



DF

FORECAST

the DEEP FOCUS

Digital Marketing Outlook

eMarketer

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FOREWORD

BE
PREPARED
FOR
CHANGE

FOREWORD
BE PREPARED
FOR CHANGE



IAN SCHAFER
CEO & Founder

that doesn't change is what you're ultimately responsible for – doing more things that help your company to sell more stuff.

So before we get into detail, I wanted to get a few things out of the way.

Every time the calendar turns over, it becomes easier for a marketer to get overwhelmed by change. It seems to be the only thing we can count on these days. As new platforms emerge, “the next big thing” sputters out. We finally get good at building websites, and then smartphones become the web's primary access point. We preach social media engagement, and then the platforms tell us it's all about reach.

As you read this forecast it's worth remembering that the one thing

Buzzwords aren't bad unless they are used to mask a lack of understanding. Otherwise, they are shorthand. The problem is that it's tough to tell the difference between the two.

The next new thing may look like the same old thing, but it's the new things that people do with them that make all the difference.

No matter what anyone says, it's always about reach, and it always has been. But now, reach is as much a result of what consumers do as how much you spend.

Be prepared for a collapse, or at least correction, of the “traditional” display advertising business that will likely start to unfold in 2014, as mobile browsing starts to become the norm. Both publishers and advertisers will need to begin their adaptation to a post-display-ad-dominated world.

This document isn't about forecasting individual trends as much as it is about preparing you for the ones no one saw coming. Our aim is to help you be best prepared for this and everything else 2014 and beyond have in store.

FOREWORD

THE BIG
IDEA IS DEAD.
LONG LIVE
THE BIG IDEA.

FOREWORD

THE BIG IDEA IS DEAD. LONG LIVE THE BIG IDEA.

Last year in our 2013 Outlook, we said something bold: "In 2013, smart content marketing won't be an option or a nice-to-have. It will be critical. Marketers that don't find ways for their brand's voice to be heard authentically in social and mobile will find them drowned out in traditional media channels, including digital display advertising."

We were right. It was a big year for lightweight content, the year brands took their role as publishers seriously.

But something even more important happened as a result. "The Big Idea" became relevant again. As brands continue to adjust from messaging their way to results in one or two big TV spots to communicating in hundreds of lighter, more sharable messages and executions – from tweets to microcontent – the need for a single, unifying idea to which all roads can lead consumers has increased in importance.

Even in the face of a much-needed renaissance, the big idea has had to evolve. Significantly. The big idea can no longer be a single word that a clever writer can say in a board room and then drop the mike as they get showered in praise and Lions. Instead, it needs to be a rich concept that has enough depth, meaning, and yes, human, consumer intelligence behind it to drive these hundreds of communications. It needs to be able to answer simple but terrifying questions about how a brand should behave, and what it should say (and shouldn't). This kind of thinking is exceptionally important today.

Brands and their partners who get it are seeing the promise of digital finally, *finally*, come to fruition. And it is an exciting time.

Many marketers will say that the big idea has always been alive and well, and that perhaps digital marketers just haven't understood it. And some never learned the value of a big idea to begin with. But years of tactical, over-tested, fragmented advertising – in all channels – suggest the big idea has been dead or at least very ill for years. And as a result, most marketers' big idea muscles are rusty.

But the nature of marketing channels today – demanding brands be always-on and responsive to consumers within minutes and hours instead of weeks and months – elevates the big idea from a quaint advertising term to a concept critical to the character of a brand and the marketing operations that build it. Best of all, once you nail your big idea, it becomes more valuable and efficient with every spot, ad, app, tweet and post you make.

Our outlook for 2014 is optimistic. As marketers, it has never been a more exciting time. The following things to watch for range from very strategic to very tactical, but all are related in one big way. For marketers, none of them will matter, and none of them will work at all, if not driven by a healthy, big idea.



KEN KRAEMER
Executive Creative Director

59.5%

{ PROJECTED MOBILE
AD SPENDING GROWTH IN 2014*

1

THE OUTLOOK

2014 WILL BE THE YEAR OF MOBILE. AGAIN.
(AND MOBILE ADVERTISING STILL WON'T WORK)

THE BRIEFING

It seems like every year, pundits claim that this will finally be the year of mobile. 2014 won't be any different. According to data collected by Morgan Stanley, it is inevitable that the number of mobile users will surpass the number of desktop users this year.

