JWT | RETAIL
REBOOTED

August 2013

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Retail is undergoing a momentous shift, with brick-and-mortar stores forced to evolve for a digital-commerce age; multiple new ways to buy; the rise of data-based personalization; fast-changing consumer attitudes and habits; and various new technologies continuing to disrupt the status quo. This report touches on all these factors, bundling three trends we've outlined in recent years that are bringing key changes to the retail arena.

"Retail As the Third Space," one of our 10 Trends for 2011, is rapidly accelerating as e- and now m-commerce become habit for consumers. Digital commerce is forcing retailers to rethink the function of brick-and-mortar, which is increasingly focused around experiences, unique environments and customer service—giving shoppers new reasons to spend time in these spaces. We've revised and updated the drivers, manifestations and implications of this trend from a 2013 perspective.

Transactions are not simply moving beyond physical stores to the digital space—rather, brands are getting increasingly creative in where and how they sell their goods now that almost anything can be a retail channel, thanks largely to mobile technology. Shopping is becoming a value exchange that can play out in multiple new and novel ways, as we outline in Everything Is Retail, one of our 10 Trends for 2013. This revised version includes several new manifestations.

Predictive Personalization, another of our 10 Trends for 2013 that we've updated, points to retail's shift to a data-centric business. As data analysis becomes more cost efficient, the science gets more sophisticated and consumers generate more measurable data than ever, retailers will increasingly be able to predict customer behavior, needs or wants. The race is now on to master the art of tailoring offers and communications very precisely.

This report also includes 20-plus Things to Watch in Retail, spotlighting a range of developments, from innovative business models to shifting consumer behaviors to the latest tech developments.

Methodology

Our trend reports are the result of quantitative, qualitative and desk research conducted by JWTIntelligence throughout the year. This report features data from a quantitative survey conducted Nov. 9–19, 2012, using SONAR™, JWT's proprietary online tool. We surveyed 1,016 adults aged 18-plus (519 Americans and 497 Britons). Data are weighted by age and gender (in some cases, calculation of averages based off reported frequencies may not add up due to this weighting). We also interviewed several experts and influencers in retail.

EXPERTS AND INFLUENCERS*

BRYAN GILDENBERG,
chief knowledge officer, Kantar Retail

GWEN MORRISON,
co-CEO, WPP's The Store

IRA HELF,
chief analytics officer,
JWT North America

JILL PULERI,
VP and global retail leader,
IBM Global Business Services

RON MAGLIOCCO,
global business director,
Shopper Marketing, JWT

*See Appendix to learn more about these experts and influencers.

RETAIL AS THE THIRD SPACE

Brick-and-mortar retail will increasingly serve as a "third space" that's only partly about transactions. Rather, it's as much about experiences, unique environments and customer service. The hard sell is becoming less important than providing something more fun, helpful, satisfying or distinctive than e-commerce can offer.

"Stores will become more theatrical, more immersive, and more of a life experience rather than simply a place to get something. As much as they are selling products they will be selling a good time, a lifestyle."

—CHRISTOPHER STUDACH, creative director at King Retail Solutions, "See What the Store of the Future Will Look Like," *Business Insider*, Dec. 20, 2012

RETAIL AS THE THIRD SPACE

One of our 10 Trends for 2011, the shift toward retail as a third space is accelerating as e- and m-commerce become habit for consumers. From luxe labels to sellers of run-of-the-mill staples, retailers are doing more to make an in-person visit worth the shopper's while:

- Redesigning spaces to be more visually appealing and comfortable.

- Providing amenities like free Wi-Fi or charging stations.

- Creating reasons to settle in for a while. While cafés are common in department stores, one Seattle-area Nordstrom recently opened a cocktail lounge amid its women's apparel section.

- Making customer service more personalized or specialized.

- Offering an array of special events and free classes—a hallmark of Apple stores that a range of others are adopting, from rival Microsoft (whose classes include TechTots sessions for young kids) to Lululemon (yoga) and Nike Fitness Club in Chicago (a store that also hosts workout sessions).

- Creating stores that are attractions in themselves (again, think Apple stores). For instance, the Manhattan outpost of Italian food hall Eataly, which opened in 2010, drew 7 million visitors in its second year in operation.

TechTots Classes
Come play and learn with us

Bring the kids, ages 2-5, to a Microsoft retail store and have fun exploring technology together with TechTots.*

DRIVERS

Digital commerce: Consumers have grown accustomed to researching and ordering goods on the Web (and in some cases no longer need physical items like books at all). "When shoppers both know what they want and are willing to wait for it, they will go online," noted *The Economist* in July. And with the advent of same-day delivery, shoppers may not even have to wait long. Given that consumers rarely need to leave their homes, brick-and-mortar stores have to work harder—and in some cases rethink their purpose altogether—to justify their existence.

Ambushed by Amazon: The online behemoth, which now sells everything from designer labels to wine, is a triple threat, as McKinsey puts it: Amazon has low prices, an extensive selection and good customer service. And with the proliferation of smartphones, some consumers now use brick-and-mortar stores as a showroom, buying online if they find that Amazon (or another vendor) has better prices and/or wider choices. By 2017, Amazon could pass Walmart as the world's biggest retailer in terms of non-grocery sales, according to consultancy ChannelAdvisor.

Inspired by Apple: The new approach many retailers are taking is strongly influenced by Apple's highly successful template: The estimated 250,000 people on average who visit each Apple store per quarter can test and play with an ample supply of products; get guidance from a large, knowledgeable staff; receive more substantive help at the Genius Bar; and attend free talks on how to use Apple products as well as entertainment events.

DRIVERS (cont'd.)

Need for in-person customer service: Time-crunched shoppers are faced with often overwhelming or confusing choices, making customer service increasingly important. While many retailers offer one-on-one help online, the fact is that hands-on testing, side-by-side comparisons of merchandise and a friendly salesperson to demonstrate features can go a long way toward making a customer feel comfortable with a purchase. Plus, many consumers appreciate a chance to connect face-to-face all the more in a digital age—to see and be seen, perhaps to get unsolicited advice or share relevant tips.

> Re-imagining of a brand's physical presence is essential in the context of anywhere/anytime digital retail. Through the provision of … rich, multi-sensory experiences, savvy retailers are turning their stores into product playgrounds."
>
> —LOIS JACOBS, chief executive of Fitch, "All work and no play makes brand strategies a dull ploy," *Marketing,* Oct. 4, 2012

Sensory Explosion: One of our 10 Trends for 2013, this is the idea that at a time when more of life is virtual and online—and as we become more disconnected from the physical, tactile, "in the flesh" world—we'll place a premium on sensory stimulation. Retail environments can serve as a robust complement to the digital one: "While computer screens can bewitch the eye, a good shop has four more senses to ensorcell," observes *The Economist.*

Millennials and Gen Zers: Moving parts, pictures, sound—multisensory, multiscreen experiences are normal for these cohorts, as is shopping online and digital downloads. Retailers need more than traditional displays of merchandise to get these groups into brick-and-mortar stores.

MANIFESTATIONS

Malls evolve: More shopping centers are becoming "lifestyle centers." In its 2013 "State of the Shopping Center" report, Nielsen explains that this concept mixes "traditional retail tenants with upscale leisure uses, giving shoppers more than just a place to buy—it gives them an experience and a place to gather." Most of these centers are appealing family destinations, with restaurants and theaters, sometimes playgrounds and bowling lanes. Nielsen points to The Grove in Los Angeles (tagline: "Where L.A. comes together") as an example of a place where "It becomes an adventure visiting the mall."

> Independent bookstores are what urbanists call 'third places,' like farmers' markets, that add to a community's sense of identity. And like farmers' markets, some customers come for the atmosphere, not the prices."
>
> —"The novel resurgence of independent bookstores," *The Christian Science Monitor*, March 17, 2013

Bookstores endure: Bookstores are a quintessential third place, encouraging customers to relax and while away time; increasingly they also house small cafés, children's reading areas and community events. In the first quarter of 2013, bookstores in the U.S. saw a 27% increase in shopper visits, according to Placed Insights. Barnes & Noble moved up eight spots on Placed's list of most visited American stores, to 17th. While visits don't always translate into sales—B&N has been struggling this year, though mostly due to the Nook's failure—2012 sales among independent booksellers rose about 8% over 2011, per an American Booksellers Association survey.

MANIFESTATIONS (cont'd.)

Amping up everyday transactions: Retailers are revamping spaces dedicated to consumer basics—office supplies, drugstore goods, electronics—to add third-space elements.

- In the U.K., Tesco has added a community room to a Tesco Extra store in Watford that locals can reserve for yoga classes, birthday parties, etc., free of charge. The Watford store has also moved more inventory online and is using the extra space for a restaurant, coffee shop and bakery.

- Staples is testing smaller stores (with digital kiosks where customers can find more options online) that feature meeting space and work stations for "mobile professionals" as well as a charging station, copy and fax machines, printers and Starbucks coffee.

- Walgreens has been opening flagship stores in the U.S. featuring coffee bars staffed by baristas; expansive cosmetics sections staffed with "beauty advisers"; and a private room where customers can confer with a pharmacist. Near Wall Street, a Duane Reade (owned by Walgreens) houses a salon that offers blowouts and manicures, and a juice bar, a salad bar and a sushi bar.

- Also near Wall Street, a renovated 7-Eleven features café seating, free Wi-Fi and a large screen that displays information on weather, subway delays, stock data and the like. The chain is trying to create more of a "hangout" feel, according to one executive.

- Radio Shack is starting to remodel U.S. stores with the aim of becoming "the neighborhood technology playground," according to its chief executive; a new campaign uses the tagline "Let's play." Interactive features include a speaker wall where customers can test sound on their Bluetooth-enabled device.

- In Chicago, an AT&T flagship that opened in 2012 is crammed with "digital eye candy," as *Adweek* reports. Customers can play games on an 18-foot video wall featuring motion-sensing software or sit in lounge-like areas to chat with sales associates. In August, AT&T said it plans to start rolling out elements showcased in the flagship to stores around the U.S. Chief marketing officer David Christopher told *Ad Age*, "We want people to try, play with and ultimately buy our products. ... If [shopping] was just transaction based, customers could do it on the web."

> **We want to transform the traditional website experience into the physical experience. It's all about creating interactions rather than just transactions."**
>
> —PAUL ROTH, president of retail sales and service at AT&T, *Adweek*, "The Store of the Future Has Arrived," June 3, 2013

MANIFESTATIONS (cont'd.)

Creating wonder worlds for kids: For retailers that cater to kids, physical space is as or more important for forging memorable experiences than showcasing inventory.

- Disney has rebranded its stores as Imagination Parks with help from Apple's retailing team. Visitors can customize purchases, play in a child-sized castle, and select and view movie clips. "Rather than selling to children, they aim to create the best 30 minutes of a child's day," said Cate Trotter of U.K. firm Insider Trends at a "Future of Retail" event earlier this year. "By doing that, they sell more than they have been before."

- Last year Harrods revamped its toy area to create a 26,000-square-foot Toy Kingdom that engages visitors with a barrage of sights, sounds, smells and physical sensations. Floors rumble, fragrances enchant and fairies whisper, creating an environment that beguiles both parents and children visiting the London department store.

- Similar to rival American Girl stores, a new Barbie store in Manila features a beauty salon for girls, fitting rooms where girls can play dress-up and a photo studio that lets them capture their look, and a "pay for play" area where girls can play with the dolls and socialize.

Luxury goes all out: While many in the luxury sector came late to e-commerce, today luxe fans can find most of their favorites online. In response, luxury brands "are investing heavily in interior construction, creating home spaces with flagship, multi-level stores divided into rooms filled with music and comfortable furniture, in décor that best matches the merchandise on display," writes *Forbes* contributor Laura Pomerantz of PBS Real Estate. She explains: "The pressure is on for these labels to differentiate themselves with a memorable shopping experience."

- Louis Vuitton's new Singapore flagship is a striking stand-alone store created by a star architect (Moshe Safdie) and interior designer (Peter Marino), and featuring a private jetty for shoppers arriving by yacht. The nautical-themed design incorporates a large piece by Turner Prize-winning sculptor Richard Deacon. Among Vuitton's other notable spaces is a luxury apartment above one of its London stores that's open only to VIP customers, who can admire artwork by Basquiat and Gilbert & George while ordering refreshments from a butler.

MANIFESTATIONS (cont'd.)

