show-rooming (consumers using mobile sites/apps to check quality and price comparisons while in store, and often then buying elsewhere or abadoning a purchase entirely) became widespread in 2011 and 2012 among smartphone owners across the world in particular. After initially attempting to 'block' this behavior, 2012 was the year we saw the implementation of a number of strategies aimed at minimizing the effect as well as incentivizing the shopper to complete their purchase there and then.

Those strategies – price matching, private labels, exclusives only available in-store, enhanced loyalty programs, complementary content, free delivery to name a few – may be aimed at reducing the impact of show-rooming on the retailer, but, ultimately, it's the shopper who benefits in all this.

In Latin America, despite e-commerce still being relatively limited and smartphone penetration still young, major regional retailers, like Fallabela, are also embracing this behavior. With 2013 economic indicators being strong and smartphone penetration expected to experience triple digit growth, expect to see this widely adopted almost as much as in markets like the US, Japan and the UK.

And of course, retail extends beyond banks and department stores. Big, complicated cities (of which Latin America has more than its share) encourage location based applications in many different physical 'transactions'.

It was fascinating to see rules of shopper marketing disrupted by consumer behavior and retailer responses last year. The idea of actually enabling list creation and locating of items in large retailers would have been unheard of not too long ago, but that's exactly what Walmart, Mejer and others have done in the US.

Meanwhile, many other grocery chains are looking at ways of moving away from the traditional checkout process and leveraging the mobile device to scan items as the shopper puts items in their bags and checkout on their own, while all manner of retailers (large and small) are using mobiles and tablets to enable inventory searches and remote checkout anywhere on the store floor.

CASE STUDIES

From Chile to Colombia, major regional retailer Fallabela offers content responsive to either online or mobile access, offering a means of "window-shopping", price-checking and coupon delivery, even though e-commerce is limited.

Colgate Mexico has mobilized an 18,000-dentist database with a geo-location based initiative where consumers can locate dentists and click to talk, providing a brand showcase and customer collaboration with the trade.

In the US, retail giant Walmart's in-store application embraces these challenges and provides helpful utilities like an aisle map that shows the shopper where the items on their shopping list are located in their huge stores (something that is contrary to traditional retail marketing practices).

Tesco UK has created many mobile services for customers and promoted them heavily – demonstrating their importance. One of which enables people to scan items in the home that have run out, automatically adding them to their mobile shopping list.

Fashion retailer Oasis armed sales associates with iPads to enable customers to check stock availability and buy items without the hassle of waiting, leading to 20% sales lift according to the brand.

Grocery chain Stop and Shop is trialing services that allow shoppers to do away with the in-store 'wands' and use their mobile phone to scan and bag items, processing payment on their phone at the end of their shop.

The developments that really took root in 2012 are fundamentally disrupting the traditional shopper marketing rulebook and require retailers (and manufacturers) to think about how they can enhance the physical shopping experience, how they can reduce the impact of show-rooming behavior and how they integrate so many parts of their communications mix as well as fundamental parts of their business operations (e.g. stock management, staff training, pricing structures, infrastructure, data flow).

Digital had a hugely disruptive impact on retail with the introduction of online ecommerce, but mobile is now influencing the physical retail environment in profound ways that could have an even greater effect (and benefit) on our daily lives.

2012 was the year that retailers and manufacturers got in bed with mobile – long may the romance continue.

TREND TAGS

INTERNET DATA WARS:

THE FIRST SKIRMISHES

TOMASZ KOLANOWSKI
DIRECTOR OF ANALYTICS AND INSIGHT, POLAND

2012 was a year of change. Change that could have far-reaching implications even in the near future as internet service providers (ISP) and web browser developers look to take advantage of public concerns on cookie tracking, distorting the fragile equilibrium of internet data availability and therefore threatening a core pillar of digital communications.

What's happening?

The digital data buzzword of 2012 was DPI (Deep Packet Inspection) – technology that allows ISPs to monitor all users' internet behaviour. Up until now an ISP chose to play solely the role of postman, seeing only the addresses of users and their online destination. Extensions of DPI means they might now also read the 'letters' that are being sent and monetize the data they contain.

At the same time, Microsoft caused a stir by announcing it would block user tracking by default in its newest internet Explorer (IE10). Some suggested this was directly aimed to disrupt Google's cookie-based business model, but if implemented fully (and that remains to be seen), it would have a profound impact on the wider digital advertising industry and give DPI by internet service providers further impetus.

Why should you care?

This might all sound very techie but it has much broader significance than at first sight.

Developments along the lines of those outlined above could lead to increased online censorship (as seen recently in Russia and China) and also the disruption of the current equilibrium in data access, shifting control from the many to the hands of a powerful few.

Open access to data is important to our industry because many of the benefits of advertising in a digitised world (across platforms) rely on the capture and application of data to increase relevance, reduce waste and improve effectiveness. This 'holy grail' of delivering the right message, to the right person, at the right time is in large part reliant on it. Not only do the worst case scenarios of these developments threaten that, but they also take choice away from the consumer and negatively impact their digital experiences.

And it's not just about pure advertising. Many of the phenomenal examples of branded utility and personalised services that blur the line between product and communications are fueled by open data access. Nike Fuelband, Carvalho Hosken's personalised home tour and Google Now are just three examples of this.