What is also inevitable is that marketers will pump billions of dollars into ineffective mobile advertising. According to eMarketer, mobile display advertising grew by more than 132% in 2013. It's expected to grow an additional 59.5% in 2014.

However, much of this money is being wasted. A recent analysis conducted by Trademob – of more than 6 million ad clicks on 10 mobile ad networks – found that 40% of mobile clicks are accidental or fraudulent. A Harris Interactive survey of more than 4,000 mobile app users found that nearly half were more likely to tap a mobile ad on accident than on purpose.

Mobile browsing behavior is fundamentally different from desktop browsing, so why would we expect an ad model patterned on desktop display ad units to work? Mobile users tend to be engaged in very task-based activities like trying to find a nearby retail location, looking for deals, or mobile showrooming. Display ads that would be considered a nuisance on desktop become aggravatingly disruptive on mobile as they take the user away from the task at hand.

PITFALL

Instead of using display to buy their way onto mobile devices, brands should focus on marketing that enhances users' mobile experiences as opposed to disrupting them. Rather than clutter the experience with display ads, they should find ways to provide users with tools, information, content and resources to help them complete their tasks.

77.9%
OF AMERICANS USE MOBILE PHONES
TO ACCESS THE INTERNET AT LEAST
ONCE A MONTH

*www.eMarketer.com

14.97
BILLION
SMACKERS

{ ESTIMATED U.S.
MOBILE AD SPEND IN 2014*

2

THE OUTLOOK

MOBILE & SOCIAL MARKETING WILL GET CREDIT AS DRIVERS OF BUSINESS RESULTS

THE BRIEFING

For years, brands have dabbled in mobile & social marketing. Like many emerging marketing methods, it was deemed a cute, novel approach deserving of experimental budgets for test-and-learns, and received accordingly cute budgets. This is particularly limiting since social marketing is actually one of the most effective and efficient ways to get onto consumers' mobile devices.

But a lot has changed, and not all that recently. Social media marketing, done right, gets business results. Sales, brand equity, awareness. Numerous studies – conducted by both major social platforms and third party analytics players – have shown that smart, well-crafted social campaigns have driven these key business results successfully, both independently and as part of a larger integrated campaign.

Among Deep Focus clients alone, we've seen social content publishing campaigns that have significantly increased incremental sales, showing up to 5x ROAS. We've also seen one of our client's brand's overall reputation – measured in monthly panels – increase both steadily over time and suddenly with a spike due to pure social campaigns.

The more mature platforms understand this and are, of course, motivated to prove it. Many social ad offerings are simultaneously complex and "cute" seeming. So platforms have been partnering with research firms for quite a while now to identify the larger value of their offering.

Savvy brands have taken advantage of this, and have reaped the benefits of demonstrating that their relatively efficient social strategies have created real brand and business value.

That said, brands that use social as a direct response channel or channels to distribute traditional advertising will be disappointed. The campaigns that have driven impressive business results – in-store, online and for brands in general – tend to be based on an always-on, content-rich strategy and use paid products to distribute content rather than to secure display inventory or drive clicks. Looking for register sales by using right-hand rail ads on Facebook, for instance, might be disappointing.

In 2014, mature marketers will integrate their social campaigns into their larger brand health and sales studies as part of their efforts to un-

derstand their overall impact on the business and to create a unified, integrated picture of how the world views their brand. Funny, that's how consumers encounter their brands in the first place: everywhere.

PITFALL

Don't measure social marketing like direct response tactics; measure it like you would any other marketing channel, using the analytics that are best-suited to understanding the KPI you're interested in. For instance, if phone panels work best for you for measuring equity, design your studies with your social campaigns in mind, isolating those campaigns to see the true value. If sales are what you're looking to measure, work with a partner that can isolate and report on register sales and correlate them to social campaigns. Many marketers measure a social campaign's success in clickthroughs to websites or ecommerce sites, which misses the bigger strengths of social (and actually highlights its weaknesses).