- By contrast, Burberry's 27,000-square-foot London flagship on Regent Street, which opened in 2012, veers away from exclusivity in a bid to become a destination whether you're a serious shopper or not. "It's a place that you can come just to hang out," Burberry chief creative officer Christopher Bailey told The Business of Fashion.

> " It's not just about shopping [at Burberry's London flagship]. The important thing for me is that when you go in, you feel entertained."
>
> —CHRISTOPHER BAILEY, Burberry chief creative officer, "Burberry's Bet on Retail Entertainment," The Business of Fashion, Sept. 18, 2012

Burberry's focus is on "immersive multimedia content" (as CEO Angela Ahrendts has said) that mimics the brand's online experience. Store mirrors turn into screens that display relevant video when triggered by RFID tags embedded in products. A key feature is the "digital rain shower" that periodically populates the store's 100 screens—including a 22-foot screen in the main hall—and 500 speakers. "It seemed that every shopper in the store stopped to experience the moment," writes The Business of Fashion. Beyond high-tech features, there are exhibits related to the venerable brand and an event space that has hosted a Kaiser Chiefs concert, among other things.

Ikea in China: Chinese consumers consider a visit to an Ikea store an outing—and in many cases people spend more time napping in displayed beds than considering a purchase. "I like the environment," one woman told *Bloomberg Businessweek*. "It makes you feel like you're abroad." But Ikea doesn't mind that it's simply a third space to many. With consumer income growing rapidly, the brand is engendering loyalty and providing aspirational ideas for a future when wages increase.

Banking beyond core services: As more customers go online to bank, and increasingly bank by mobile, financial institutions are being forced to rethink physical space. Seminars and workshops on financial topics have become common, coffee and Wi-Fi are often on offer, and iPad-equipped lounge spaces are typical in new spaces. Apple again provides much of the inspiration—Citigroup even hired the firm behind Apple's store design. Overall, the focus is becoming more "consultative," as one Bank of America exec has put it, than transactional—putting a more human face on the brand.

- BNP Paribas' chic flagship in Paris takes a similar tack, and also offers weekly lunchtime workshops, a play area for kids and an exhibition space; it's also intended to serve as a lab that showcases new products and innovations.

- Bank of America recently remodeled many of its branches, adopting customer lounges along with more private office spaces where people confer with specialists (in person or by videoconference).

MANIFESTATIONS (cont'd.)

- Capital One 360 (formerly ING Direct in the U.S.) operates eight cafés in the U.S., while ING runs five such cafes in Canada. "Imagine a cool space where you can snag a great cup of coffee, tap free wireless, and chat about saving time & money," says Capital One's website. The quality coffee and snacks are cheaply priced, and the staff is trained to both help people with banking issues and make coffee.

- In Japan, Suruga Bank invites office workers into a lounge-like space called the d-labo, for "dream laboratory," in one of Tokyo's biggest towers. Alongside ATMs, there's a library of 1,500-plus books, a bar, a conference space and a huge screen featuring an interactive display of users' "dreams." The space provides relaxation for office workers while letting potential clients learn about its services.

WHAT IT MEANS

As retail becomes more automated and the windows of interaction with the tangible product and live salespeople become smaller, the in-store experience is increasingly paramount. In offering A-plus service and experiences—education, entertainment, sensory stimulation, a place to relax—that go beyond the typically transparent attempts at driving sales, retailers give consumers more reasons to enter their spaces and spend time with their brands and products.

An "experience" might include getting advice, exploring a unique environment, talking about or testing a product, connecting with customers or staff over a shared interest, or receiving a service of some kind. These all serve to reinforce the brand.

The most appealing spaces will creatively rethink what a store is for and exploit what's lacking online: a truly three-dimensional, tangible experience, where consumers interact with products and other people in ways they can't do online. Technology may still be a big part of the equation, however, with shoppers interacting with kiosks and video, utilizing augmented reality to enhance the experience, or perhaps interacting with virtual mirrors to help them choose merchandise.

> " Shoppers prefer the store because it's a place for exploration and dreaming. Consumers often feel overwhelmed by the abundance offered online and want retailers to curate and create unique spaces infused with fun and novelty, a place where new lifestyles can be explored and there's always something to learn. The store is the best place for brands to create a completely immersive, holistic, and fun experience for consumers."
>
> —STEPHEN JAY, managing director, North America, at Fitch, "Experience Matters: The Science Behind the Resurgence of Physical Stores," *Fast Company*, June 27, 2013

WHAT IT MEANS (cont'd.)

Think beyond the transaction: For many retailers, the aim will no longer be simply tallying as many transactions as possible. Instead, the physical store is a crucial complement to the online offerings, providing a unique way to experience the brand and all it has to offer. How can you translate your message to an experience or a service that is a natural extension of the brand?

Some retailers will use physical spaces as showrooms, moving transactions themselves online. Bonobos' Guideshops are missing both cash registers and inventory; instead, the men's apparel retailer, which made its name selling well-tailored pants online, is using its seven U.S. locations as physical portals into its e-commerce site. Customers try on samples and check out colors and patterns, then order from in-store computers for home delivery.

Spanish apparel chain Desigual takes a similar approach in two of its European stores. A "shop-showroom" in Barcelona—described as "a space where you can live the Desigual experience"—is staffed with personal shoppers who put together outfits for customers, then sit down with them to make any purchases online. The order is delivered within 48 hours at no charge to a home or hotel.

> " Most people in retail think the instant gratification of walking out with the product is a core part of the retail experience. It's not. It has been astonishing how little our customer cares. In an e-commerce era, people are conditioned to receiving product through the mail. … I'm more convinced than ever that offline retail isn't going anywhere. The focus is just shifting from distribution to experience."
>
> —ANDY DUNN, Bonobos co-founder and CEO, "Andy Dunn of Bonobos on Building the Armani of the E-Commerce Era," The Business of Fashion, July 19, 2013

Motivate people to leave home with multisensory environments: Able to shop and entertain themselves at home, consumers will need more incentive to spend money on fuel or transportation. Retailers will work harder to offer multisensory experiences that people can't find in their everyday environment and that stand out from the flatter digital experiences available online or on home screens.

Alternatively, provide an escape for the senses: At a time when many consumers are stressed out—and shopping itself a more stressful activity, with music, scents and video assaulting the senses—stores can make retail therapy truly therapeutic. Earlier this year, as part of its "No Noise" initiative, Selfridges in London created a Silence Room, modeled on an idea that its founder once implemented roughly a century ago. Shoppers must take off their shoes and leave mobile devices behind before entering the Zen-like space, designed to provide "an oasis of quiet for those eager to take a moment and switch off."

Understand your new competitive set: As stores become showcases for branded experiences more than places to pick up goods, the retailer faces stiffer competition from beyond the retail category: "Physical stores, no longer a necessary stop on a Saturday afternoon, must learn to compete for precious leisure time with experiences like concerts, sporting events and museums," observes Vikram Alexei Kansara, managing editor of The Business of Fashion.

PREDICTIVE PERSONALIZATION

As data analysis becomes more cost efficient, the science gets more sophisticated and consumers generate more measurable data than ever, retailers will increasingly be able to predict customer behavior, needs or wants—and tailor offers and communications very precisely.

" Using increasingly granular data, from detailed demographics and psychographics to consumers' clickstreams on the web, businesses are starting to create highly customized offers that steer consumers to the 'right' merchandise or services—at the right moment, at the right price, and in the right channel."

—THOMAS H. DAVENPORT, et al., "Know What Your Customers Want Before They Do," *Harvard Business Review*, December 2011

PREDICTIVE PERSONALIZATION

DRIVERS

Data in droves: The amount of data coming online each moment continues to multiply. The sources of this data are numerous—Web-browsing trails, mobile devices, "smart" objects, social media communications, surveillance data—and growing more so. Already there's more data than analysts can comprehensively sift through. IDC estimates that by 2020, there will be 50 times more data in the world than there was in 2011.

The mobile web, a key source of the data flood, receives 217 new users each minute. Smartphones are laden with tools that help owners navigate the world, like geo-location apps, which feed back information on a user's comings and goings. Apps collect user data for their providers. And the phone's slow evolution into a mobile wallet and hub for digitized versions of things like tickets and coupons will bring floods of data on consumer spending and behaviors.

Social media is another rich source of data as brands overlay the social graph onto their e-commerce platforms and build Facebook communities, all while getting tweeted about and "pinned" on Pinterest. Analysts are also beginning to tackle unstructured data streams— Facebook posts, videos, etc.—adding ever more information about the habits and preferences of consumers.

> " As the volume of both human and machine data grows exponentially, so too will organizations' ability to see the future."
>
> —JEFFREY F. RAYPORT, "Use Big Data to Predict Your Customers' Behaviors," HBR Blog Network, Sept. 5, 2012

Each minute of each day:

2.3 million
Web searches received by Google

100 hours
of new video uploaded to YouTube

1.7 million
pieces of content shared by Facebookers

Data analysis gets faster, cheaper, better: Until relatively recently, the costs associated with collecting, storing, analyzing and computing massive amounts of data were prohibitive for most enterprises. So data remained siloed within departments, and its collection and analysis were reserved for the most top-level decision-making. Today, new tools and technologies—from cloud storage to software platforms like Apache Hadoop—have helped drive down the costs associated with data storage, management, creation and collection to a sixth of what they were in 2005. Additionally, "Horizontal-scaling technologies now allow the storing and processing of ... data in ways that do not exponentially raise costs," according to an Accenture report.

New tools and technologies are not only lowering costs but boosting speed. For instance, while U.S. retail chain Sears used to need six weeks to analyze campaign results for loyalty card members, it now has the ability to do so weekly, using the popular Hadoop platform; in some cases, the retailer can see results daily. Faster processing, in turn, helps open the door to more sophisticated and relevant analysis.

Organizations can now explore questions that were previously too costly, urgent or complicated to extract from patterns within large data streams. They are learning a great deal more about consumers than was ever possible through traditional market research and focus groups. And increasingly they are leveraging these insights to better forecast which product or message to get in front of which consumer at which moment.

> " Our datasets have expanded faster than our ability to count them, processing capability has exploded through the use of the cloud, and outlets to display data have multiplied to include tablets, phones, and many more platforms. We are at the perfect intersection of tools and capability to deliver upon this possibility. We have the processing power and capability to deliver on it here and now."
>
> —DAN VOS, principal of the consultancy Palador, "Big data spells death-knell for punditry," *The Guardian*, Nov. 7, 2012

DRIVERS (cont'd.)

More demanding retail environment: Retailers are working against several enduring challenges, notably the ongoing post-recession battle to get consumers spending, the rising price of commodities and the advent of showrooming (using physical stores to discover or assess goods, then ordering them from cheaper online outlets). And Amazon, a chief beneficiary of showrooming, is becoming a rival to many retailers, at least in the U.S. Predicting what a consumer will want or need, or the type of offer that will be most appealing, is one way retailers can gain an edge.

Me-centric consumers: With information at their fingertips and an array of social media platforms where they can broadcast complaints, today's consumers are at the center of their world—they call the shots, and their expectations are sky-high. Accustomed to personalized recommendations from Netflix, Amazon and the like, they now expect similarly relevant information across the board. Marketers that fail to address individual needs often fall flat with these consumers, especially Millennials, who take for granted the notion that brands use the data they create to tailor offerings.

MANIFESTATIONS

With data now abundant, as well as cheaper and easier to collect, share and analyze, data-based decision-making is becoming more common across business functions. Leading-edge companies—from tech giants like Amazon and Facebook to retailers like Target and Walmart—are putting data at the center of their decision-making process, allowing for faster and better-informed actions and reactions.

Personalizing coupons: Some retail giants have started using data from loyalty card holders to offer different coupons to different shoppers based on insights gleaned via analytics—in effect, personalizing pricing. In some instances, the insights they glean enable retailers to predict the onset of a new set of circumstances (marriage, pregnancy, etc.).

- **Tesco:** The U.K.-based grocer customizes offerings for individual Clubcard members based on various data points. For instance, after Tesco learned that new dads tend to pick up beer—since they now spend less time at the pub—it started including coupons for beer in the direct mail pieces sent to shoppers who buy diapers for the first time.

The big trend is around customer analytics and trying to understand who's who and trying to treat them differently depending on what their needs are. A good example of that is a trigger event: Getting married, getting a dog, having a baby—events that could cause a different level of spending or a different behavior. And if you can start to predict an event, or at least get the trigger through their purchases that the lifestyle event happened, you can treat them differently."