While the apocalyptic outcome in data access may not be imminent just yet and while DPI has many useful applications (internet security, identifying piracy criminals etc), it's important for anyone who believes in the usefulness of open data access to ensure that: a) we keep an eye on developments in this space; b) we ensure our industry maintains the highest standards of privacy compliance to avoid further restrictions: and c) we lobby for a consistent approach to data and privacy from every stakeholder in this arena.

TREND TAGS

CAN ONE STRATEGY REALLY SERVE TWO MASTERS? ERR, DUH!

PELE CORTIZO-BURGESS
DIRECTOR OF INTEGRATED PLANNING, GLOBAL

This article is not concerned about the next platform or the next new piece of technology. Nor is it bothered with whatever CES sent our way in January. Instead, it predicts the continued rise (or return as some may say) of the 'integrated strategy' within our business; the shared critical path for both medium and message.

We've been conditioned to accept that there's a line that must not be crossed when devising strategy; an imaginary line that dictates media sits on one side, messaging on the other. And the idea of a strategy serving two masters? A big no no!

Yet a strategy that does both is, in my opinion, what the marketing world needs now like never before. The isolation, or silo-ing of messaging and media strategies leads to increasingly ineffective communication. It leads to ideas never really reaching their fullest potential or arriving without context. And it leaves money on the table.

The explosion of access to different data points or to numbers that actually matter, allows for a more informed, more dynamic strategy. Whether your building blocks are sourced via Survey Monkey, Forrester, Simmons, Google Analytics (underused today in this writer's opinion) or by way of social listening, information has never been more readily available.

Augmenting this with tools and approaches such as BrandZ™, BAV or our own Momentum (launching soon) and you've got the makings of a strategy that has the ability

CASE STUDIES

Johannes Leonardo's Send a Free Coca-Cola across the world app for Google.

Austria Solar's Annual Report

to craft message AND inform media. Think about it. You not only have access to consumer behaviors, you also have access to where and when these behaviors are carried out. That kind of understanding makes for powerful ideas as demonstrated by a number of initiatives in 2012.

This same approach is reflected in a number of other segments of marketing communications and advertising that saw continued uptake in 2012.

Native advertising is either the 'Next Big Thing™' or the 'Emperor's New Clothes' depending on your point of view but it continues to see growth on platforms such as BuzzFeed, Twitter, Facebook and IMDB.

Meanwhile, the growth of a content-centric approach to communications was one of our predictions for 2012 and saw continued fantastic examples such as TNT's 'Push for Drama' and Only Jeans' 'The Liberation'.

Real Time Buying (RTB) also continued to grow in 2012 and to use it to its full potential requires immediate optimization of message, media and user.

This isn't about full-service agencies or everyone trying to grab food from each other's tables. Instead, it's about creating an environment that enables real collaboration and partnership between clients and agencies that will allow for the exchange and sharing of intelligence in order to create not only a dynamic idea, but a dynamic media landscape for the consumer to experience.

In simple terms, these days, an idea is nothing without the medium it lives within...Therefore you need an integrated strategy to do both!

This isn't about full-service agencies or everyone trying to grab food from each other's tables

TREND TAGS

THE BATTLE FOR THE DIGITAL FUTURE

OR:

THE WAR OF THE BIG FOUR

JUAN BONGIOVANNI
HEAD OF DIGITAL, LATIN AMERICA

Over the past few years we've witnessed how the four big giants of the digital world – Google, Apple, Amazon and Facebook – have collided as they started playing in each other's territories. This battle will continue to have a great impact in redefining how people communicate, find information, consume content, purchase and beyond.

2012 saw the arena of this epic battle advance to new territories, in a mix of threats and opportunities for each of the companies involved. These battlefields are numerous and messy, and the lines between hardware and software continue to blur.

Apple and Google continue to fight it out in mobile operating systems (Android's open platform for manufacturer's means it's share of global unit sales in Q3 2012 rose to 75% vs. Apple's 14%), but they are also butting heads in search interfaces. Google replied to Apple's acquisition of Siri by launching Google Now with an improved version of Google Voice Search.

Meanwhile, Amazon is also after Google's search business as more and more people bypass Google to go straight to Amazon for their purchases. In response, Google has enhanced its shopping products and search results, and is testing same-day delivery, which helps physical retailers bridge the gap with the digital world; in addition to protecting Google's huge retail ad business. Meanwhile, rumor has it that Facebook is building a search ad business to be able to compete.

The search fight extends to location-based services, powered by mobile ubiquity. While Apple struggles with its own maps app, Facebook re-launched its 'Facebook Nearby' feature tapping into the local search business. The previous balance of power in this territory is shaken, and the big four all now have a foot in it.

The display ad business territory is also under increasing attack. Google and Facebook, well known enemies in the social arena, took their fight to the advertising space with the launch of Facebook Exchange. And the threat of Facebook developing their own ad-network will compete head-to-head with Google's display business. Amazon is joining this battlefield with their proprietary real-time bidding platform that plugs into exchanges and SSPs.

This ad business territory is increasingly enhanced with consumer data, and to date Google has collected the largest set (their every move can be seen in large part as another method to collect data and enhance their ad business). However, Amazon's consumer-driven data is arguably more interesting currently, and potentially more profitable. Facebook also sits on a treasure trove of data about consumers but is still scared to use it in full scale.