3

88

%

OF DIGITAL AGENCIES AGREE THAT CUSTOMER WILL INSIST ON HAVING DIFFERENTIATED EXPERIENCES BASED ON MOBILE CONTEXT*

* www.eMarketer.com

THE OUTLOOK

CONTEXT MARKETING WILL UNLOCK MOBILE EFFECTIVENESS

THE BRIEFING

"Content is King." It's a phrase that most marketers are quite familiar with in the digital and social media world. In fact, you'd be hard pressed to find anyone in the industry that hasn't uttered those words at one time or another. But with consumers becoming more and more dependent on their mobile devices, content doesn't stand a chance without context.

The ability to take in the "who, what, where, when and why" to produce relevant content is the difference between a finger stopping or scrolling. Mobile phones and mobile strategy should inherently be based on the ability to be, well, mobile – and when an individual is mobile there's a lot to take into consideration.

It is these considerations that will be the basis for a well-crafted, successful mobile strategy. However, while mobile devices – smartphone or otherwise – are spurring the conversation around context, the importance of this type of marketing goes beyond simply targeting those who are out and about.

Getting valuable or interesting content at the exact moment it applies is the "holy grail" of breaking through the noise. Case in point, the second-screen experience. A piece of content that's published at the right time, during a television show and targeted to the right people, can take off within moments. All because it has the context to back it up.

The moral of this story: Content may be King, but only if it knows what the consumer is doing.

PITFALL

Context Marketing is a developing area of digital marketing. This can be an opportunity for some brands. However, don't assume that your brand or message will be welcomed by or important to a consumer at even the most seemingly relevant moment. Just like some locations are inappropriate for brands, some contexts are as well. As we experiment in 2014, we need to be mindful of this.



76%

OF MARKETERS
THINK REAL-TIME
MARKETING WILL
INCREASE MARKETING
EFFECTIVENESS.*

*www.eMarketer.com

THE OUTLOOK

2014 WILL SEE THE GREAT CONTENT MARKETING SHAKEOUT

THE BRIEFING

Real-time marketing was the social content buzzword of 2013, with brands jumping on the fad and consumers experiencing a deluge of real-time content in their feeds. #RTM trended during key cultural moments, and bloggers celebrated the best and lambasted the worst.

And real-time marketing was just one of many emerging social content trends. In 2013 we saw brands celebrate Internet holidays, engage in brand-to-brand public exchanges, live tweet cultural events and get personal with direct-to-consumer social conversations.

In a space where new channels emerge and existing ones are ever evolving, content trends die as quickly as they appear. But brands that can incorporate these trends into an always-on content strategy to enrich the brand story can shine through.

Social content as a marketing discipline continues to mature and brands are developing seasonal patterns and best practices. Smart brands have established who they are in social (and beyond) and provide their audience a distinct value proposition. Experimenting with content trends can be a meaningful way to engage and gain followers if it is rooted in an always-on conversation and says something about the brand – and derives its emotional connection from a big idea.

Savvy marketers will recognize this, transcend one-off stunts and take their always-on strategies seriously, developing a real and valuable voice and point of view for their brand. Less

disciplined brands will feel consumers' wrath as they get maligned and even made fun of as they jump on another irrelevant event.

PITFALL

One big real-time tweet or a social stunt might get reach, but it won't maintain the sustained engagement necessary to build your brand over time. Establishing a long-term, always-on content strategy and knowing who your brand is in social is the path to timeliness and relevance. Brands who do social marketing well – through clever engagements and branded content programs – will continue to win.

ONLY

8%



OF MOBILE AD CAMPAIGNS IN
Q3 2013 DROVE TO A RETAIL
PROMOTION*

5

THE OUTLOOK

CONTEXT MARKETING WILL OVERSHADOW MOBILE DISPLAY

THE BRIEFING

Mobile advertising has created the certain allure of being able to hit people with a perfectly relevant message or deal at the moment they reach (or pass) point-of-sale. The thought of it has created illusions of a futuristic world where highly tailored – and even rich and engaging – messages appear to the consumer like magic as she walks down the street (or shopping aisle).

