What's Ahead

THE **DEEP FOCUS**

2015 MARKETING OUTLOOK REPORT

Contents

“But we don’t worry.
We don’t fear.
We separate fad
from what endures.”

Welcome to 2015, Where Everything Is New and Nothing Is.

Ken Kraemer, CCO

Here we go again. A new year filled with new memes, new buzzwords, new of-the-moment apps and social platforms and thousands of new 30-second spots. We will look to our trades – new and old – and hope we're the first among our peers to see the article heralding (or quashing) the gimmick that we know will be the topic of countless upcoming meetings and tweets.

But we don't worry. We don't fear. We separate fad from what endures. Because we know marketing success has and always will depend on two things: a brand's strength in making an emotional connection with a human being and its ability to reach the right human being with whom to connect.

That's it. Everything else is just a permutation, extension, derivation, augmentation or even a distraction from those two things.

So yes, social media is becoming digital marketing. Digital marketing is becoming just marketing. And marketing is becoming just mobile. Millennials have families and dominate the traditionally sought after 18 – 34 demographic. These trends alone can confound not only campaigns and media plans, but the very structure of marketing organizations and their relationships. But again, fundamentals endure. Judicious investment and deployment of brand equity – mostly through truly integrated brand behavior and content – combined with a modern approach to reaching consumers on their own terms will continue to offer brands the compelling results they need.

This, Deep Focus's third annual marketing outlook report, is designed to explore the nature of those two critical elements in the context of a seemingly never-ending deluge of marketing noise. Can augmented reality truly deepen the meaning of my brand? Will programmatic ad-buying replace media planning and will targeting suffer? Do I still need to be always on?

This report doesn't have all the answers, but it does offer perspective on what to look out for and the pitfalls to avoid. We invite you to enjoy it. Critique it. Share it. Discuss it. Push back on it and on us. Try it and respond to it. We work in an exciting business in exciting times where change continues to be the norm.

Welcome to 2015, where everything is new and nothing is. We're glad you're here.

THE OUTLOOK:

01.

The Rise and Risks of Brand Behavior

Ken Kraemer, CCO

THE BRIEF

Increased velocity of communications – driven largely by technology, networked communications like social media and, of course, mobile devices – has created countless new trends, habits and, indeed, marketing opportunities.

However, one such marketing opportunity could actually be an evolution in marketing. And that's the emergence of brand behavior. Not brand anthropomorphization (necessarily), but brand behavior: the things a brand does in the physical and digital worlds that add further meaning and color to what the brand is all about. In a way, consumers can get to know a brand better than ever.

Like many evolutionary moments, this opportunity comes as a result of the confluence of several developments. One factor is the rapidly increasing velocity of communications. But alongside a) the lower cost of entry to distributed communications platforms (such as social media) and b) a critical mass of smartphone penetration (over 56% in the United States, according to Google), such velocity has created an expectation among consumers that brands respond to both people and popular culture in ways that transcend traditional marketing messaging.

These brand responses to their environment – simply put – collectively make up a brand's behavior.

The idea of brand behavior isn't necessarily new. Experiential and promotional marketing, product design and retail experiences all drive a perceived behavior of a brand. But only in the last few years has it been so easy for a brand to take action in response to their environment in ways that can build key equities so efficiently.

So what does great brand behavior look like? Here are just a few of the great examples out there:

- KLM is legendary for helping out passengers that have travel troubles via Twitter – even if they aren't flying KLM. They even reportedly changed a flight based on one consumer's social media request.
- Purina celebrates life with pets and helps all people with their pet care questions via Twitter – not just Purina fans, followers or advocates.
- Arby's bought a certain hat off of Pharrell for charity after the social media world thought his Grammy wardrobe resembled the brand's iconic logo.
- Kit Kat worked with Android to name its next OS version.
- Lay's gave people summer swag via Twitter just for making sure they take the time to enjoy summer.

These interactions alone might look like stunts or nice marketing programs – and in some cases they are exactly that. But they go beyond one-way communications and each shows a case of a brand acting or reacting to its world and the people in it, and actually walking the walk of their brand equities rather than just messaging them.

As people and the brands they love continue to interact, a behavior – and eventually a personality – for these brands emerges. Whether it is planned or not. Leading marketers will recognize this, define their brand's personality honestly, authentically and methodically, and will use that definition to guide their brand's behavior and communications in everything they do. This definition also helps translate brand and advertising "big ideas" into channels where brands coexist with actual humans – like through social media. True high-equity, high-affinity brands will master their brand's behavior and begin driving equity with it locally and globally.

THE PITFALL

Marketers must resist the urge to just start doing stuff in their brand's name. Don't test and learn. Don't just jump. Develop a detailed personality definition to establish reasonable and actionable spaces for the brand to act within. Then test and learn within that framework.