—JILL PULERI, VP and global retail leader, IBM Global Business Services

- **Target:** In 2012, *The New York Times* reported on one way that Target uses information gleaned through Big Data: The retailer has identified 25 products that are taken into account to calculate "pregnancy prediction scores," which can determine whether a woman is pregnant and her due date within a small margin of error. Target then sends coupons timed to specific stages of pregnancy. In one instance, Target mailed coupons for baby goods to a high school student whose father was unaware of her pregnancy. He stormed to the nearest Target in a rage but soon learned his daughter was indeed expecting.

MANIFESTATIONS (cont'd.)

- **Safeway, "Just for U":** This U.S. grocery chain began testing personalized pricing in 2012, based on shopping patterns revealed through loyalty cards. For example, a shopper who frequently buys one product in a brand's line receives discounts for other items in the line, and customers who appear to have large households get discounts on family-size products, according to *The New York Times*. Through Safeway's website and mobile app, shoppers who enroll in the program can see personalized prices for the items they buy the most, as well as manufacturer coupons and discounts based on their purchase history. The Kroger supermarket chain has a similar program.

- **Stop & Shop:** U.S. grocery chain Stop & Shop has a mobile app tied to shoppers' loyalty cards and phone numbers that allows them to scan items for instant coupons. If a customer scans diapers, for instance, the app uses in-store mapping to suggest other age-specific infant products at a discount as the person passes by those products.

Catering to consumers in real time: Brands can now respond to immediate opportunities and consumer needs or desires, thanks in many cases to the consumer's mobile device. Retailers are using geo-location and other personal information in combination with real-time data streams (related to current events, weather patterns, etc.) to tweak offers and product mix. And they are building hyper-specific profiles of consumers so they can communicate at point of impulse.

> "We are already able to tell a consumer when he's walking in the park—we know his location—on a hot day—we know what the weather is like there—where the nearest place is to buy a Magnum [ice cream] and send him a code for a discount. Just think of what we might be able to do in five years' time."
>
> —KEITH WEED, chief marketing and communication officer, Unilever, speech at 2013 Mobile World Congress

Create
Think
Invent @WalmartLabs
Evolve
Innovate

- **Geofencing:** Used in tandem with insights derived from data analysis, geofencing—sending opted-in consumers promotions or other messages when they are in a specific area—allows marketers to gain a sense of what consumers within the fenced zone have just done and what they are likely to do. In Montreal, for instance, the transit authority launched an app earlier this year that pushes personalized offers, events and services to riders. Users provide basic data about likes and dislikes, which is funneled into a system that can recognize where a rider is on the transit system; merchants can then make on-the-spot personalized offers.

- **Walmart:** The retailer is studying how consumers behave while they shop, then "serving the right recommendation at the right time with the right context" in order to provide "personalized shopping experiences," according to its tech innovation unit, @WalmartLabs. In mid-2013, the unit acquired Inkiru, a startup that offers "an active learning system that combines real-time predictive intelligence, big data analytics and a customizable decision engine," per @WalmartLabs.

> The fact that things are coming in at real time makes the predictive models more accurate, and I think that's a great advance. This is the same time continuum we experienced with survey research, meaning that when we went from postal mail surveys to Internet-based surveys, we gained a lot of accuracy because we could get those answers sooner. Now you take it even further and say, 'I know what you were doing on the Web five minutes ago.' I can interject a message based on that—that's very powerful."
>
> —IRA HELF, chief analytics officer, JWT North America

MANIFESTATIONS (cont'd.)

- **Google Now:** Mobile search is shifting from reactive to preemptive, making decisions about information we may need based on previous actions and real-time streams. Google Now, launched in 2012, provides "the right information at just the right time," as the brand puts it. Google collects information from various sources (the user's browsing history, location, time of day, etc.) to help users navigate their day and stay up to date—for instance, sending relevant notifications related to the user's plans and news of interest. It can also show nearby attractions and events, and a recent update brought the ability to push local offers when users are near a redemption point. Conceivably, Google Now could build out the retail angle and notify users when they're around stores they frequent or may be interested in discovering.
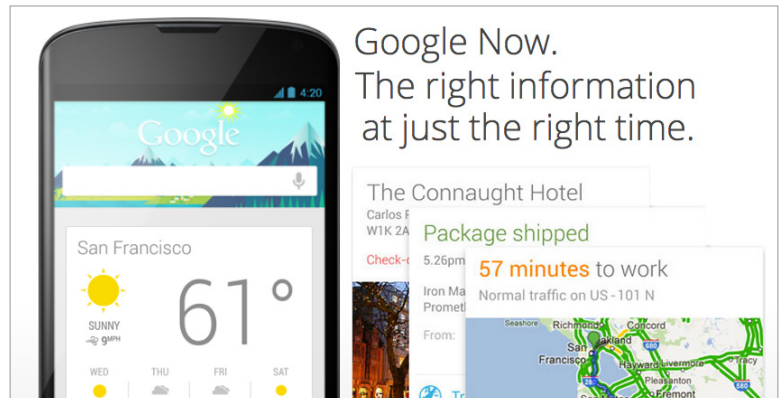

- **Qualcomm, Gimbal:** This software development kit, which became available in 2012, boosts context awareness for apps by gathering data from every sensor in the phone (GPS, accelerometer, altimeter, etc.) and creating an interest graph of users that takes into account Web and app usage and locations visited. Brands can use this information to push notifications to consumers based on time, location and user profile.
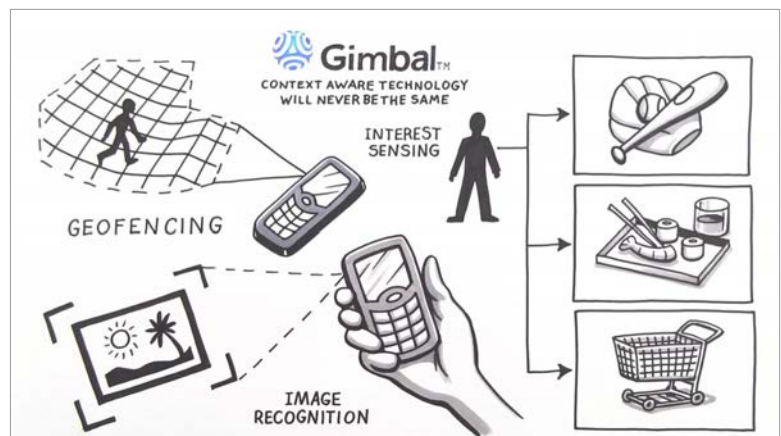
An example that Qualcomm gives is the ability to send a family discount for a pizza restaurant located on a parent's route between school and home, several minutes before the car passes the restaurant.

Hyper-personalized customer service and recommendations: Businesses now have the means to fine-tune their customer service and/or recommendations to consumers who opt in. On the luxury end of the spectrum, sales associates can boost the quality of personal attention they offer, while retail giants like Walmart or Tesco are looking to help tailor shopping lists.
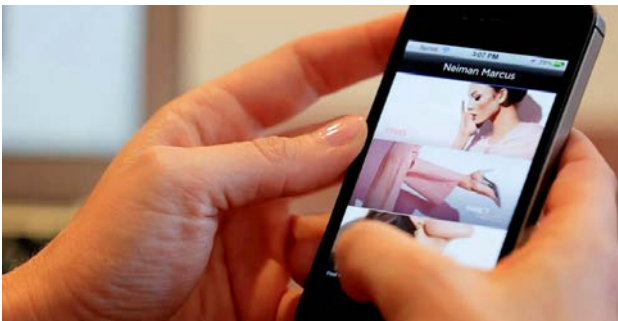
- **Neiman Marcus, NM Service:** U.S. department store Neiman Marcus is piloting an iPhone app in select stores that enables sales staff to hyper-personalize customer service. Sales associates can view online and in-store purchase history as well as items a customer has "favorited" via the app, then tailor recommendations accordingly. The app sends an alert when users who have opted in to this service enter the store so sales staff can start preparing dressing rooms with favorited items. Staff can also see the person's Facebook profile photo for easy recognition.

- **Burberry, "Customer 360":** Last year, Burberry CEO Angela Ahrendts announced plans to test a program dubbed "Customer 360." Explained *The Economist*: "The aim is to entice customers to allow Burberry to record their buying history, shopping preferences and fashion phobias in a digital profile, which can be accessed by sales staff using hand-held tablets. Using it, an assistant can tell what a customer in Brazil last bought on a stopover in Paris—and what they last said about Burberry on Twitter."

PREDICTIVE PERSONALIZATION

MANIFESTATIONS (cont'd.)

- **Synqera:** Russian tech startup Synqera is touting a system that combines emotion or facial recognition with Big Data to personalize experiences for retail customers. It's currently working with local cosmetics chain Ulybka Radugi on a test that combines emotion recognition via cameras installed at checkout with existing data (from loyalty cards, basket contents, etc.). As an example, a Synqera spokesperson told *Time* that if woman isn't smiling and the system sees that she often buys body care products, at checkout the screen may suggest a relaxing body oil or another pampering product, display a funny image, or offer a bonus or discount.

> " If you are an angry man of 30, and it is Friday evening, it may offer you a bottle of whiskey."
>
> —Synqera head of marketing EKATERINA SAVCHENKO on how the software might work, "Attention, Shoppers: Store Is Tracking Your Cell," *The New York Times*, July 14, 2013

- **Nomi:** This startup monitors Wi-Fi signals from the smartphones of in-store customers to analyze shopper behavior for retailers. When a customer has opted in—by downloading the retailer's app or providing an email address when using a store's Wi-Fi—Nomi can create a consumer profile that charts factors like purchase history, how often the person has visited the store, and what products he or she looked at on the website. If, for example, a customer spends 20 minutes in the shoe section, the retailer might send a coupon for sneakers, Nomi's president told *The New York Times*. Nomi's customers include Warby Parker, the online eyeglasses purveyor that now operates some physical stores.

- **Groupe Casino:** A mobile app from this global French grocery chain gives shoppers recommendations based on personal preferences, store location, product availability, time of day and loyalty status.

- **Tesco:** Tesco is planning to tackle the U.K.'s obesity crisis by using Clubcard data to suggest healthier options for customers who opt in, according to comments made by chief executive Philip Clarke earlier this year.

- **Walmart:** The retailer's mobile app offers a "smart" shopping list that lets users keep track of what's in their basket and how much they're spending. The company sees this evolving into a list that would recommend products in line with dietary needs and predict which staples the customer wants. "The best shopping list is one you don't have to create," said Gibu Thomas, Walmart's head of mobile, at a keynote speech in May.

WHAT IT MEANS

Data-based predictions are fast becoming a must for retailers. "Organisations will need the tools and talents to identify patterns of behaviour that, left unnoticed, could prove to be fatal to the health of the company," writes Dan Vos of the consultancy Palador in *The Guardian*. "The stage is set for future success: businesses that know [vs.] businesses that guess."

An Accenture Technology Vision 2012 report notes that "farsighted executives today are starting to realize that data is becoming a strategic asset" for growth, much like the first managers to see the potential of Lotus 1-2-3 and Microsoft Office for productivity. "Data is en route to becoming every organization's next core competency," says the report.

For retailers, the challenge will be to identify not only broad patterns of behavior but individual ones as well. Once armed with these insights, marketers can then tailor offers, messaging, customer service and more. Savvy brands will be able to address consumer needs as they arise, perhaps even before consumers seek solutions. This brings an unprecedented level of personal service and attention to consumers, something they increasingly expect—but there's a line beyond which most will feel spooked. Retailers will need to assuage privacy concerns and show how their use of data benefits the consumer.

WHAT IT MEANS (cont'd.)

Market to the individual: As IBM points out in a commercial for its Smarter Planet initiative, until recently it was impossible for companies to see what distinguishes any individual shopper within a demographic, but Big Data is changing this. In many instances, marketers can now discover the habits and sentiments of individuals or very niche consumer segments without relying on self-reporting or focus groups, meaning they can put the individual at the center of the equation. The task is to translate the amalgamation of digital debris that consumers produce into actionable feedback.

Online brands such as Netflix, Amazon and Bluefly have been implementing elements of predictive personalization for some time; now, we'll see these tactics applied to shopping in the physical world. Marketers will also create personalized messaging based on real-time, real-world factors and devise innovative, responsive product solutions that better fit with the way goods are actually used. And as facial and emotion recognition technologies become more mainstream, targeting will become even more nuanced.

In turn, consumers will come to expect goods, environments and interactions to be ever more personalized and preemptively adjusted to meet their needs or preferences.