But that promise hasn't been fulfilled. In fact, mobile paid advertising has continued to disappoint for the last year, despite increases in mobile media spending. Why is that?

First, media planning and buying models don't plan for context. These models are based on buying tons of existing *inventory* to deliver guaranteed impressions. The conditional logic of space, location and what the consumer is actually doing the moment the ad is served doesn't enter into it. This has led to opportunities that are mainly driven by technology, app and platform developers. That's not all bad, but it doesn't scale or provide mass penetration.

Second, and related, there doesn't exist a

unified, accessible and normalized inventory of places. Put another way, there isn't a single way of knowing where everything is and what else is there. Location-based apps constantly confronted this in their early days. It stands to reason that players like Google would have this in their sights, though.

Third, context requires a large permutation of creative executions to be effective. Most marketers and their agencies aren't operationalized around creating banks of smaller, customizable messages in formats that appeal to consumers and instead produce a few, highly considered and tested ads to convey their messages. This has begun to change as marketers have adjusted to always-on marketing, using partners such as Deep Focus's Moment Studio to do so. But more work is needed.

Fourth, and perhaps most importantly, people don't want it. Mobile continues to be a task-driven platform, even if that task is "just browsing" or "killing time." People have not been offered a compelling-enough value proposition to trade

their location or attention for. They might, if marketers can come up with something interesting enough.

There is a lot to work out in contextual marketing. Some marketers and retailers will experiment with it, which is a good approach. These experiments will be critical to driving learnings since mobile will be important to the future of shopper marketing.

PITFALL

Don't concentrate your mobile marketing efforts on typical mobile display or video ads; their low click-throughs reflect the disdain users have for them. 2014 is a good time for experimenting with a few, simple, contextual tactics, perhaps on a campaign basis, to build learnings for larger strategies.

60%



OF B2C MOBILE CHANNEL
DECISION-MAKERS
HAVE NO PLANS TO USE
GEO-FENCING TECHNOLOGIES*

6

THE OUTLOOK

GEO-FENCING WILL SPUR SHOPPER MARKETING CREATIVITY

THE BRIEFING

Despite mobile's inexorable pull, advertisers have been trepidatious of investing in it largely because sales attribution remains a significant challenge. The same was true with digital banner advertising a decade and a half ago, but whereas tracking on e-commerce sites helped to accelerate adoption, today's multi-platform consumer is still not inclined to complete most types of sales transactions on a mobile device.*

Geo-fencing technology, which enables marketers to push mobile communications to prospects based on their physical locations, gained substantial traction in 2013 since it bridges part of this gap by linking one form of mobile marketing to in-store sales.

The technical executions of geo-fencing campaigns can vary, but marketers typically offer coupons and promotions to consumers who are in the vicinity of their store, or even their competitors' locations. Naturally, each geo-fencing vendor cites that these campaigns generate significant ROI. In 2014, the industry will begin to evaluate geo-fencing as a whole and attempt to derive a general consensus on its profitability. Reported ROI will probably continue to vary since vendors are still challenged with defining their price models and the equilibrium between technological costs and each brand's respective margins.

PITFALL

The pitfall in the early years of geo-fencing's prime will be marketers focusing too narrowly on serving discount-oriented communications. Consumers will have low tolerance for promotional messages on their personal devices. Instead, marketers should also consider strategic opportunities for driving brand engagement, especially on social platforms. For example, if a lifestyle brand were to create a geo-fence around a neighborhood or event and ask its visitors to tweet or post a photo from there, it could reinforce the brand's identity and potentially drive viral reach.

39%

{ MOBILE USERS WHO WOULD LEAVE A
RETAILER'S SITE AND NEVER RETURN OR
GO TO A COMPETITOR'S SITE IF THE USER
EXPERIENCE WAS POOR*

7

THE OUTLOOK

2014 WILL SEE THE RETURN OF USER EXPERIENCE

THE BRIEFING

Remember Information Architects? User Experience Experts? Interaction Designers? These are the people who could understand a client's business, the creative concept, the content, the business processes – and mash it all up with expertise in human factors and usability to create a design- and build-ready blueprint for an intuitive, efficient user experience that could lead to longer dwells, bigger shopping carts, or more conversion.