02. Connecting with the Human Brand

Christina Cooksey, Director of the Moment Studio

THE BRIEF

As the social space evolves, and branded presences and spends increase, brands will need to adopt and exhibit human behaviors to stay relevant. One such expression of this behavioral adaptation is an evolution of the brand's content strategy and visual aesthetic to reflect a more humanistic approach.

As mobile continues to rise – the only medium to show a steady increase in consumer consumption over the last five years (2009-2014)1 – people are adapting to an innately more personal platform for content consumption and conversation. Fueled by paid distribution, the influx of branded content is an accepted, and even expected, presence in the social space. But the volume also poses a risk of perceived nuisance when the content does not connect on a human level.

Consumers are increasingly seeking more unique ways to connect, including customized experiences and helpful, utility-driven, one-on-one conversations with brands. Brands, then, have the imminent challenge of evolving a presence in this intimate social space that goes beyond product-focused content and opportunistic moments and develops a meaningful, value-added, sustained dialogue.

As social circles expand to global scale, social connectivity is increasingly visual, driven by emotionally evocative imagery that tells a story. And consumers are savvy and expectant in this space – they demand that brands understand their social usage patterns and formats if branded content is going to show up in the ever-personal feed. Brands must evolve their visual expressions with content that reflects the very personal spaces in which it is viewed.

Consciously and subconsciously, consumers respond to content and experiences that are high quality, hand-crafted or personalized. In this way, traditional creative tools of storytelling, brand narrative and ownable production techniques emerge as paramount to brand communication. By evaluating the story the brand has to tell, embracing the humanistic consumer creator movement and focusing on resourceful and inventive creative formats, brands have an opportunity to create and share something beautiful and novel that will connect with the consumer on a human level.

THE PITFALL

Impersonal, repurposed or wholly brand-centric advertising will no longer fly in the social space. Marketers must figure out how their social content can extend beyond the product, and quickly. Each brand deserves a solid social strategy and a thoughtful, ownable creative framework.

A huge effort towards humanizing the brand is embracing the target and finding meaningful ways to connect with them. Understanding the audience members' personal social aesthetic and finding intersections between brand standards and the consumer creator's own visual self-expression is an opportunity to create and connect through a more humanistic approach. Once internalized, these insights can be used to inspire unique and inventive creative expressions for the brand.

In acting as "people talking to people" rather than "marketers talking to consumers," brands can engage in a two-way dialogue that is innately real and emotional – one that evaluates efficacy based on true consumer interest and reaction, including listening and creative evolution based on real-time feedback. By focusing on emotional stories and high-quality, inventive production, a brand has a real opportunity to establish a unique and memorable social presence.

1. eMarketer, April 2014

03.

Brands as Spirit Guides

Michelle Rowley, Assoc. Director of Brand Planning

THE BRIEF

No generation is more brand conscious than Millennials. They have come of age developing and managing their own personal brands, acting as their own PR agents and brand managers and vetting their brand under the scrutiny of large social networks.

And no generation is a more voracious consumer of digital content than Millennials. This digital consumption has made them open to and welcoming of branded content – if it offers them something of value.

Millennials have a different relationship with brands compared to any generation before them. 72% of Millennials globally say that it's important brands help them become happier or better.* Brands are expected to take a stand. Millennials want to support brands that "get them," and that they can use to express their personality to others.