The battlegrounds could be infinite if we looked in detail at what these big four platforms are developing and acquiring.

In 2013, this battle is definitely set to escalate to involve hardware, search, e-commerce, ads and data. Google will expand in all aspects of Android thanks to the purchase of Motorola. Facebook will become more aggressive with its own search technology, an extended display business, and online retailing. The fight for hardware and content will be amplified between Apple, Amazon and Google. Apple won't only play defense, and will increasingly look to move into new territories like TV and more software.

The digital future depends on how this epic battle develops, but so far, the big winner seems to be one: the consumer.

TREND TAGS

CONTENT AND TECHNOLOGY: THE NEW NORMAL IN BRAND COMMUNICATION

RAJ GUPTA
HEAD OF STRATEGY, ASIA PACIFIC

A number of years ago a colleague of mine proposed a shift in the way in which we looked at amplifying ideas. His conjecture was that digital technology and applications touch all parts of our world and this now needs to be an integral part of the idea or strategy rather than "just" another message. In 2012, it appears a lot of brands started to heed my colleague's vision as they have observed that digital technology is changing consumer behaviour faster than ever before. The new normal in their brand communication is to bring technology into the infrastructure of their ideas.

The initial transition to digital media for brands drove a focus toward content. Brands focused on the creation of greater volumes of content because of the decreasing cost of production and, arguably more importantly, the growth in content distribution opportunities. Old Spice could not have delivered their Response Campaign with 186 personalised responses in 2010 without the digital technology innovations we have seen in the last eight years (yes YouTube is only eight years old!).

CASE STUDIES

Caltex 'Driving Change'

Partnering with 100 St Marche grocery stores to mine POS data on Hellmann's customers' purchases and deliver them customized recipes on their printed receipt.

In 2012, the norm in brand communication seemed to take its lead from trailblazers like the 2010 Old Spice campaign. With the growth of more and more social tools, communication media and mobile device proliferation – brands have realised there is a need for cohesive and meaningful connections between the stories they are telling and interactions they are generating. These shifts are evidenced in some of the best campaigns in the last year including the American Express Small Business Saturday campaign and our Caltex Driving Change campaign – a first of its kind real time CSR reality show implemented using the power of social media and celebrity to make a difference to over 18 million beneficiaries which had over 200 pieces of content and generated 30 million Twitter impressions.

2012 also saw an evolution from these interactive web-based content stories to the use of digital technology in packaging, billboards, point of sale, mobile and products themselves. These innovations allow people to better motivate themselves to be active (Nike Fuelband campaign), kids to feel better about their cuts (Band-Aid Magic Vision campaign), people to share a Coke (Project Rebrief Coke and Share a Coke campaigns).

Almost all these examples also illustrate the continued coming together of physical and digital communications, and one of the best ideas of that in 2012 came from Hellmann's mayonnaise in Brazil with their 'Recipe Receipts' execution.

In these cases we see examples of how digital changes the role and purpose of content instead of trying to make content digital – validating the shift my colleague foresaw.

TREND TAGS

OUR FAVORITE CAMPAIGNS OF 2012 (IN NO PARTICULAR ORDER)

RED TOMATO PIZZA DUBAI/VIP FRIDGE MAGNET

Brilliant in its simplicity, this initiative used a simple digital technology solution – a fridge magnet linked to a mobile application – to reduce the challenges of ordering over the phone in Dubai (which has 200+ nationalities and languages) and increase purchase frequency. Tiny budget, large impact.

HELLMAN'S MAYONNAISE BRAZIL/RECIPE RECEIPT

In what will surely be a much replicated execution, Hellman's in Brazil came up with this ingenious method of using retail EPOS (electronic point of sale) systems to provide both value to customers and additional usage occasions for the brand. Once the system recognized the customer had bought a jar of Hellman's mayonnaise, it then mined data of all other products bought and came up with personalized recipe suggestions.

HELP REMEDIES AND DKMS (BONE MARROW DATABASE ORGANIZATION)

This fantastic idea from DKMS and Help Remedies tackled the challenge (and many barriers) in getting people to register as bone marrow donors – one of the last hopes for Leukemia sufferers. By adding a simple mechanic in a box of plasters/bandages/bandaids for people to easily submit a blood sample to register, they have been able to nearly triple registrations in the database.

NIKE/FUELBAND

Once again setting the standard for the utilization of technology to enhance a core product and bringing communications and technology together, Nike's wearable Fuelband collects data on the owner's full activities throughout their day. That data is visualized and available across digital platforms, providing utility and motivation for serious athletes and everyday joggers alike.

TNT BELGIUM/PUSH TO ADD DRAMA

We talk about 'walking the talk' and this was a fantastic example of that. What better way to demonstrate that the network launching in Belgium were experts in drama, then by creating it themselves in a sleepy Belgian square... and then watching the footage captured go viral.

ONLY JEANS/THE LIBERATION

This fantastic execution from a Danish jeans brand combined branded entertainment, online video and e-Commerce to lead the way in shoppable videos and digital video storytelling.