Well, they haven't gone anywhere. They've been making online digital experiences usable (and possible) for two decades now. But for the last few years, user experience design as a process and a practice has been marginalized and pigeon-holed. A process that in the past might have been allocated months now is compressed into days, and clients rarely, if ever, agree to wireframe and site map approvals.

Two big factors drove this. First, most marketers

– on both the client and agency sides – have been around the design-and-build block a few times and started to trust intuition over expertise. Second and even more influential was the emergence of alternative platforms for brand presences – such as Facebook tabs. These experiences tend to be lighter, or at least receive the attention of a lighter experience. And thus attention to user journey and experience gets steamrolled.

But experience has finally shown marketers and their agencies that Facebook tabs aren't as effective as promised; not only did they not increase the likelihood of a user visit, but they do not provide a unified mobile experience without additional design and development. So everyone is experiencing *deja vu* while asking, "So where should we send our users?" and, "Do we need a landing page?" And of course, these are the easy questions to answer.

The truth is, great user experience design continues to be the bedrock foundation of success in digital. It always has been. And as experience planning continues to incorporate an ever-diversifying and complex array of traffic drivers and channels (Pinterest and the like), and the needs of adaptive design driven by the proliferation of diverse device formats, the importance of solid and comprehensive experience design has only compounded. Next time you see your IA or Interaction Designer, buy them a drink. They deserve it.

PITFALL

Don't expect user experience decisions to follow a formula: there is no one answer or approach that fits all user journey challenges. The right solution is always dictated by a mix of human factors, production realities and technology constraints. Unfortunately, one size does not fit all.

42.5%

OF NORTH AMERICAN
RETAIL EXECUTIVES THINK
PREDICTIVE ANALYTICS IS A
TOP 10 TECHNOLOGY*



8

THE OUTLOOK

PREDICTIVE ANALYTICS WILL (TRY TO) TRANSCEND BUZZWORDS

THE BRIEFING

The 2012 U.S. Presidential Election provided a new platform for the advancement of social media analytics, as statisticians attempting to predict its results widely recognized the potential for social media data to indicate future outcomes. In 2013, “predictive analytics” emerged as a popular buzz phrase and new vendors started entering the competitive landscape at increasing rates. However, confusion about methodologies and applicable use cases for their products remains a substantial challenge for increasing penetration.

This year, predictive analytics vendors will need to persuade the industry that their respective methodologies are reliable and better than the others. Any form of social media analysis is plagued by limitations of access to data, noise from unrelated conversations, and capturing human sentiment. In predictive analytics, there’s also the unique challenge of gaining sufficient sample size for statistical significance, while deriving the projection soon enough to influence decisions. Vendors must address the same challenges and be able to explain their methodology

concisely enough for non-statisticians to understand and subscribe to.

Vendors must also determine the best positioning strategy for their product: where could predictive analytics fill the greatest need? In general, there are two angles from which vendors have been approaching marketers. The first is for paid media boosting and creative optimizations. By claiming to predict volume and engagement with content in the early hours – if not minutes – of posting, marketers may be able to make smarter optimizations and allocations. The second is for crisis management. When a brand experiences unforeseen negative press, predictive analytics would help to determine whether its volume will be large enough to warrant a formal response or action. But, there is a third area of opportunity that vendors have yet to address: identifying trending stories in the cultural zeitgeist that brands can comment on to reinforce their social voice.

For vendors to make these tools compelling and, indeed, essential, these concerns will need to be met, and quickly.

PITFALL

Currently, predictive analytics solutions require marketers to enter keywords and apply Boolean logic to capture conversations of interest. But how can marketers catch trending topics that don’t necessarily relate to their product category or competitors? For example, what are the keywords that could have possibly put the Harlem Shake on the radar before it peaked? Unless vendors can show brands how to look for something they don’t know to look for, then a huge opportunity is left on the table.