Make transactions more personal: As more of our world becomes digitized, anonymous, automated and virtual, consumers are craving a more human touch—one that harkens back to a time when retailers personally knew their customers. ("The future of retail is the history of retailing," said Gibu Thomas, head of mobile for Walmart, at a keynote earlier this year.) Paradoxically, consumers have been finding this online, with personalized suggestions on sites such as Netflix and Amazon.

> At the end of the day, all these things are replacing what existed a century ago when formal retail began to take shape. You'd walk into a shop, the shop owner or shopkeeper would come out from behind the counter, he knew your name, he knew what you bought, showed you new things you might be interested in. You felt very special and loved and welcome there. That went away with the chainifying of the world, and now the big chains are trying to replicate that using electronic, digital capability."
>
> —RON MAGLIOCCO, global business director, Shopper Marketing, JWT

Predictive Personalization now makes it possible to offer in the real world the tailored recommendations and attention that consumers take for granted online, especially as consumer touchpoints both multiply and get linked together, often via mobile phones. Using data to build consumer profiles can take the anonymity out of real-world interactions with a brand.

Safeway found that shoppers who use the "Just for U" function within its mobile app are 30% more likely to become loyal customers and spend 40% to 50% more than those who access Safeway's site from a desktop. New tool sets will help marketers expand personalized treatment beyond loyal customers of one locale or brand, as we're seeing with restaurants under common ownership that pool data to offer tailored dining experiences.

> Knowing the right time to deliver the right message (or action) in the right place before the time has come will bestow extraordinary power to those who wield such intelligence with intelligence. Use prediction wisely, and Big Data has the potential to make the world small again. That is every marketer's dream: getting closer to customers."
>
> —JEFFREY F. RAYPORT, "Use Big Data to Predict Your Customers' Behaviors," HBR Blog Network, Sept. 5, 2012

WHAT IT MEANS (cont'd.)

Tread carefully around privacy concerns: Most consumers will prefer to be treated as individuals more than demographic segments, especially the youngest cohort, who already consider personalization the norm. But as personalization gets more finely tuned, consumers will take some time to adjust to the idea that marketers know a great deal about their lives and can predict their needs.

Our November 2012 survey of American and British consumers found that 56% would feel creeped out if a retailer began sending offers tied to an impending milestone such as a graduation, marriage, work promotion, etc. Around two-thirds of respondents said the idea of customized offerings gleaned through data collection feels like Big Brother is watching, and that the idea of companies predicting their needs or customizing offers based on personal habits and preferences is anxiety-provoking. (See Figure 2A; for country breakdowns, see Appendix, Figures 2B-C.) Millennials, who are coming of age in an era of open sharing, are least likely to feel anxious or violated by the idea of having their data tracked.

Wary of the idea that their actions are being tracked and analyzed, some consumers have started demanding the right to be ignored (not to have their data tracked at all), the right to be forgotten (after their data has been collected) and the right to know how their information is being used. Meanwhile, governments are enacting tighter controls. And as the privacy and transparency debate heats up, some of the tech giants are ramping up their self-regulation.

Transparency will become increasingly important for companies that leverage consumer data. They will need to explain what digital data they collect and why, then assure consumers they're to be trusted with the information.

FIGURE 2A:

Attitudes toward Predictive Personalization

Percentage of American and British adults who agree with the following after learning that, through data analysis, companies can predict what they'll want or need and create customized offers for them as individuals

Millennials (18-34)   Gen Xers (35-47)   Boomers (48-67)

It feels like Big Brother is watching me
- Millennials: 57
- Gen Xers: 67
- Boomers: 69
— 65%

The idea of being tracked and analyzed makes me anxious
- Millennials: 58
- Gen Xers: 67
- Boomers: 65
— 64%

This makes me feel violated
- Millennials: 48
- Gen Xers: 54
- Boomers: 50
— 51%

I think this will help simplify my life
- Millennials: 62
- Gen Xers: 51
- Boomers: 37
— 48%

It's OK with me as long as I save money
- Millennials: 70
- Gen Xers: 71
- Boomers: 56
— 64%

It's OK with me as long as I get relevant offers
- Millennials: 74
- Gen Xers: 68
- Boomers: 50
— 62%

It's OK with me as long as it makes shopping easier
- Millennials: 66
- Gen Xers: 61
- Boomers: 47
— 56%
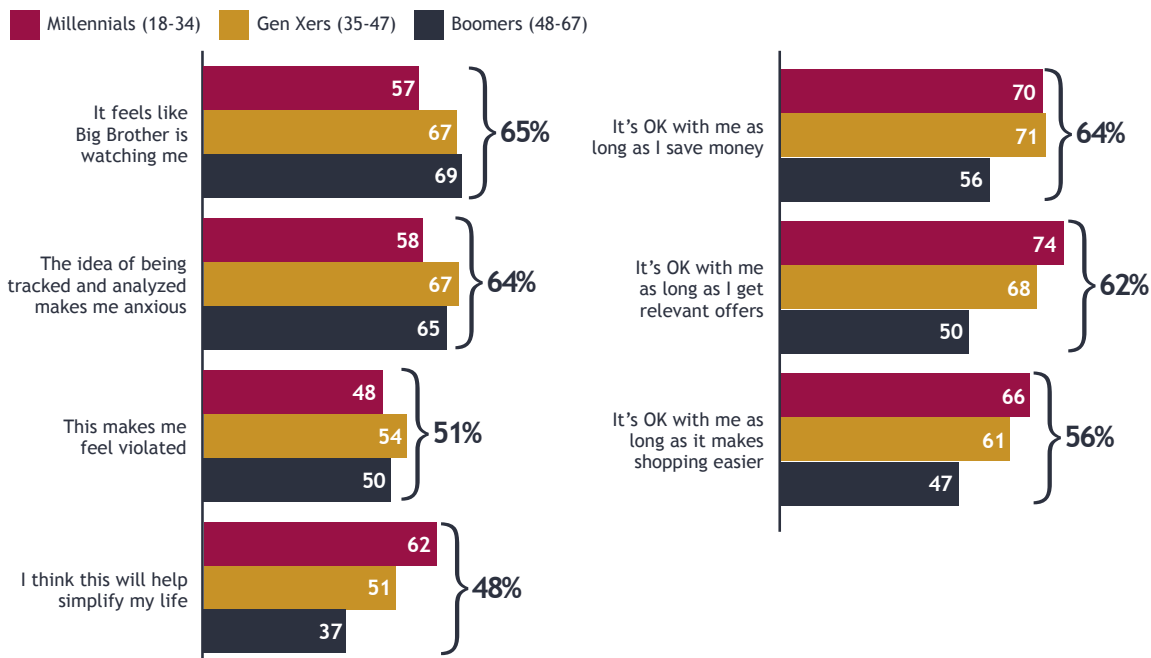
WHAT IT MEANS (cont'd.)

Win consumer buy-in with tangible benefits: Beyond assuring consumers that their privacy is protected, brands can warm up consumers to the idea of customization by providing significant benefits. As with loyalty cards, consumers will participate when the rewards are clear and substantive (in many cases, even if that means giving up some privacy).

Close to half of respondents in our survey (and 62% of Millennials) saw personalized recommendations generated from Big Data as an opportunity to simplify their lives. Other incentives for sharing their data with marketers: saving money, receiving relevant offers and simplifying shopping. (See Figure 2A; for country breakdowns, see Appendix, Figures 2B-C.)

The need to build in notable benefits will only rise as consumers wise up to the value of their digital stream and start taking ownership of or withholding their data. Opting in to sharing digital data will be preceded by the question, "What's in it for me?" Consumers will need to see a clear value exchange or real-world rewards.

Neiman Marcus' NM Service pilot program aims to make shopping easier and more efficient for users. American home improvement retailer Lowe's ties its loyalty card to an online profile where customers can store and manage information about their home—appliance warrantees, room dimensions, etc.—and see purchase history (as long as the loyalty card is scanned in store). This helps users find the right paint color, for instance, when a room needs a touch-up, as a commercial for MyLowe's illustrates. Lowe's isn't yet using this data for Predictive Personalization, but MyLowe's is a good steppingstone, earning consumer trust by providing significant utility.

Integrate data analytics into the enterprise: While most companies are still neophytes when it comes to making decisions based on data, some experts believe the term "Big Data" will fade out by 2020 as data becomes central to driving creative business solutions and higher levels of efficiency. Data (and data scientists, for that matter) will shift from a dull and wonky affair to one of the sexiest topics around.

As with most things tech, adoption will help to drive down costs and boost ease of use. Data literacy will soon become a core competency for many employees, not just data scientists. Meanwhile, data analysts will need to be moved into the center of the planning process if data is to be fully integrated into business operations—after all, they are experts in applying scientific frameworks to problem solving. Brilliant ideas don't simply fall out of big data sets; companies will need to be able to connect dots and draw meaningful conclusions about consumer behaviors. From there, these nuggets of information and insight will inform creative ideas.

Companies may also need to adopt a more collaborative approach to data, going against the prevailing ethos of keeping data behind firewalls to maintain a competitive advantage. Benefits include the ability to quickly acquire data that's outside the scope of expertise and to capitalize on data in real time, collecting information from multiple sources for a more complete picture.

EVERYTHING
IS RETAIL

Shopping is shifting from an activity that takes place in physical stores or online to a value exchange that can play out in multiple new and novel ways. Since almost anything can be a retail channel, thanks largely to mobile technology, brands must get increasingly creative in where and how they sell their goods.

EVERYTHING IS RETAIL

DRIVERS

Spread of smartphones, 4G: Smartphones are fast becoming the default mobile phone, with more than a billion of them now in use worldwide (roughly one for every seven people on earth). Research group Strategy Analytics forecasts that another billion smartphones will be in consumers' hands by 2015.

The number of consumers making mobile purchases will increase by 50% in the next two years, according to an October 2012 forecast by Juniper Research, rising from a projected 393 million in 2012. In addition, the average size and scale of purchases will "continue to rise markedly, bolstered by larger volumes of regular, higher-value transactions," Juniper said.

Mobile will also get faster and easier with the spread of 4G and speedier broadband, with smartphones eventually becoming "highly embedded tools in our everyday lives," as the "Retailing 2020" report from PwC and Kantar Retail notes. Over the next eight years or so, the report says, smartphones will adopt a more evolved user interface that "will make the shopper's connection to the wired world increasingly seamless and effortless."

Mobile wallets: As the mobile wallet gradually comes into use, it will enable seamless transactions that help on-the-go consumers make purchases with minimal clicks and pauses to enter information and passwords. Purchasing will ultimately require little more than a quick tap or wave.

Worlds Colliding: One of our 10 Trends for 2011, this is the idea that the borders between the online world and the physical world are becoming increasingly fuzzy, in part because our mobile gadgets bridge the two realms (the Web accompanies you and helps you navigate the physical realm). Younger consumers especially don't distinguish between digital and real-world activities and spheres.

More demanding consumers: Consumers have come to expect not only instant gratification but hyper-convenience and bargain prices. Services like Netflix have made people accustomed to goods coming to them or, as with something like Zipcar, being available closer to home. And shoppers are coming to expect a seamless experience across channels and platforms. "Shoppers increasingly demand a consistent level of experience regardless of channel or mode by which the retail is accessed," note PwC and Kantar Retail in their recent report "Retailing 2020." "Such shoppers avoid retailers who are ill-equipped to deliver a seamless brand experience online, in-store and across multichannel media, both consistently and continuously."

In turn, brands are constantly upping the ante for what shoppers take for granted. Free shipping has become standard for many online retailers. Amazon, eBay (working with retailers including Macy's, Best Buy and Target), Walmart and various others have launched or are testing same-day delivery options. In the U.K., a few supermarkets are offering delivery windows as small as one hour for online orders, meaning a minimal wait time at home for customers.

> "[Shopping is] not just about the Internet anymore, it's about the Internet 'and.' And when I say 'and,' it's usually mobile. … It's actually very mature in terms of usage, and so [marketers] have got to start figuring out how to link that into the shopping process."
>
> —JILL PULERI, VP and global retail leader, IBM Global Business Services

> "Our customers … expect great products at great prices, easily available and delivered in a way that's convenient for them, not the vendor. A customer might start an order on their laptop, add to it later that day by scanning a QR code on their mobile, and then collect it the following day from one of our 100 grocery Click and Collect points across the country."
>
> —MIKE MCNAMARA, chief information officer at Tesco, "Tesco CIO: personalisation is the next big thing for retail technology," *The Guardian*, Nov. 7, 2012

> The new boss wanted a printer on his desk by noon. eBay Now had it in my hands by 11.