GLOBAL TOP 10 MOST SEARCHED TERMS IN 2012 (GOOGLE)

Whitney Houston
Gangnam Style
Hurricane Sandy
iPad 3
Diablo 3
Kate Middleton
Olympics 2012
Amanda Todd
Michael Clarke Duncan
BBB12

GLOBAL TOP TRENDING TWITTER TOPICS OF 2012 (TWITTER)

London 2012
US Election
MTV Video Music awards
Super Bowl XLVI
Euro 2012
Hurricane Sandy

GLOBAL TOP 10 MOST SEARCHED CONSUMER ELECTRONIC TERMS IN 2012 (GOOGLE)

iPad 3
Samsung Galaxy S3
iPad Mini
Nexus 7
Galaxy Note 2
PlayStation
iPad 4
Microsoft Surface
Kindle Fire
Nokia Lumia 920

MOBILE APPS OF THE YEAR 2012 (AS AWARDED BY APPLE)

iPhone
Winner – Action Movie FX
Runners-up – Propellerhead, Letterpress

iPad
Winner – Paper
Runners-up – Action Movie FX, Walking Mars

TOP ONLINE VIDEOS OF 2012 BY VIEWS (YOUTUBE)

1.2BN

PSY – Gangnam Style – Korean Pop (K-pop) sensation that become the most viewed YouTube video of all time.

143M

Walk of the Earth – Somebody that I used to know – cover of popular Goyte song by this Canadian band.

95M

KONY 2012 – 30 min documentary by non-profit organization Invisible Children which aimed to bring attention to the crimes of cult Ugandan militia leader Joseph Kony.

57M

Call Me Maybe – Carly Rae Jepsen – compilation of spoof videos made in celebration of one of 2012's biggest pop hits.

51M

Barack Obama vs. Mitt Romney – Epic Rap Battles – comedy spoof rap battle between the US election candidates.

42M

TNT – A Dramatic surprise on a quiet square – staged dramatic footage as part of TNT's launch into Belgium.

42M

Lindsey Stirling – Dubstep Violin Original – music video for a modern take on the classical violin.

41.5M

Spoken Reasons – Why you asking all them questions? #FCHW – another comedy spoof music video highlighting some of the differences between couples.

36.5M

Tommy Jordan – Facebook parenting: For the troubled teen – father takes to YouTube to highlight how to punish the Facebook generation.

32M

Felix Baumgartner's supersonic freefall from 120km – Mission Highlights – needs no explanation. Daredevil jumps out of capsule in space and freefalls to earth.

PREVIEW

THE EXTRAORDINARY IS NOW ESSENTIAL

PETE BUCKLEY

STRATEGY DIRECTOR, UNITED KINGDOM

At Amazon they use a product design philosophy called 'working backwards'. When the company begins to create a new product, it starts by writing the press release and then works backwards to work out what it needs to do to make the product described a reality. By working this way they ensure that the purpose, function and design of the product are strong enough to prompt media attention and fit the scale of their original ambition.

In 2013, brands could learn a lot from this approach. Social, on-going device and media fragmentation and the push towards personalisation have all resulted in earned media growing in strength and influence. To effectively build brand fame in a world of media saturation and content over-load, it's essential to harness the full power of earned media.

CASE STUDY

Red Bull Stratos

Brands have known this for years. Back in 1903, the Tour de France was created as a publicity stunt for a struggling French newspaper but, in today's media and cultural environment, the opportunity is greater than ever before. Extraordinary news stories and events are circulated and amplified by social media and major news organisations at a pace and reach unknown previously.

The Red Bull Stratos jump provided a timely reminder of the size of opportunity available to brands who behave in extraordinary ways. The event generated global media attention on a scale never seen for a branded event; even the strictly non-commercial BBC ran an hour documentary about the jump.

In 2013, instead of asking for a creative script or a media plan, brands should start by demanding a press release. What in the brand plan is going to drive media attention and get people talking? What on the plan is truly newsworthy? What will make the media flock to the brands door? Is there anything truly extraordinary, extravagant or exceptional to capture the world's imagination?

If nothing stands out, you're not sweating your marketing budget hard enough. Go back and demand something more spectacular, something extraordinary.

Generating earned media is no longer a nice to have, it's essential for utilising budgets efficiently. In his new book Professor Henry Jenkins states 'if it doesn't spread, it's dead', a fitting philosophy for brand planning in 2013. For brands to exploit social and the media effectively they need to behave in ever more exceptional and extraordinary ways.

TREND TAGS

THINKING SMALL AGAIN

GUY KEDAR

REGIONAL DIRECTOR, SOCIAL AND EMERGING PLATFORMS, EMEA

Do you know what Cowbird, Stylitics and Raverly have in common?

The answer is they are all highly interest-centric social networks – and the chances are you've never heard of them! Cowbird.com is a community of passionate storytellers, Stylitics.com is a network for sharing and discovering fashion items and Raverly.com is a network of people who are into... knitting.

The world of social networks is proliferating. Fast.

Driven by a) the feeling that the current dominant networks don't answer all consumers' needs, limited as they are by function and design; too ubiquitous and cluttered by data to allow an effective way to filter content and interact with like-minded peers; b) new and creative ideas to deliver content and facilitate interactions and c) low-entry barriers to develop new platforms and promote them – we see new and differentiated networks sprout on a daily basis.