34%

OF MARKETING EXECUTIVES LIST PREDICTIVE ANALYTICS AS ONE OF THE MOST IMPORTANT TOOLS FOR DELIVERING THE BEST CUSTOMER EXPERIENCE.*

*www.eMarker.com

17.2%

OF U.S. INTERNET USERS HAVE
USED SNAPCHAT BUT ONLY

2.5%

OF BUSINESSES HAVE ANY PLANS
TO USE IT FOR MARKETING IN 2014.*

9

THE OUTLOOK THE LESS-SNAPPY MESSAGING APP LANDSCAPE

THE BRIEFING

In terms of generating column inches, Snapchat was clearly the digital medium of 2013. From being aped by Facebook (remember the stand-alone Poke app?) to facing charges of fueling sexting among teens, to rejecting \$3bn in cash,¹ there was no end of stories to debate. In reality, it was a shame that, at least in the U.S., so much attention was focused on a single company, rather than the underlying technology. Outside of North America other messaging services have not only achieved greater scale, but have built products that have the potential for far greater impact in 2014.

On the numbers side of things, take WhatsApp's 2013 growth. While Snapchat may have 30MM¹ monthly active users (MAUs), WhatsApp reached 400MM² by December (a user base that shares 40% more photos than are shared on Facebook every day³). WeChat,

Line, and KakaoTalk, with 600MM, 300MM and 110MM registered users respectively,⁴ also grew to dominate their home markets.

Combined, these apps have a user base that could be of a similar scale to Facebook.⁵ But while they certainly have size, will they really have any significance for marketers in 2014?

Here again, it's best to look beyond Snapchat (which has so far proved of limited use for brands). Line, a likely IPO candidate in 2014, had Q3 revenues of \$194MM⁶ (roughly 30MM more than Twitter). While most of the cash came from in-app purchases, their innovative model of charging for official brand pages and generating revenue from partner products, such as branded in-app stickers, points to even greater possibilities in 2014.

PITFALL

Marketers should recognize messaging apps for what they are – ways for *individuals* to privately communicate with one another. This doesn't mean marketers can't have a play here, but it does mean that any strategies need to transcend one-way messages to more clever interactions that feel personal and – more than anything – valuable.

¹ Business Insider, Dec 2013 ⁴ Quartz, Dec 2013

² AllThingsD, Dec 2013

⁵ Quartz, Oct 2013

³ TechCrunch, Nov 2013

⁶ Yahoo, Nov 2013

48%

OF WOMEN SAY THEY
ARE SPENDING MORE TIME
ON PINTEREST THAN THEY
WERE 6 MONTHS AGO.*



10

THE OUTLOOK

PINTEREST WILL FIND SOME SHOPPER MARKETING LOVE

THE BRIEFING

2014 is the year when Pinterest needs to really start paying its bills. This will likely start with the rollout of advertising products modeled after familiar offerings from Facebook and Twitter, such as Promoted Pins. However, its biggest opportunities may lay in areas where other networks, such as Facebook, have so far seen little success.

One of these areas – the impact of Pinterest on eCommerce – is already well documented. But innovations such as Target's Pinterest-powered online storefront¹ are really just an iteration on recommendation products that have existed for a while. It's in the physical stores where the opportunity is a lot more interesting.

Brands such as Topshop and Nordstrom have already introduced shop-floor Pinterest programs.² So far these have focused on the rack (shelf wobblers highlighting most-pinned items), or on the sales reps (iPads featuring Pinterest

collections, focusing inventory on most-pinned, etc.). In 2014 the focus will inevitably shift to consumers (and their phones) as the best vehicle to drive engagement and sales in the aisle. Using a combination of technologies (think iBeacon and ambient messaging), Pinterest may be the one platform best positioned to capitalize on the possibilities of offering inspiration and deals when you're at the point of purchase.

29%

OF NORTH AMERICANS USE PINTEREST AS THE PRIMARY SOCIAL NETWORK FOR SHARING CONTENT.*

*www.eMarker.com

PITFALL

Many brands have been conducting Pinterest "experiments," where they create lots of content solely for Pinterest. This tactic is fine if you are building brand equity or focusing on content, but not ecommerce or traffic. Don't overlook the fact that for Pinterest to be an effective traffic or ecommerce driver, the content featured on Pinterest must live on the destination site and be pinned to Pinterest. And it must be excellent quality. This may seem obvious, but many marketers have approached Pinterest as a channel rather than a distribution community and have been appropriately disappointed by its results.