EVERYTHING IS RETAIL

DRIVERS (cont'd.)

More demanding retail environment: Retailers are working against several challenges, notably the ongoing post-recession battle to get consumers spending, the rising price of commodities and the new specter of showrooming (using physical stores to discover or assess goods, then ordering them from cheaper online outlets).

"An increasing percentage of global purchasing power is in the hands of people who can occupy two different shopping environments simultaneously," says Kantar's Bryan Gildenberg, given that more consumers are using smartphones to comparison shop in-store.

> There's a perfect storm going on. The fact that the recession hit made consumers more savvy with how they spend their dollar. At the same time, Amazon grew and gave the consumer a more personalized and, a lot of times, cheaper way to purchase products. Consumers are getting used to having things shipped to their home. At the same time, mobile took off, and so did social. ... The old expression 'Stack them high and let 'em fly,' those days are over [for retailers]."
>
> —JILL PULERI, VP and global retail leader, IBM Global Business Services

Amazon, a chief beneficiary of showrooming, is becoming a rival to many retailers. And its introduction of same-day delivery puts an even greater squeeze on brick-and-mortar merchants.

Meanwhile, new consumer patterns are emerging: In the U.S., shoppers are increasingly apt to make "targeted, time-efficient, needs-based trips" rather than leisurely stock-up expeditions, according to PwC and Kantar Retail's "Retailing 2020" report. As the population ages and families get smaller, this trend toward quicker, easier outings will accelerate.

Digital natives and converts: The younger Millennials take e-commerce for granted, and the same goes for Gen Z with m-commerce. These consumers expect digital to be interwoven into their lives. On the other end of the spectrum, Baby Boomers embrace technology and are becoming nearly as savvy (and digitally demanding) as their kids.

> [Millennials] just expect seamless integration between the physical and the digital. And they're very much an 'I see it, I want it, let me learn more about it and then decide if I want to buy it' type generation. The purchase funnel gets very, very short: Awareness, consideration, all the way to purchase and then the loyalty and advocacy—it's happening in a much more compressed time frame for Millennials. From a retail perspective, you need to build the infrastructure and make it easy for them to stay on that path to purchasing from you."
>
> —RON MAGLIOCCO, global business director, Shopper Marketing, JWT

MANIFESTATIONS

Shoppable walls, boards and screens: Homeplus, the Korean arm of Tesco, introduced a shoppable wall targeting commuters in a Seoul subway station in 2011. Consumers scan QR-coded items and pay with their smartphones, then the items are delivered—an idea that's launched numerous imitators around the world. (Meanwhile, Homeplus has installed shoppable bus stops as well, and its mobile app has become South Korea's top shopping app, with a million-plus downloads.)

This concept—taking online shopping into the physical world—is now extending well beyond commuter platforms and groceries. For example:

- During Fashion Week in New York in February 2012, *Glamour* set up a shoppable wall that allowed consumers to scan 2D barcodes with their phones. The "apothecary" was stocked with products from some of the magazine's advertisers including Unilever, Johnson & Johnson, C.O. Bigelow, John Frieda and Elizabeth Arden.

MANIFESTATIONS (cont'd.)

- Mattel and Walmart Canada created a "virtual pop-up toy store" in Toronto's underground walkway during the 2012 holiday shopping period. The "store," comprising two walls of 3D images featuring QR codes, "aims to revolutionize what it means to window shop," said a press release.

Shoppable television: There are several methods by which the TV screen can become a retail portal enabling near-instant purchase. These include:

- **Second-screen apps:** The mobile device can serve as a "second screen" through which consumers can buy what they see on a TV show or commercial. eBay's Watch With eBay app attempts to let users buy products related to programming. And second-screen apps like Shazam and Viggle can sync users with TV content and lead them right into an opportunity to purchase.

- **Remote control:** Delivery Agent is a U.S. company that partners with TV channels and cable providers to enable viewers to buy using the remote. Consumers register with the company's TV Wallet service (providing payment information) and then sign in to shop by remote. And Ikea's Uppleva television is an early version of a set with built-in commerce: During select commercials, users can press a red button on their remote to bring up a window that enables ordering the item.

Shoppable video: A wide range of marketers have created shoppable videos, which allow viewers to simply click through to order goods. In May, Google's YouTube launched a feature that lets users easily make videos shoppable—a function previously available only via third-party providers—in order to "shorten the path to purchase and translate video views to sales," as a Google blog post put it. Tresemmé was the first brand to take advantage of this; viewers can click on products used in the company's how-to videos to get more information and buy from select retailers.
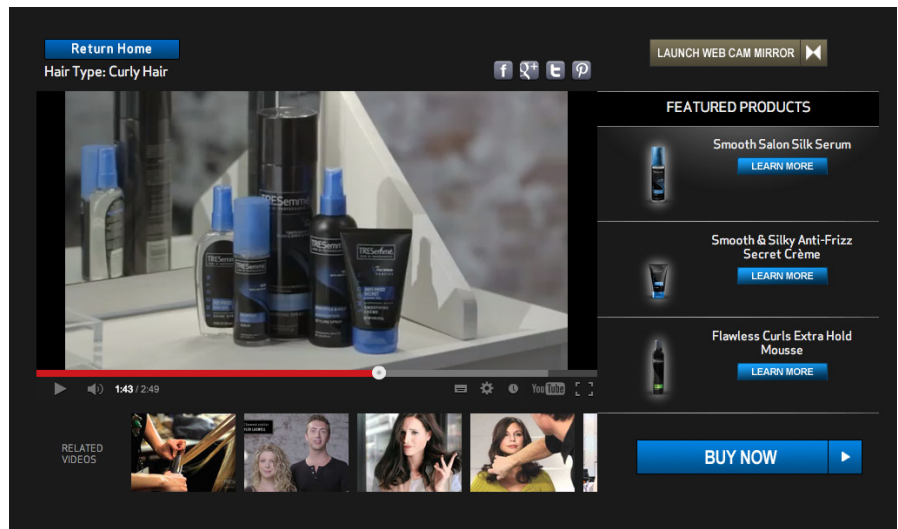
Even live-streams can be shoppable, as Topshop demonstrated during London Fashion Week in September 2012. Viewers could instantly buy clothes or accessories featured in the streaming runway show; the new goods were promised within eight weeks, well before their arrival in stores.

Shoppable augmented reality: AR brings digital technology into the physical world, enabling retailers and brands to set up virtual stores that give a lifelike sense of the goods on offer. (It can also bring print pages to life; see "shoppable magazines.")

- **Görtz, Virtual Shoe Fitting:** In mid-2012, German shoe retailer Görtz created a system that "turns regular outdoor media into virtual shoe stores," which Görtz set up in central train stations and other well-frequented spots. The system uses a big screen, three Microsoft Kinect devices and augmented reality to enable shoppers to see how any model of shoe sold looks on their feet in 3D. QR codes then link the shopper to a mobile checkout site, with goods delivered the next day.

MANIFESTATIONS (cont'd.)
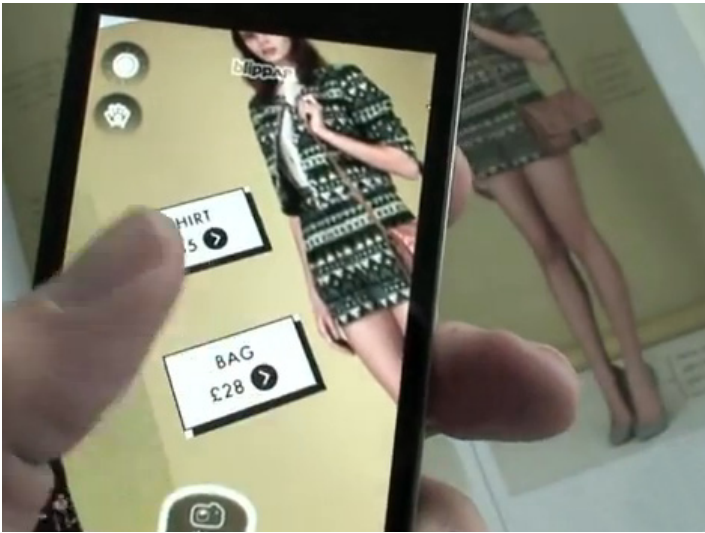
Shoppable magazines: Enabling readers to buy directly from a magazine has been an elusive goal for years. But increasingly content is fusing with commerce so that it's a quick hop from reading about an item to buying it. Smartphones can turn the printed page into a retail channel by way of augmented reality or apps like Netpage, which makes the printed page interactive. Digital magazines can be "instantly shoppable," as the fashion-focused Lifestyle Mirror describes itself.

Shoppable ads: Procter & Gamble has started adding QR codes to magazine ads that ask, "Have you tried this yet?" and feature several P&G products. Scanning the code leads to a mobile site that provides more information about the products, samples and coupons, consumer reviews and links to purchase on third-party sites like Walmart.com and Amazon.

Shoppable windows: Retailers are turning shop windows into sales platforms, effectively making the physical store a round-the-clock channel.

- Touch screens are one way to make windows shoppable, and various retailers around the world have been using them. A recent example: For a month in mid-2013, eBay installed large touch screens in the windows of four closed stores in New York that showcased items from the Kate Spade Saturday line. Passersby could browse and select products, which couriers delivered shortly thereafter. "Suddenly the physical store, by virtue of online technology, extends to any space that's interesting to use," Steve Yankovich, head of eBay's Innovation and New Ventures group, told Reuters.

- QR codes present another solution. Last year, PayPal partnered with 30 stores in Amsterdam's upscale shopping area De 9 Straatjes (The Nine Streets), which all posted QR codes on their windows. Anything displayed in the windows could be purchased by scanning the codes, using a De 9 Straatjes mobile app.

Shoppable social media: Social media offers varied opportunities for immediate purchase. Sites like Pinterest and Polyvore serve as content-sharing/creating platforms and channels for discovery, with users able to quickly follow links to purchase. Almost 7 in 10 who visit Pinterest have found an item they've either purchased or wanted to purchase, according to a Bizrate Insights poll conducted in North America. Some sites, like Fancy or Beso, share revenue with users when their links lead to purchases.

- **Facebook commerce:** While F-commerce hasn't proved a hit for big retailers, it's helping to drive sales for small- to midsize sellers, which feel more like "friends" on the network. Soldsie is a Facebook app that lets customers buy goods via the comments field on items that retailers post to their feeds. As of March 2013, more than 100,000 customers had bought goods in this fashion. Facebook itself has Gifts, which encourages users to segue directly from seeing a friend's birthday notification or big-news announcement to picking out a present from various retail partners. Recipients can then enter their address before the order goes through. And Facebook's Collections is a feature that lets users click a "want" button when they see products they like, creating a wish list of items that friends can click to purchase.

MANIFESTATIONS (cont'd.)

- **Twitter commerce:** Perhaps surprisingly, Twitter can also serve as a retail platform. In one example, American Express customers can sync their credit card with their Twitter account, then tweet hashtags associated with special offers to make a purchase. @AmexSync sends a confirmation hashtag, the shopper tweets it back within 15 minutes to confirm, and the purchase is delivered to the card's billing address.

Digital bleeds into physical: Retailers are starting to give consumers more options on how to shop, mixing and matching the digital and physical.

- **Click and collect:** Consumers order online, then pick up at the store. This has become a popular option for groceries in Europe, with bags loaded into a shopper's car outside the store. In some instances, this also gives shoppers the ability to pay offline; Walmart now offers this option.

- **Endless aisles:** Interactive screens or mobile apps can create "endless aisles" in stores, giving brick-and-mortar shoppers a wider array of the retailer's inventory from which to order.

- **E-commerce gets physical:** More online stores are gaining a brick-and-mortar presence, including Gap's Piperlime brand and costume jewelry seller BaubleBar. Amazon is rumored to be looking into physical locations as well.

> " The new retail order revolves around an omni-channel experience, where there is no clear line drawn between traditional channels. Over the next year, investors and consumers are going to become very familiar with omni-channel sales."
>
> —"The 1 Buzzword That Will Rule 2013," The Motley Fool, Oct. 9, 2012

WHAT IT MEANS

Retail will be a lot more complex in tomorrow's omni-channel environment—but brands will also find more opportunities to capture consumers' attention and then to seal the deal almost instantly.

The results of the survey we conducted in the U.S. and U.K. in November 2012 indicate openness to shopping in these new environs, especially among male and Millennial early adopters. (See Figure 3A; for country and gender breakdowns, see Appendix, Figures 3B-E.)