True, most social networks may never reach the scale of Facebook. But unlike Facebook, which tries to cater to the needs of everyone, such networks are much more focused in the way they serve their target audiences. And, whereas sites such as Instagram and Pinterest have shown a meteoric growth in numbers, others may stay limited in size but enjoy high levels of engagement, driven by united interests, skills and passions.

For marketers, niche networks offer golden opportunities in the ability to reach very targeted and engaged audiences. They operate in highly contextual environments and with forms of content that play to each networks' attributes and help enhance its users' interactions.

Operating in these areas allows brands to be very focused on their content strategy. No matter your brand or what category you operate in, it is becoming increasingly likely that there is a specific-interest community where you and your content will be very welcome.

The smaller universe of these networks make it easier to stand out (and to that cross-reference with advertisers' increasing challenges, and costs, in reaching their fans on Facebook) and being present in multiple arenas increases brands online footprints and supports their crucial SEO efforts. Operating in niche networks also has its downsides – it requires higher resources in learning each platform's own 'rules of play', in creating forms of content native to their environments, and in activating and maintaining multiple presences.

But are niche networks sustainable? Maintaining an online profile and activity is time and effort consuming – two resources that are not abundant. So is there a limit to the number of networks consumers will opt in to participate, and manage to maintain?

The answer to that probably lies in reaching equilibrium. As the industry matures, we may find that one network shapes to serve as a meta-platform or social infrastructure for the web (it may be Facebook or a new entrant) and others are centered on catering to the long tail of consumers' interests.

It's still early days, of course, but working on how you can 'think small' and still create scale ('Mass Niche' was the phrase not too long ago) could well become a necessary art in our industry in 2013 and beyond.

TREND TAGS

PREDICTIVE MEDIA AND ANALYTICS: READY FOR SHOW TIME?

BEN POOLE

HEAD OF INTERACTION, ASIA PACIFIC

If I were to tell you that search will be less popular in the future, you probably wouldn't believe me. How could such a fundamental part of the online revolution, one that spawned a new verb – 'to Google', fade in significance? But it's true. And what's more, it's a Google ambition.

In 2012 Google's CEO Larry Page stated that "People shouldn't have to navigate Google to get stuff done. It should just happen." Google wants to pre-empt what you want, without you having to look for it. Early iterations of this include searches for "weather in Beijing", where the first result delivers a five-day weather forecast, or "flights from New York to Washington", where real time flight prices are served up in the results. This form of predictive content is, however, just the beginning.

One of the most significant product launches of 2012 was Google Now – a personal assistant that sits on your phone and proactively feeds you content based on what it thinks you need. A basic example is that when your alarm goes off, the weather forecast in your location appears on your phone.

A more sophisticated example is an alert that you should leave now to make your meeting and the recommended route and mode of transport – all based on mining your calendar, weather and traffic data. Or movie show times for the kind of films that Google knows you like based on your search and email history. Google is building such a vast amount of data – via mail, video, calendar, search, and most recently and importantly thanks to Android, location – and it has such engineering muscle and algorithmic know-how, that its predictive content will surprise and delight people, and start to become the norm in 2013. It will be Google's most game-changing consumer product since search.

This really is the beginning of the kind of artificial intelligence capabilities seen in many an 80's movie – personalised suggestions based on deep data mining of your existing behavioural patterns. Of course, nothing will completely replace our own human nature and intuitiveness (or randomness) but, for many, many tasks in our lives, we're surprisingly attached to a routine and these types of services will be of free help to us.

Of course, using data and algorithms to make predictions is not a new phenomenon. In fact, the marketing world is far behind some other categories. In the music industry, algorithms compare the structure of a song to tunes of the past, to determine whether it will become a hit for music labels. In the movie business, algorithms analyse scripts and predict box office grosses. In the customer call industry, algorithms determine what personality type you are when making a call, and connect you with like-minded service reps. In the pharma industry, algorithms recommend prescriptions with a 100% success rate (compared with 99% for humans). And, on Wall Street, algorithms have taken over, with an estimated 70% of all trading decisions handled by machines.

In the digital marketing world, we are starting to see some fairly simple algorithm-based decision making. Paid search tools auto-manage keyword bids in order to maintain a pre-set target ROI. Display ad server systems make decisions on up and down weighting creative and targeting options, based on pre-determined ROI targets. Increasingly, data management platforms are using algorithms to identify new prospect audiences based on them exhibiting behavioural characteristics that are similar to existing customers. 2013 will see more of this machine-based campaign management and optimisation, which will free up human resource to focus on higher value areas such as client service, ideation, strategy and analytics integration.

Further down the line, can we expect to see algorithms get smarter and recommend new ad copy, colouring on creative, media placements and search keywords? I predict a feature on this in RP No. 4 or 5.

TREND TAGS

WILL THAT BE CASH OR MOBILE, SIR?

RAFIS KADIR
HEAD OF MOBILE, ASIA PACIFIC

Without a doubt, 2012 saw significant progress in the world of mobile payments and commerce. Despite projections of slow growth, some disruptive technologies – and perhaps consumers' continuing speed of adoption of new technology behaviours – have accelerated what is a very interesting and hugely significant area.

NFC has long been seen as the necessary facilitator of mobile payments, and some progress has been made recently after a few years of inflated expectations.