¹ *TechCrunch, Dec 2013*

² *Business Insider, Nov 2013*

71%
AGED 18-36

{ PERCIEVED THE BENEFITS OF
WEARABLE TECH DEVICES IN 2013*

11

THE OUTLOOK

WEARABLE COMPUTING WILL GO BEYOND LOOKING NERDY

THE BRIEFING

Ask the average person, and they will likely say that no one is asking for wearable technology other than the companies making it. Google wowed people by getting Google Glass onto a few thousand peoples' faces. Samsung broke the mass market silence by advertising the heck out of their smartwatch, the Galaxy Gear. Pebble's successful Kickstarter effort has also begun getting more technology onto wrists. The launch of Apple's entry into the space is anticipated, as well.

Many have adopted Nike's FuelBand and Jawbone's Up without stigma. But once we add screens to our body (including our face), we start hitting a kind of "uncanny valley" that prevents people from taking the leap necessary to adopt the technology en masse. While smartwatches may start to break through in 2014, especially if Apple enters the category (they made the MP3 player commonplace after the iPod,

but it was far from the first in that category), the true wearable computing leap in 2014 will be in the technology that enables our devices to communicate more directly with our bodies.

So what we will start seeing in 2014 are retailers taking a page out of the fitness & health playbook by laying the foundation for connecting to consumers through iBeacon / low-energy Bluetooth technology to deliver and collect both digital and physical information that enhances their shopping experience. Wearable computing like smartwatches will get consumers comfortable with being always connected via Bluetooth technology, but the promise of more personal selections and discounts at retail will lead brands and retailers to work more closely together to deliver positive experiences, and a competitive advantage.

The first step towards consumers' embrace of

the technology that allows itself to be wearable will be when it improves the shopping experience.

PITFALL

Wearable technology will eventually provide opportunities for brands and marketers, but the field is far from mature. In the short term, don't view these platforms as advertising channels and avoid trying to penetrate them as message delivery devices. Think of it this way: the closer a device is to a person's sensory activities, the more sensitive marketers have to be. Instead, look at these platforms as utility marketing opportunities; think about how to provide valuable information or functionality that only your brand can via wearables. And then focus on light, focused test-and-learn efforts.

73%



OF U.S. INTERNET USERS
MULTITASKED WITH
MOBILE DEVICES WHILE
WATCHING TV.*

12

THE OUTLOOK

BRANDS WILL CONTINUE TO PURSUE THE SECOND SCREEN, SOMETIMES IN VAIN

THE BRIEFING

With the much-anticipated advent of mobile comes a hue and cry from the marketing community about technologies long associated with mobile devices like second-screen experiences. Like a classic rom-com, it's as if we've all fallen for a new love interest who's already riding off into the sunset. A closer look at second-screen behaviors shows consumption patterns that vary wildly from the winsome tweet-along we so callously overlooked in the past.

Second screen has grown up, and it seems our love affair is far more complicated than we imagined.

First off, consumption of "first-screen" television experiences has fundamentally changed. Marketers can depend on real-time mass audiences for Super Bowls, Presidential Debates, and Miley Cyrus / Robin Thicke duets, but synchronous viewing beyond that is diminishing. Viewers who report watching live

comedy, drama, and thriller TV have shrunk to 40%* of these shows' total audience – with the rest being made up by DVR, on-demand, and streaming views.

In fact, first screen is changing so much that some are claiming it should be demoted. For example, Hulu recently reported that 50% of its 5MM subscribers access its service using mobile devices exclusively. And this is just one streaming service. Increasingly marketers may not be able to depend on simultaneous mass audiences to gain second-screen scale.

At the same time that TV consumption is changing, second-screen behaviors are evolving rapidly. Even as heavy-hitters like Twitter and Facebook are using their size to step heavily into social TV discussions – once the terrain of GetGlue and the like – the marketing community is realizing how divorced the second and first screens can actually be.