> " There will be more changes in how consumers shop and pay in the next 3 to 5 years than there were in the last 20."
>
> —JOHN DONAHOE, CEO, eBay, "eBay Moves Beyond Its Dotcom Roots," *Financial Times*, Oct. 18, 2012

While mobile will be the primary conduit for Everything Is Retail, it's not the only one—everything from the remote control to touch screens to social media sites will help to push purchasing opportunities to the surface as consumers go about their everyday lives.

For now, retailers need to experiment to discover what resonates and how consumers adjust their behavior given new options. IBM's Jill Puleri notes that in the U.K., Tesco has found that many "click and collect" customers shop in-store after picking up items ordered online—frequently bulkier, heavier items that they appreciate having pre-loaded into their car. "You just don't know until you actually implement it that consumers are not doing all their purchasing on 'click and collect,'" she says.
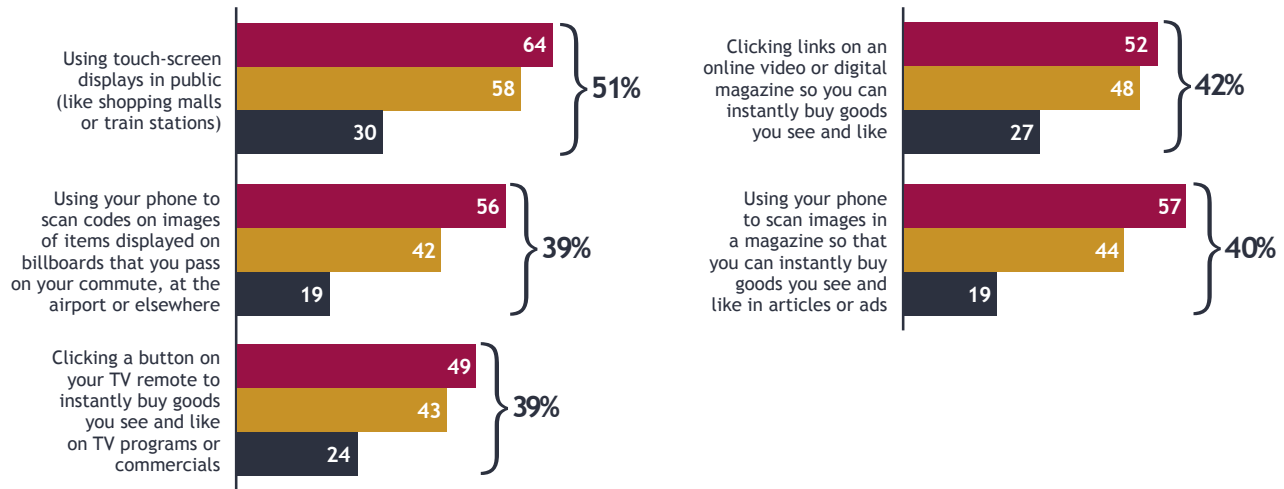
WHAT IT MEANS (cont'd.)

FIGURE 3A:

Openness to purchase

Percentage of American and British adults who would be willing to purchase things in the following ways if it were easy and secure

- Millennials (18-34)
- Gen Xers (35-47)
- Boomers (48-67)

Using touch-screen displays in public (like shopping malls or train stations)
- Millennials: 64
- Gen Xers: 58
- Boomers: 30
- **51%**

Clicking links on an online video or digital magazine so you can instantly buy goods you see and like
- Millennials: 52
- Gen Xers: 48
- Boomers: 27
- **42%**

Using your phone to scan codes on images of items displayed on billboards that you pass on your commute, at the airport or elsewhere
- Millennials: 56
- Gen Xers: 42
- Boomers: 19
- **39%**

Using your phone to scan images in a magazine so that you can instantly buy goods you see and like in articles or ads
- Millennials: 57
- Gen Xers: 44
- Boomers: 19
- **40%**

Clicking a button on your TV remote to instantly buy goods you see and like on TV programs or commercials
- Millennials: 49
- Gen Xers: 43
- Boomers: 24
- **39%**

Make shopping simpler, faster, easier: Purchasing, at least for certain types of goods, will become much more seamlessly integrated into consumers' lives, accomplished on the go (or on the couch) with a few clicks or taps. "Retail is increasingly all about making it as easy and convenient as possible for consumers to part with their cash," as the BBC puts it. The consumer journey will get increasingly compressed, with far fewer steps from consideration to purchase.

Those that perfect the process—finding consumers at the right touchpoint, getting the technology and the supply chain working smoothly and in tandem, making the interface ultra-simple for users, etc.—may be able to override some of the severe price pressures that will be dogging almost all retailers.

Leverage technology to be at arm's reach: Coca-Cola famously had the goal to be "within an arm's reach of desire" as it strove to dominate its market. Brands now have more opportunities to be at arm's reach at the right moment—not only as desire strikes but before it bubbles up. "Anywhere, anytime" are the catch words here.

It's often said that today's consumers expect instant gratification, but "instant" is getting redefined to truly mean immediate. Once "Everything Is Retail," owning "point of purchase" shifts to owning "point of impulse."

> If you're shopping at home for food and then the food gets delivered to you, that's a great convenience. But if you're doing it from an airport on your way home, that's a huge win."
>
> —RON MAGLIOCCO, global business director, Shopper Marketing, JWT

> The objective has always been to create affinity and preference, but you have to be seen to be bought. And so we're really looking at taking these [tech-based] enhancements, these opportunities, to be more, with the old phrase, 'within reach.' Whenever, wherever."
>
> —GWEN MORRISON, co-CEO, WPP's The Store

WHAT IT MEANS (cont'd.)

Meld retail into marketing: In many cases, the marketing platform can now double as the sales platform. "For consumers, the lines between products, services and marketing, both online and offline, have blurred," Target CMO Jeff Jones told *Forbes* in October.

This is quite clearly the case in magazine or television ads that enable "click to buy" via smartphones or in shoppable videos. It's equally the case with shoppable walls and screens, which not only take shelves beyond the store but help remind consumers of what they might need, provide gift ideas, etc. "It grabs potential customers in a way that a direct mail piece can't do, and it's a repetitive message that they see every day," said Peapod's marketing director in *Fast Company*'s Co.Design. Peapod's shoppable billboards are meant as much to advertise the grocery company's mobile app as to spur on-the-spot purchases.

With the blurring of marketing message and retail environment, marketers will need to simultaneously influence attitudes and purchase behavior, as Kantar's Bryan Gildenberg points out, and make the internal changes that enable this new approach.

The challenge with anything being a shopping environment is that I can move from being stimulated to purchase almost instantaneously. … So the fundamental challenge that presents to marketers is the need to bring together historically quite disparate functions within the marketing group that are responsible for both influencing attitudes but also influencing purchase behavior. That work has to be done a lot more holistically if [consumers] can consume media and shop in the same place."

—BRYAN GILDENBERG, chief knowledge officer, Kantar Retail

Over the following pages, these 20-plus Things to Watch offer a quick rundown of a wide range of developments in retail, from innovative business models to shifting consumer behaviors to the latest tech developments.

3D Printing Reaches Retail

Some say additive manufacturing, widely known as 3D printing, will revolutionize retail as consumers simply produce goods at home. While this scenario is still theoretical, Tesco is one retailer investigating how 3D printing might "change the way stores work"—e.g., customers could design items and have them created in store or get replacement parts printed. The new eBay Exact app allows users to custom-design and then ship 3D-printed accessories. Meanwhile, retailers have begun selling personal 3D printers as prices drop. Amazon recently launched a 3D printing section with 40-plus printers priced from $800 to $3,000. Staples now stocks the Cube printer, and in the U.K., Maplin Electronics has started selling the Velleman K8200.

Alternative Brand Currencies

We'll see more brands promote their goods by giving them away in exchange for various consumer actions (and potential word-of-mouth). For instance, chocolatier Anthon Berg created a one-day pop-up, The Generous Store, that accepted generosity (a promise to do something nice for a loved one) instead of money. Nike's award-winning "Bid Your Sweat" campaign allowed runners to vie for products in an online auction using kilometers tracked by Nike+. And a pop-up shop from beverage brand Activate invited visitors to pay for drinks with calories burned. Naturally, participants are encouraged to share on social media.

PRICE: DON'T COMMENT ON YOUR GIRLFRIEND'S DRIVING FOR A WEEK

Catering to Gender Fluidity

Retail is starting to reflect a shift in conventional ideas about male and female domains, activities, behaviors and styles: an evolution toward a more nuanced concept of gender that questions some stereotypes and revises old assumptions. Millennial men, for instance, are relatively open to products or habits associated with women's grooming routines or fashions, as our research has shown (see our "State of Men" report). Mainstream retailers are broadening their styles and color palettes for men, crossing over into themes and accessories traditionally targeted only to women (like florals and bracelets). In the kids category, two Swedish toy retailers made headlines last year for the gender-neutral images in their catalogs, including a boy playing with a baby doll and a girl shooting a Nerf gun. And when Harrods remodeled its huge Toy Kingdom, the London icon organized toys by theme rather than gender.

Click-and-Collect Shopping

"Click and collect" melds digital and physical commerce by letting customers order online, then pick up the goods (frequently groceries) at a store nearby. It's hyper-convenient, with retrieval sometimes at curbside. In Europe, a wide range of grocery retailers offer the service, while a few U.S. supermarket brands are testing the waters, including Ahold's Peapod. Look for digital-physical hybrids to expand to more categories, including luxury. Burberry plans to expand the click-and-collect service it has been testing.

Clockless Day

Increasingly in this always-on, globalized world, life is no longer apportioned into neat on/off divisions. As the pace of living speeds up and more people work nontraditional hours, night is day and day is night: Consumers want to continue with their lives 24/7, whether it's eating, shopping, exercising, working, etc., and businesses will be expected to cater to those expectations and upside-down schedules. For example, both Macy's and Toys "R" Us were open around the clock for at least two days leading up to Christmas 2012.

Cutting out the Middleman

The success of vertically integrated e-commerce players like Warby Parker (eyeglasses), Dollar Shave Club ($1 razor blades), Stella & Dot (jewelry) and Bonobos (menswear) will spur a host of new niche brands that cut out middlemen and sell quality products online at below-market rates. We'll see a range of direct-to-consumer upstart challengers as the model extends to more categories, from office supplies (Poppin) to bedding (Crane & Canopy).

Decline of Chinese Bling

Chinese luxury buyers are moving away from overt displays of wealth and opting for more understated luxury goods and products not intended for public display (e.g., pricey housewares). Splashy logos are losing their appeal among the most selective shoppers. Gucci, for instance, reported that 23% of 2012 handbag sales in China did not prominently feature its logo, compared to only 6% in 2009. And Warnaco Group chief executive Helen McCluskey has cited designer underwear as an "undeveloped category" in China.

Delivery Lockers

Retailers are starting to deploy delivery lockers that allow customers to pick up online orders from nearby locations at convenient times. The aim is to knock down any consumer barriers to e-commerce and avoid the costs associated with missed deliveries. Amazon customers in certain cities can pick up items from locker sites such as 7-Eleven stores, chain drugstores and Staples outlets, and also drop off goods they want to return. Walmart is now rolling out delivery lockers in its U.S. stores. And some grocers are installing refrigerated lockers for click-and-collect customers, including Waitrose in the U.K. and Finnish retail co-operative HOK-Elanto.

THINGS TO WATCH IN RETAIL

For-Profit Chains, Nonprofit Stores

Watch for retail chains to test an innovative idea in social responsibility: nonprofit endeavors that leverage what the companies do best to benefit communities; customers take part by simply consuming as normal. Nordstrom's Manhattan concept store, Treasure & Bond, for instance, gives all proceeds to local charities. With growing expectations that brands enhance the well-being of the communities where they do business, watch for philanthropic stores to gain wider adoption.

Geofencing

Watch for more brick-and-mortar retailers to launch mobile-based programs that target consumers who are in or within range of a store. While the technology has been in place for a few years, more retailers will adopt it as a way to combat showrooming and survive in today's hyper-competitive environment. Best Buy, for instance, uses eBay's price comparison app, RedLaser, to show shoppers in-store specials and other relevant information. Skin care brand Kiehl's sends geofenced texts to opted-in customers around its shops. And Twitter is planning a service that would show promoted tweets only to those users of its mobile app who are in a specified radius.