Since 2010, Turkey's Turkcell, KT of South Korea and Zantel of Tanzania have been providing SIM-based NFC services, where your SIM-card is your NFC-chip too. In the UK, BarclayCard and Orange teamed up to provide mobile payment of not more than £15 in 15,000 retail outlets using NFC-enabled phones. CityZi in France recently announced that they will issue 1million NFC phones. With more than 800 million subscribers between them, China Mobile and China Unicom have also made a commitment to implement SIM-based NFC services. Add in the US's AT&T, Verizon and T-Mobile and their ISIS partnership, Google Wallet, and Japan's major operators shifting their RFID-based mobile payment to NFC and the result is that we are finally seeing real scale and traction.

One notable NFC omission in 2012 came from Apple, who were widely expected to have launched the iPhone 5 with NFC capabilities. They didn't. Given Apple's track record, many people summised that they either don't have faith in the technology and current supporting infrastructure as it stands (and therefore won't support it until it does), and/or they don't believe that NFC will necessarily be the sole future for mobile payments.

That view is seemingly shared by a few other companies who, while not giving up on NFC-enabled mobile technology just yet, have nonetheless begun implementing alternative solutions. Disruptive start-up Square introduced 'Square Mobile Wallet' that allows users to sync their device with participating retailers' POS (incl. Starbucks who invested $25m in the company in 2012). Once synced and in the retailer's system, they can then ask for purchases to be put on their tab, with their face being matched to a photo stored on the ePOS.

eBay's PayPal has gone a step further and posed the question of whether the mobile phone is even needed to process contactless payments. They've begun testing solutions that enables users to pay in-store with PayPal just by entering their mobile number and pin number. This is an interesting development: storing all payment and loyalty info in the cloud and requiring the user to only remember a pin number. It also helps overcome infrastructure challenges and consumer concerns about having all their payment info on their mobiles and the fear of then losing the device.

Of course PayPal and Square are primarily software solutions and can afford to hedge their bets on which technology solution(s) will 'win'. For device manufacturers, a much bigger commitment is required and not everyone (including Apple) has been willing to bet on NFC just yet.

It's not just in payments that mobile is becoming a disruptive force. The constant presence of mobile devices in people's lives means they're likely to become the home of loyalty services from retailers, restaurants and manufacturers alike. While Apple didn't embed NFC into the iPhone 5, they did release Passbook in their latest iOS software update, creating a home for everything else that sits in your wallet from tickets, hotel room keys and loyalty cards.

Mobile services like Glyph and Wallaby allow users to store all their cards in an app and advise on which one to use to maximise returns for certain purchases, while Shopkick rewards users for their loyalty on frequenting participating retailers. Even bar tabs are being revamped with companies, such as TabbedOut in the US just launching a service that enables people to open a bar tab on their phone and pay without having sign a bill.

So what should you do in 2013? Experiment of course. 2013 will be a breakout year in mobile payments and loyalty, and starting early allows you to work out all the glitches to provide not only a smooth payment experience for consumers (seamlessly linking communications and commerce through the phone), but also importantly giving you time to innovate and stay ahead of the others.

Online shopping has been a hugely disruptive force over the past 15 years, but mobile has the potential to be even more so – facilitating payments on sites and apps, as well as in physical locations... the opportunities for brands of all kinds will be many, don't miss out!

TREND TAGS

HACK IT ALL

THE NEW ECONOMY OF DISRUPTION AND DISINTERMEDIATION

ANDY WASEF
HEAD OF INNOVATION AND TECHNOLOGY, NORTH AMERICA

As the huge global impact of the advent of the internet became apparent over a decade ago, some people began referring to this age as the 'Third Industrial Revolution'. For once when referring to anything digital, this reflected the genuine significance of the internet age and wasn't just hyperbole.

Among the most significant impact the internet has had is to create a certain degree of democratization in society, demonstrated most visibly in the worlds of media and communications and more recently in politics (facilitating – not causing – change in many countries).

As online access becomes near ubiquitous in many, if not most, parts of the world, digital technology's ability to enable and facilitate disruption of almost any industry is becoming readily apparent. A large part of this disruption is the disintermediation of many organizations, jobs and roles in society that were until recently presumed sacred and untouchable. In other words, digital technology is enabling disruption of an untold number of institutions and industries by cutting out the middle man.

The disintermediation of traditional publishers is well known (if overhyped), but as we began to see in 2012 and will see gather speed in 2013 and beyond, it's not only media companies who are looking nervously over their shoulders at the coming wave of start-ups and DIY activists.

In healthcare, a number of applications are springing up to enable people to manage their own health and diagnosis rather than visit doctors for everything. Not necessarily a bad thing in the West – where healthcare costs need reducing – or parts of Africa – where the nearest doctor or hospital can be hundreds of miles away.

In the world of investment, crowdfunding has been popularized by organizations such as Kickstarter and Indiegogo, and is spreading further with companies like CircleUp and SoMoLend, showing us a glimpse of what the future of finance could look like. This type of disruption requires regulation but could be a vital catalyst to fueling the innovation economy, so important to economic growth at a local and global level.

In manufacturing, we will likely see the continued attention to 3D printing capabilities as costs of equipment come down and sophistication of what can be produced rises. Rather than wait for a spare part to be produced and shipped, digital templates could be sent to individuals (or small businesses) to print in 3D – MakerBot is one company leading this disruption.