Far from using phones and tablets just to enhance their TV experience, viewers are texting, shopping, and playing games. The most popular ways to use their devices are "looking up information in general," "surfing the web," and social networking. TV program-related social networking is reported by only 18% of people who use mobile devices while watching TV.*

PITFALL

Don't expect to simply plug a hashtag into your TV spot and cash in on high levels of second-screen engagement – you need a more sophisticated strategy. The fluidity of multiple-screen content experiences means that in 2014 marketers will need to understand the fragmented contexts in which they'll be reaching consumers, and plan non-linear and asynchronous targeting in order to remain relevant.

**eMarketer Social TV Marketing in Real Time Report*

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IAN SCHAFER

FOUNDER & CEO

Ian Schafer is CEO and Founder of Deep Focus and is one of advertising's most influential voices in interactive marketing and social media. An avid technologist, Ian blogs at www.ianschafer.com and can be followed on Twitter at www.twitter.com/ischafer.

DAVID IRONS

LEAD USER EXPERIENCE STRATEGIST

David Irons has more than a decade of experience applying the principles of usability, information architecture, experience strategy and interaction design to solving marketing and communication challenges.

TERRENCE LAI

DIRECTOR OF ANALYTICS &
CUSTOMER INSIGHTS

Terrence is Director of Analytics at Deep Focus, where he leads the team responsible for data-driven business insights and quantitative analyses. He has extensive experience in both digital and traditional marketing channels, specializing in the application of statistics and programming to inform strategic marketing optimizations and planning.

KEN KRAEMER

EXECUTIVE CREATIVE DIRECTOR

Ken Kraemer is the Executive Creative Director at Deep Focus, leading creative, technology, the Moment Studio and social communications. A leader in creating smart, effective marketing, Ken has worked with some of the world's top marketers in pioneering what it means to be a digital brand. Ken can be followed at www.twitter.com/kk4i.

CHRISTINA COOKSEY

STUDIO MANAGER FOR THE MOMENT STUDIO

Christina Cooksey is Studio Manager for The Moment Studio. She is responsible for the production and operations of Deep Focus' creative newsroom for hire, managing a diverse team and implementing integrated creative/production techniques to deliver content optimized for social engagement.

ED MCLARNON

STRATEGIST

Ed leads digital strategy for a number of the agency's clients. Prior to joining Deep Focus he was based in London where he held account handling and planning roles within Engine, Deep Focus's parent company.

MICHELLE BARNA

DIRECTOR OF
SOCIAL MEDIA COMMUNICATIONS

Michelle is the Social Media Communications Director at Deep Focus, where she is responsible for leading the team focused on social engagement, content planning, content creation and management, platform strategy, community interaction and influencer outreach. Michelle is also an Adjunct Professor at New York University, where she teaches Social Media for Brand Value. Additionally she has led social media workshops at organizations such as the United Nations and companies such as Johnson & Johnson.

TOPHER BURNS

ASSOCIATE DIRECTOR OF
SOCIAL MEDIA COMMUNICATIONS

Topher Burns is an Associate Director of Social Media Communications at Deep Focus. He appreciates social as an opportunity to temper the warm intricacies of human communication with cruel hard numbers. Prior to Deep Focus, Topher worked in PR, launching major organizations like Zurich Financial Services and NASA's SETI Institute on social media.

DEEP FOCUS

ABOUT DEEP FOCUS

Deep Focus is the digital agency for the social age: an always-on world where connections are the new impressions and big ideas live and die by understanding insights people share with each other, not with focus groups. By mining these insights, Deep Focus crafts the ideas that people want to be a part of and want to share, made to experience in the medium they like best – from mobile, to tablets, to social, to TV.

We build brands in real time and over the long term, making clients legendary. With integration at the heart of what we do, we deploy marketing experts in smart ways to get clients results quickly and effectively. In fact, we invented a business – the Moment Studio – to supercharge our clients' always-on marketing, delivering real-time and made-for-social creative.

We're proud to handle some of the world's favorite brands. And that pride shows in our work: we perfect every point, every post, every plan. We can't help it because everything we create is made with love. Sound over the top? Maybe. But it's the best word we could find to describe our dedication to marketing done great.

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