Guys in the Aisles

With men getting more involved in running the household and the ranks of stay-at-home dads multiplying, men are taking on more cooking and cleaning, child care chores and shopping. As they populate the aisles of supermarkets, drugstores, toy stores and more, brands will widen their singular focus on moms and women generally. We'll see retailers rethinking store layouts and signage, improving their digital tools for shoppers, and adjusting messaging to acknowledge the man's changing role… or at least to become more gender-neutral.

Individual Attention

More mass-market retailers will cater to a growing expectation of superior service. At a time when many transactions are digitized and multinational chains are replacing local vendors, consumers are seeking out friendly faces who can cater to their individual needs. Target plans to expand its "beauty concierges" to about 200 U.S. stores this year, while J.Crew offers a free personal shopper program, Very Personal Stylist, at all stores. Supermarkets are hiring dietitians to help shoppers make nutritious choices. And restaurants are pampering patrons by relying on software that tracks individual preferences; watch for this type of service to trickle down from the higher end.
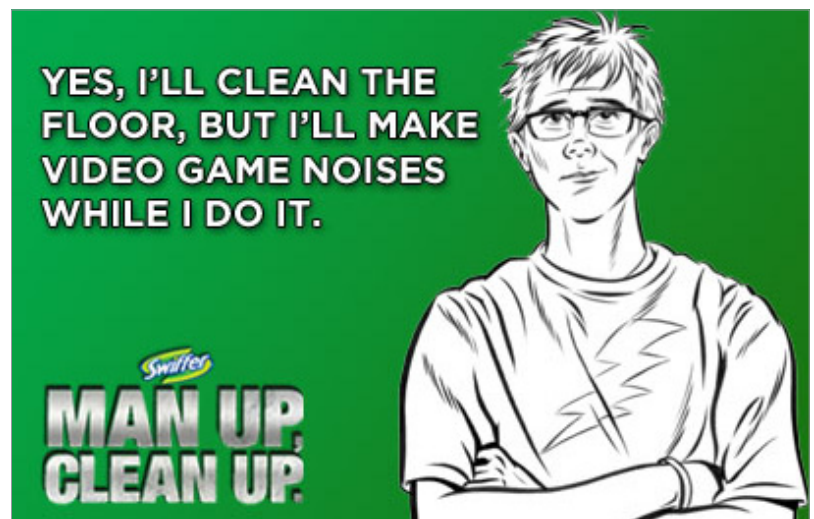
The Mobile-Powered Consumer

Mobile devices are becoming integral to the consumer cycle. People are tapping into mobile resources as they discover and research goods and services; order and pay; share purchases with social networks; rate products and experiences; and engage with brands post-purchase. Unique mobile technologies like geolocation, augmented reality and NFC will help further integrate mobile into each step. This trend is empowering both consumers—especially in-store shoppers—and brands, which are gaining new opportunities (e.g., the ability to remind consumers to buy what they need at the right moment) and data-driven insights. Brands will need to find consumers at the right touchpoint, improve geolocal listings and optimize their websites for mobile browsers.
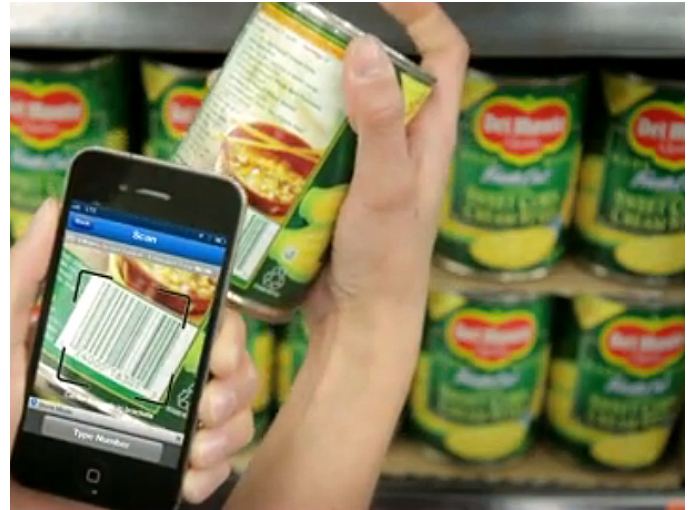
Online Groceries

Online grocery shopping is slowly going mainstream as more consumers adopt an e-commerce mindset and as more players get into the logistically complex game. In the U.K., one of the earlier adopters of online food shopping, almost 5% of food and grocery sales were made online in 2012, per one estimate. In the U.S., IBISWorld is forecasting annual growth of 9.5% in the sector. Brick-and-mortar chains will vie with e-commerce rivals: Amazon, which has rolled out AmazonFresh in Seattle and Los Angeles, is reportedly considering a wide range of urban locales for 2014.

Retailers Enable Recycling

In a bid to be more green, apparel sellers are ramping up efforts to keep clothing out of landfills. In 2012, Puma introduced Bring Me Back, adding in-store bins into which shoppers can deposit used clothing and shoes of any brand; the goods are then reused, upcycled for industrial use or recycled into new raw materials. This year H&M has been rolling out a similar collection program. And Marks & Spencer offers "shwopping" (shopping + swapping), collecting used garments in collaboration with Oxfam.

Self-Service

Consumers will be doing ever more for themselves as retailers cut labor costs by adding more self-service options. Self-checkout is becoming more common, and the advent of "smart carts" and mobile "scan and go" apps will put a new spin on the idea. Meanwhile, in-store tablets and touch screens are serving as digital sales associates. While the benefits of face-to-face interactions are sacrificed, self-service is often more efficient, and today's consumers frequently prefer to take the reins. A 10-country Cisco study conducted in 2013 found that a slim majority of consumers prefer self-checkout if it means avoiding a queue.

Serving the Image-Conscious Man

While the term "metrosexual" is fading away, the interest in fashion and beauty care that defined that cohort is now evident among a wide swath of males. Men are more aware of trends than ever and becoming open to less conventional fashion choices, while men's grooming products are one of the cosmetics industry's fastest-growing segments. E-commerce retailers in particular will benefit, since many men prefer quick online forays to brick-and-mortar expeditions. Online retailers like Bonobos, Frank & Oak and JackThreads offer on-trend menswear, expanding the horizons of customers, while subscription services like Trunk Club, Five Four and Bombfell employ stylists to compile personalized selections. Similarly, companies such as Birchbox Man and Urban Cargo send subscribers boxes of sample grooming products. Amazon recently launched a Men's Grooming shop, featuring mass and high-end brands.

Shopping Hotels

In Middle Eastern countries including the U.A.E., Lebanon, Saudi Arabia, Egypt and Bahrain, megamalls with hotels adjacent are fueling a tourism recovery after the Arab Spring of 2011 took a toll. A Sheraton opened in Dubai's Mall of the Emirates in 2013, and Yas Island in Abu Dhabi is home to seven hotels and a megamall.

Speedier Delivery

The downside of online ordering has always been the inevitable delayed gratification, but that delay is getting increasingly brief—putting even more pressure on brick-and-mortar retailers. Amazon and eBay are both working to expand their same-day delivery options (currently, eBay Now enables shoppers in a few markets to receive products from local merchants within hours, thanks to a network of couriers), while Google is testing a same-day Shopping Express service with retail partners. Walmart is trialing its To Go service in several cities and even considering crowdsourcing delivery, with in-store shoppers getting a discount if they deliver packages to online customers. In China, e-commerce giant Jingdong now offers three-hour delivery service in six cities and same-day service in 25-plus cities.

Several startups are pushing into the space too, connecting online shoppers with nearby couriers. U.K.-based Shutl recently launched in the U.S., and Postmates offers a similar service, as well as couriers who can make in-store purchases and deliver them. Instacart is focused on grocery delivery. While a recent Boston Consulting Group study casts doubt on whether most consumers value same-day delivery all that much, it notes that interest is high among affluent Millennials, who show a greater willingness to pay for the service.

Stores As Living Websites

Bonobos' Guideshops lack both cash registers and inventory—that's because the online men's clothing seller is using its six locations as physical portals into its e-commerce site. Customers try on samples and check out colors and patterns, then order from the in-store computers. Meanwhile, Staples recently opened two "omnichannel" stores that are significantly smaller than the typical Staples and feature several kiosks where customers can order items for free, next-business-day delivery. This format, which Staples is touting as "the future of retail," has been adopted by a range of retailers, including Canadian electronics chain Future Shop and outdoor gear purveyor Moosejaw Mountaineering. The idea is to turn stores into "living, breathing websites," as some have put it—places where customers have access to a huge inventory from a relatively small space.

Tablet Shopping

As a wider array of consumers adopt tablets and more retailers embrace the platform's opportunities, watch for tablet commerce to take off. The appeal of tablet shopping includes a bigger screen than smartphones; a more lean-back experience and easier touch browsing than traditional e-commerce; and aggregation apps (like Catalogue and Catalog Spree) that let shoppers scan multiple catalogs simultaneously. In a 2012 Shop.org/Forrester Research study, about half of merchants surveyed reported higher average orders from tablets than PCs or smartphones. eMarketer estimates that by 2017, nearly three-quarters of mobile retail sales in the U.S. will come from tablets. Watch for more creative tablet-based offerings from online retailers as shopaholics develop a new guilty pleasure.

Variable Pricing

Airlines and hotels have long charged different prices for the same seat or room, a practice that's expanding into more categories with a big boost from technology. Prices are shifting based on time of day, competitors' pricing, fluctuating demand and individual consumer profiles. For instance: Some Amazon vendors rely on software that constantly adjusts their prices; grocers are starting to use loyalty card data to personalize offers; and demand-based pricing is being tested everywhere from parking spaces to restaurants. With the middle market still squeezed, brands will use variable pricing to cater to both the spenders and the savers.

APPENDIX:
MORE ABOUT OUR EXPERTS/INFLUENCERS

BRYAN GILDENBERG, chief knowledge officer, Kantar Retail

A member of Kantar Retail's leadership team, Gildenberg is responsible for the company's analysis and insight, driving the direction of content with in-depth knowledge and intuitive skills. He provides a clear, ever-changing and topical focus on a variety of channels and retailers around the world. He has authored numerous professional articles for Kantar Retail publications and periodicals such as The Hub and GMA Forum. He is frequently cited in *The Wall Street Journal*, *Businessweek* and *The Boston Globe*, as well as the *China Economic Times*, BBC Radio and ETRetailBiz India. Gildenberg has addressed numerous Kantar Retail forums and conferences sponsored by WPP's The Store, GMA, FMI, CIES, NACDS and NARMS.

IRA HELF, chief analytics officer, JWT North America

Helf oversees the marketing analytics practice for JWT in North America, which provides clients with services including customer segmentation, campaign results measurement, test designs, ROI analysis and predictive modeling. The analytics team covers all channels and works on client businesses in the New York office, including UHG, T. Rowe Price, Macy's, Nestlé, Bayer (Xarelto), Ferring (Lysteda) and Johnson & Johnson (Zyrtec, Pepcid, Sudafed, Benadryl, Simponi and Remicade).

RON MAGLIOCCO, global business director, Shopper Marketing, JWT

Magliocco is responsible for expanding JWT's shopper marketing capability for JWT Worldwide at the network and office levels, as well as strengthening and growing the JWT integrated marketing capabilities in North America. He joined JWT from Ryan Partnership, where he was most recently senior VP, leading the agency's Shopper Marketing Center of Excellence. At Ryan, Magliocco also led the Nestlé Waters and Nestlé Purina PetCare businesses, where he utilized shopper insights to create marketing solutions at retail. He delivered growth for Ryan and its clients by creating a unified shopper marketing offering across insights and research, strategy, creative, activation and analytics teams. Prior to that, Magliocco spent six years at The Coca-Cola Co., where he held positions in brand marketing, consumer promotions and retail marketing. He has also held marketing roles at the National Football League Properties and TracyLocke.

GWEN MORRISON, co-CEO, WPP's The Store

Morrison's career has been devoted to heightening brand connections throughout the retail environment as consumers move closer to purchase. At The Store, she is responsible for extending WPP's leadership in retail innovation and supporting global resources for WPP companies across the Americas and Australasia. The Store serves over 150 WPP companies and their clients, which include Macy's, Marks & Spencer, Ford, Microsoft, Target and Walmart International. Morrison is charged with identifying issues and trends most important to retailers and CPG brands around the world.