In retail and delivery, services from Amazon, eBay Now, and soon likely Google too, have connected consumers directly with manufacturers and are enabling more seamless delivery and returns of all types of physical purchases. On a smaller scale, services like Taskrabbit (general chores), Uber (car services), and Cater2.me (food delivery) also cut out the middleman.

Even in education we're seeing disruption, with open online courses able to enlist hundreds of thousands of students to learn from prominent professors (see Walter Sinnot-Armstrong's Coursera class) without having to be a pupil at costly institutions. Many people feel education in mature countries is ripe for change, and digital technology could be a significant driver of that soon.

Of course, it's important not too overhype these developments. We're not going to see the end of doctors, banks, investment firms, universities or factories soon or probably ever. But what is happening is the democratization of all manner of services, driving innovation, forcing change in traditional institutions that might not otherwise do so, and creating complementary services that offer greater choice to people. And that, we believe, should be fully embraced.

TREND TAGS

GARTNER'S STRATEGIC TECHNOLOGIES TO LOOK OUT FOR IN 2013

Mobile device battles

Mobile devices, smartphones and tablets, will dominate the computing landscape. Microsoft's Windows 8 operating system for all computers will likely be third behind Google's Android and Apple's iOS.

Mobile applications and HTML 5

Native applications will continue to offer the best experience overall, but web apps built on the improving HTML 5 platform will grow in importance for reasons of practicality and efficiency.

Personal cloud

The personal cloud will gradually replace the PC as the location where individuals keep their personal content.

Enterprise app stores

Growth of private app stores for mobile and tablet solutions tailored to individual organizations (ex. a WPP app store).

The internet of things

As the internet expands into more physical items, 'mobile' will no longer refer to just handsets and tablets, but to the internet embedded in a myriad of physical objects (ex. NEST – the digitally enabled home temperature control system).

Hybrid IT and cloud computing

Emergence of new roles in IT divisions of organizations, focused on providing value through the provision and management of complex cloud computing systems.

Strategic big data

Big Data is moving from a focus on individual projects to an influence on enterprises' strategic information architecture.

Actionable analytics

Analytics is increasingly delivered to users at the point of action and in context. With the improvement of performance and costs, IT leaders can empower even more decision flexibility at the time and place of every business process action.

In memory computing

Millions of events can be scanned in a matter of a few tens of millisecond to detect correlations and patterns pointing at emerging opportunities and threats "as things happen."

Integrated ecosystems

The market is undergoing a shift to more integrated systems and ecosystems and away from loosely coupled heterogeneous approaches.

PSFK 2013 PREDICTIONS

'A retail earthquake' – physical retail will continue to be shaken up, with multiple new models emerging. Abe Burmeister, Founder of Outlier (clothing brand)

'Public schools become creativity engines' – with innovation increasingly recognized as a key economic driver, schools and educators will put more emphasis on art and design. Gerald Richards, CEO of 826 National (non-profit organization helping kids explore their creativity)

'Smart furniture will begin to take over the home' – more and more objects in our homes are being digitally enhanced and enabled. Gadi Amit, Principal Designer, New Deal Design (maker of FitBit)

'Rethinking the norm' – digital technology has democratized many industries and a DIY approach to many others is coming. Nick Barham, Global Director, Wieden + Kennedy Tomorrow

'Social media as behavior not destination' – encouraging participation and sharing in communications around passions and niche topics rather than driving to a big social network will be the future. Tom Evans, Director of Social Engagement, Saatchi LA

'Makernet' shifts production to all' – the growth of technology (e.g. affordable 3D printers) that enables homemade production. Stan Stalnaker, Founding Director, Hub Culture

'Entrepreneurship will die out' – money will dry up for early and late stage start-ups, reducing the attractiveness of tech start-up world for many would-be entrepreneurs. Ben Lerer, Founder, Thrillist and Lerer Ventures

'Open data will save lives' – as already demonstrated in New York during Hurricane Sandy, open access to data will enable third parties to create solutions that can improve everyday lives, but also save them. Rachel Haot, Chief Digital Officer, New York City

OUR FIVE MAJOR TRENDS OF NOTE FROM CES 2013

Ecosystems – Apple and Google have been at it for a few years, but now it's seemingly become de rigeur to create a full suite of inter-connected devices from the same supplier (ex. Samsung, LG), with the full benefits only available if you own them all.

The internet of things – We may have begun to move slowly away from this being a throwaway phrase to something more meaningful and actionable in the present day. One major reason projections of showing total mobile internet devices to vastly dwarf anything seen from PC internet is the sheer volume of items that could be classed as 'mobile' that will be connected. At CES we saw wearable internet-enabled watches (Pebble), open source cars (Ford Sync) and digitalized forks to let you know if you're eating too quickly (HAPIfork).

Gamification finds a home in digital health – one of the newer and more interesting developments this year appeared in the form of digital health technologies such as FitBit's Flex wristband to monitor activity, uBox's smart pillbox for seniors and Scanadu.

TV hardware may dominate space, but software is where the interest is – as is usual at CES, the latest, greatest, and outlandish new TVs of all sizes and specifications take up a huge amount of the floor space. After the 3D explosion of the past few years, the interest now comes in the software solutions in the set and connectivity with other devices rather than the kit itself (although some of the screens still retain that wow factor!).

Start-ups and the marketing community began to feel at home – for most of its life, CES was the show for technology manufacturers and retail buyers (with a smattering of consumer tech geeks and press). The last few years have seen an influx of interest and attendees from the marketing and start-up communities. This year was the first year that beyond the parties in Vegas' hotels and casinos, it really felt that the marketing community was at home at the event. Meanwhile among the OEM behemoths, start-ups like **Pebble, Oculus** and **ZBoard** managed to almost steal the show.

TRENDWATCHING'S TOP 10 CONSUMER TRENDS TO LOOK OUT FOR IN 2013

Presumers and custowners – As consumers will embrace even more ways to participate in the funding, launch and growth of (new) products and brands that they love, expect pre-ordering, crowdfunding and consumer equity to compete with traditional consumption in 2013...

Emerging² – While the last two decades were about developed markets catering to emerging ones, and emerging markets increasingly catering to developed ones, it's now time to get ready for an explosion in products and services from emerging markets for emerging markets...

Mobile moments – For those wondering where 'mobile' will head next, one behavioral insight should give you plenty to run with: in 2013, consumers will look to their mobile devices to maximize absolutely every moment, multi-if-not-hypertasking their experiences, purchases and communications...

New life inside – One sign-of-the-times eco-trend for 2013: the phenomenon of products and services that quite literally contain new life inside. Rather than being discarded or even recycled (by someone else), these products can be given back to nature to grow something new, with all the eco-status and eco-stories that come with that...

Appscriptions – Digital technologies are the new medicines. In 2013, expect consumers to turn to the medical profession and medical institutions to certify and curate health apps and technologies or to "prescribe" them, much as they prescribe medicines as part of a course of treatment...

Celebration nation – Emerging markets will proudly export and even flaunt their national and cultural heritage in the next 12 months. Symbols, lifestyles and traditions that were previously downplayed if not denied will be a source of pride for domestic consumers, and objects of interest to global consumers...

Data mying – To date, the 'big data' discussion has focused on the value of customer data to businesses. In 2013, expect savvy shoppers to start reversing the flow, as consumers seek to own and make the most of their lifestyle data, and turn to brands that use this data to proactively offer customers help and advice on how to improve their behavior and/or save money...

Again made here – The perfect storm of consumers' ever-greater lust for NEWISM and niches, the expectation of (instantly!) getting just the right product, ongoing eco-concerns and the desire for more interesting stories will all combine with the spread of new local manufacturing technologies such as 3D-printing and make-on-demand, to trigger a resurgence in domestic manufacturing in established markets in 2013...

Full frontal – So what's next for the mega-trend of transparency in 2013? Brands must move from 'having nothing to hide', to pro-actively showing and proving they have nothing to hide...

Demanding brands – 2013 will see switched-on brands (i.e. brands that are embarking on the much-needed journey towards a more sustainable and socially-responsible future) demanding that their customers also contribute...

2013 will see switched-on brands demanding that their customers also contribute...

GLOBAL

1 Paris Garden
London
SE1 8NU
United Kingdom
Tel +44 20 7803 2000

825 Seventh Avenue
New York
NY 10019
USA
Tel +1 212 474 0000

Charles Courtier
Chief Executive Officer, Global
charles.courtier@mecglobal.com

Alastair Aird
Chief Operating Officer, Global
alastair.aird@mecglobal.com

Melanie Varley
Chief Strategy Officer, Global
melanie.varley@mecglobal.com

Caroline Foster Kenny
Chief Client Officer, Global
caroline.fosterkenny@mecglobal.com

ASIA PACIFIC

700 Beach Road
#04/01
Singapore
199598
Tel +65 6225 1262

Stephen Li
Chief Executive Officer, Asia Pacific
stephen.li@mecglobal.com

LATIN AMERICA

601 Brickell Key Drive, Suite 804
Miami
FL 33131
USA
Tel +1 786 264 7600

Michael Jones
Chief Executive Officer, Latin America
michael.jones@mecglobal.com

EUROPE, MIDDLE EAST AND AFRICA

1 Paris Garden
London
SE1 8NU
United Kingdom
Tel +44 20 7803 2000

Alastair Aird
Chairman, Europe, Middle East and Africa
alastair.aird@mecglobal.com

Tom George
Chairman, UK and North Europe
tom.george@mecglobal.com

NORTH AMERICA

825 Seventh Avenue
New York
NY 10019
USA
Tel +1 212 474 0000

Marla Kaplowitz
Chief Executive Officer, North America
marla.kaplowitz@mecglobal.com

www.mecglobal.com

8 TRENDS FOR 2013

1. THE BEAUTIFICATION OF DIGITAL – AN AESTHETIC (R)EVOLUTION
2. THERE'S A LITTLE BIT OF DIGITAL IN EVERYTHING
3. A RUMBLE IN THE RETAIL JUNGLE
4. CONTENT AND TECHNOLOGY – THE NEW NORMAL IN BRAND COMMUNICATIONS
5. THE INCREASING DIGITIZATION OF TV
6. SOCIAL MEDIA – FROM FUN TO FUNDAMENTAL
7. DATA AND MARKETING – GREEN LEAVES AND GREY CLOUDS
8. THE NEW ECONOMY OF DISRUPTION

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C016883

MEC