JILL PULERI, VP and global retail leader, IBM Global Business Services

Puleri has more than 20 years of experience with clients in the retail industry, having held leadership positions in sales, marketing and consulting. She is responsible for helping retail customers adapt to, manage and automate business practices in response to the changing landscape and the rise of mobile and social networks. She also leads the Retail Center of Competency, which includes a set of global retail experts that have deep domain knowledge around key retail solutions such as multichannel, merchandising, supply chain and advanced analytics. Puleri holds a Bachelor of Business Administration in Marketing from the University of Massachusetts at Amherst, Isenberg School of Management.

APPENDIX:
ADDITIONAL CHARTS

FIGURE 2B:
Attitudes toward Predictive Personalization (U.S.)

Percentage of American adults who agree with the following after learning that, through data analysis, companies can predict what they'll want or need and create customized offers for them as individuals

Legend: ■ Millennials (18-34) ■ Gen Xers (35-47) ■ Boomers (48-67)

Statement	Millennials (18-34)	Gen Xers (35-47)	Boomers (48-67)	Overall
It feels like Big Brother is watching me	52	63	70	63%
The idea of being tracked and analyzed makes me anxious	55	68	67	64%
This makes me feel violated	48	54	57	54%
I think this will help simplify my life	69	50	39	50%
It's OK with me as long as I save money	73	71	59	66%
It's OK with me as long as I get relevant offers	81	65	49	62%
It's OK with me as long as it makes shopping easier	70	57	46	56%

FIGURE 2C:

Attitudes toward Predictive Personalization (U.K.)

Percentage of British adults who agree with the following after learning that, through data analysis, companies can predict what they'll want or need and create customized offers for them as individuals

■ Millennials (18-34) ■ Gen Xers (35-47) ■ Boomers (48-67)

It feels like Big Brother is watching me
- 62
- 71
- 68
67%

The idea of being tracked and analyzed makes me anxious
- 61
- 66
- 64
64%

This makes me feel violated
- 48
- 55
- 45
48%

I think this will help simplify my life
- 56
- 54
- 35
46%

It's OK with me as long as I save money
- 68
- 71
- 53
62%

It's OK with me as long as I get relevant offers
- 68
- 72
- 51
61%

It's OK with me as long as it makes shopping easier
- 62
- 66
- 47
56%

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FIGURE 3B:

Openness to purchase (U.S.)

Percentage of American adults who would be willing to purchase things in the following ways if it were easy and secure

■ Millennials (18-34) ■ Gen Xers (35-47) ■ Boomers (48-67)

Using touch-screen displays in public (like shopping malls or train stations)
- 73
- 66
- 32
54%

Using your phone to scan codes on images of items displayed on billboards that you pass on your commute, at the airport or elsewhere
- 63
- 44
- 20
39%

Clicking a button on your TV remote to instantly buy goods you see and like on TV programs or commercials
- 47
- 47
- 26
38%

Clicking links on an online video or digital magazine so you can instantly buy goods you see and like
- 55
- 55
- 31
45%

Using your phone to scan images in a magazine so that you can instantly buy goods you see and like in articles or ads
- 63
- 49
- 19
40%

FIGURE 3C:

Openness to purchase (U.K.)

Percentage of British adults who would be willing to
purchase things in the following ways if it were easy and secure

■ Millennials (18-34) ■ Gen Xers (35-47) ■ Boomers (48-67)

Using touch-screen
displays in public (like
shopping malls or
train stations)
- 56
- 47
- 27
40%

Using your phone to
scan codes on images
of items displayed on
billboards that you pass
on your commute, at the
airport or elsewhere
- 50
- 39
- 17
32%

Clicking a button on
your TV remote to
instantly buy goods
you see and like
on TV programs or
commercials
- 51
- 38
- 22
34%

Clicking links on an
online video or digital
magazine so you can
instantly buy goods
you see and like
- 49
- 38
- 24
35%

Using your phone
to scan images in
a magazine so that
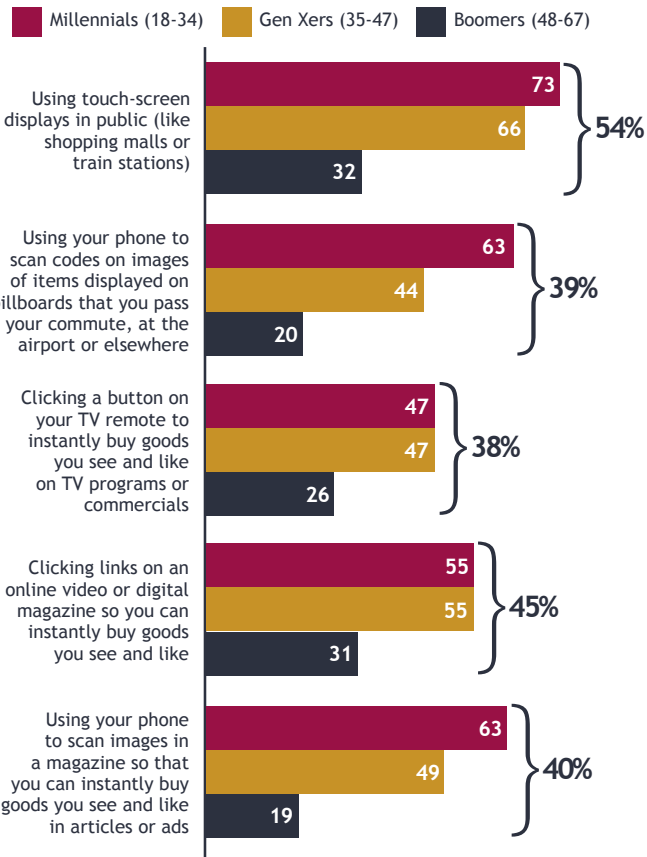you can instantly buy
goods you see and like
in articles or ads
- 51
- 37
- 19
33%

FIGURE 3D:

Openness to purchase (U.S.)

Percentage of American adults who would be willing to
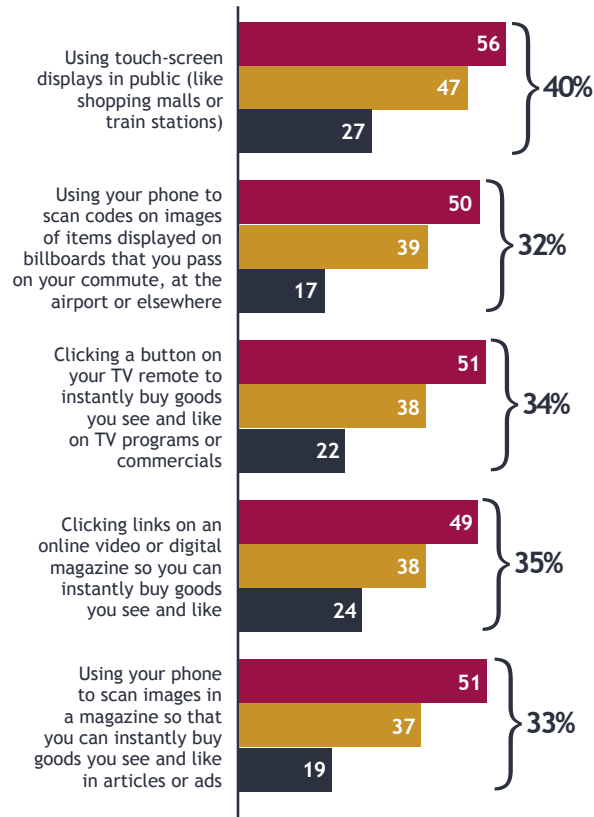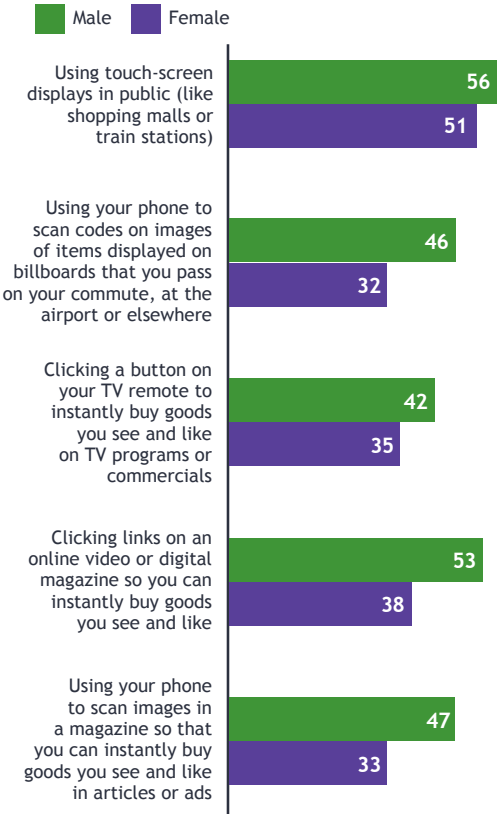purchase things in the following ways if it were easy and secure

🟩 Male 🟪 Female

Using touch-screen displays in public (like shopping malls or train stations)
- Male: 56
- Female: 51

Using your phone to scan codes on images of items displayed on billboards that you pass on your commute, at the airport or elsewhere
- Male: 46
- Female: 32

Clicking a button on your TV remote to instantly buy goods you see and like on TV programs or commercials
- Male: 42
- Female: 35

Clicking links on an online video or digital magazine so you can instantly buy goods you see and like
- Male: 53
- Female: 38

Using your phone to scan images in a magazine so that you can instantly buy goods you see and like in articles or ads
- Male: 47
- Female: 33

JWT

FIGURE 3E:

Openness to purchase (U.K.)

Percentage of British adults who would be willing to
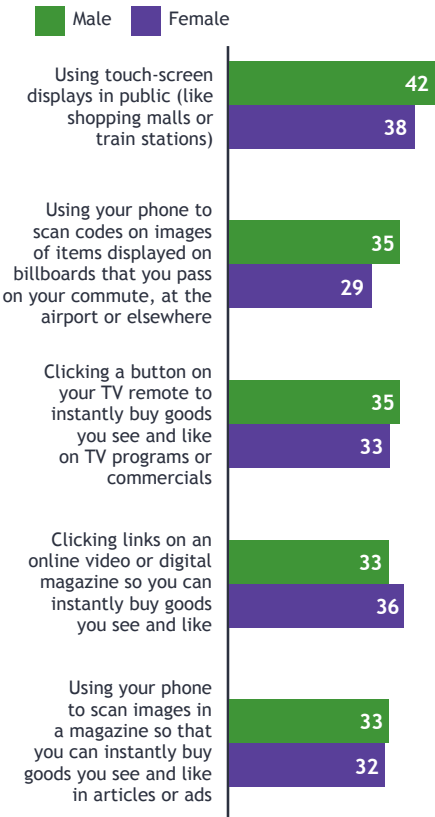purchase things in the following ways if it were easy and secure

■ Male ■ Female

	Male	Female
Using touch-screen displays in public (like shopping malls or train stations)	42	38
Using your phone to scan codes on images of items displayed on billboards that you pass on your commute, at the airport or elsewhere	35	29
Clicking a button on your TV remote to instantly buy goods you see and like on TV programs or commercials	35	33
Clicking links on an online video or digital magazine so you can instantly buy goods you see and like	33	36
Using your phone to scan images in a magazine so that you can instantly buy goods you see and like in articles or ads	33	32

THANK YOU

JWT: JWT is the world's best-known marketing communications brand. Headquartered in New York, JWT is a true global network with more than 200 offices in over 90 countries, employing nearly 10,000 marketing professionals. JWT consistently ranks among the top agency networks in the world and continues a dominant presence in the industry by staying on the leading edge—from producing the first-ever TV commercial in 1939 to developing award-winning branded content today. JWT embraces a WORLDMADE philosophy, making things inspired by the world through blending technological innovation with international imagination. JWT has forged deep relationships with clients including Bayer, Diageo, Ford, HSBC, Johnson & Johnson, Kellogg's, Kimberly-Clark, Macy's, Mondelez, Nestlé, Nokia, Rolex, Royal Caribbean, Schick, Shell, Unilever, Vodafone, Vonage and many others. JWT's parent company is WPP (NASDAQ: WPPGY). For more information, please visit www.jwt.com and follow us @JWT_Worldwide.

JWTIntelligence: JWTIntelligence is a center for provocative thinking that is a part of JWT. We make sense of the chaos in a world of hyper-abundant information and constant innovation—finding quality amid the quantity.

We focus on identifying changes in the global zeitgeist so as to convert shifts into compelling opportunities for brands. We have done this on behalf of multinational clients across several categories including pharmaceuticals, cosmetics, food, and home and personal care.