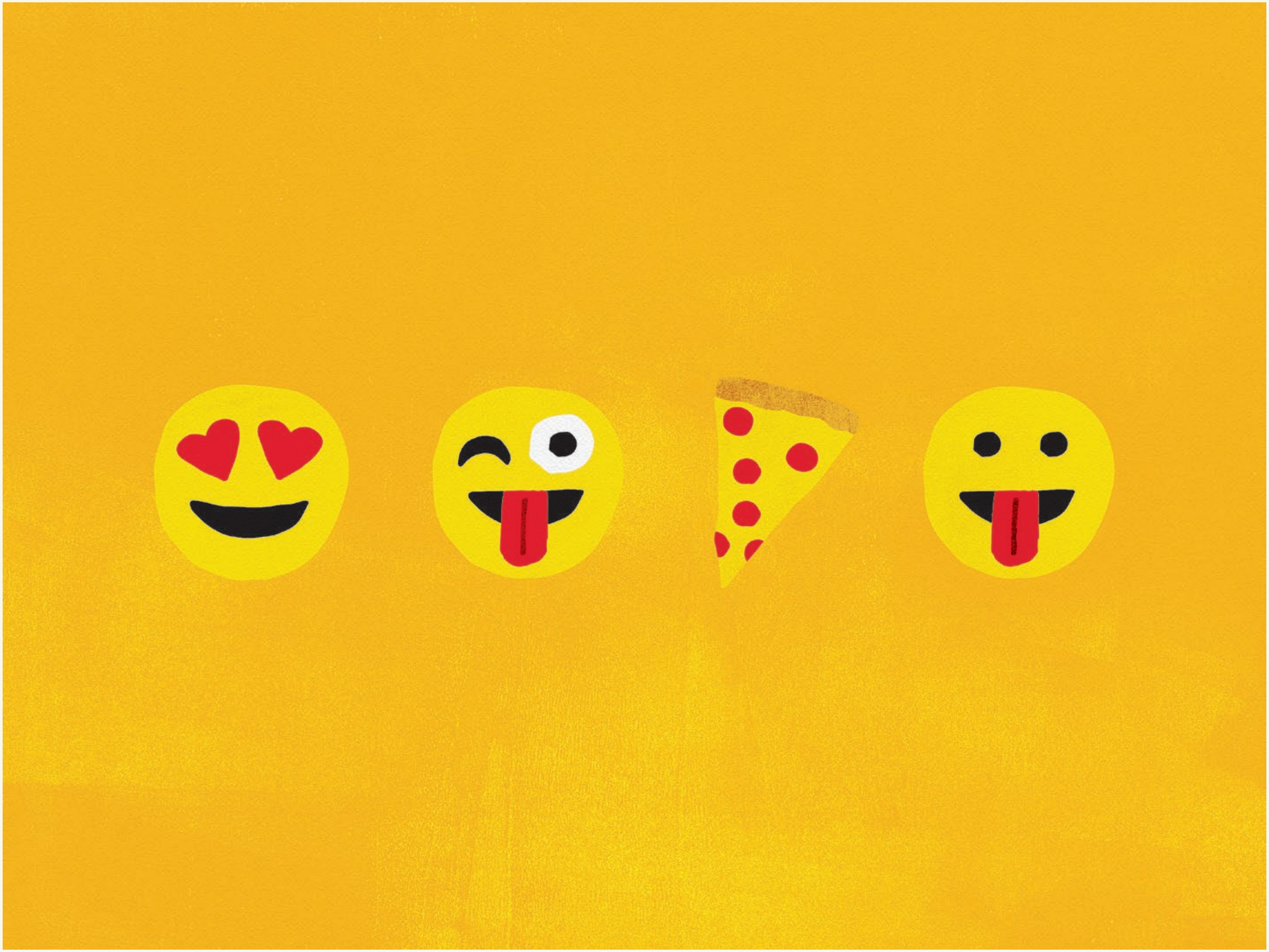
Brands have the opportunity to act as spirit guides in the Millennial journey of self-expression. Brands can help them make a statement about the person they are and help them craft the person they want to be.

The pitfall is when brands make content for the sake of content. When brands produce at the expense of understanding how to be relevant in Millennials' lives. In this new world Millennials are friends with brands in exchange for something more than what the brand sells, such as inspiration for an outfit. Association with a lifestyle. How-tos. VIP access. A laugh. Brands must uphold their end of the deal and give Millennials content and experiences that enrich and reflect something unique about their lives.

THE PITFALL

To be true spirit guides brands need to push themselves not just to create content, but to fuel culture. They expect brands to provide full, immersive storytelling experiences. Stories that don't necessarily have beginnings, middles and ends – but stories that you can jump into, evolve with and are ongoing. Stories that you can pick up on by scrolling through Facebook, thumbing through Instagram or having an adaptive web experience. Stories that take you somewhere, while reflecting something about yourself.

**Cassandra Report Fall/Winter 2014*



THE OUTLOOK

04. Leveraging the Emotional Shorthand of the Emoji

Todd Krieger, Editorial Director

THE BRIEF

The continuing rise of the emoji is inescapable. Anecdotally everyone you know from pre-teen to grandmother is using them. The new Apple Watch? It's got an animated emoji. You can use emoji to search Bing.

New York magazine points out that there are more posts on Twitter using Tears of Joy 😂 (age: 3 years old) than the tilde ~ (age: 3,000 years old).

Moreover, as emojis get more racially diverse with the global emoji update coming in the summer of 2015, the temptation for marketers will only increase.

The emoji's dead-simple way to convey what you're doing ✈️, how you're feeling 😄 and what you're thinking 🎉 has taken hold in our post-literate, go-go-go world. It's ascendancy driven by people's desire to communicate coupled with the ready accessibility of emoji on smartphones.

Why? The iconography allows both parties to use their imaginations to express and interpret feelings, capturing emotion in ways text or images can't.

The Cassandra Report noted that 40% of Gen Y's would rather use images than text. "Social communication less tied to native language and cultural cues, helps to forge international connections. Ys have spurred this trend to meet their global outlook."

And in an upcoming report on digital usage, the Cassandra Report found that 86% of trendsetters ages 14–34 say emoji/digital stickers make communicating more fun – 73% of them would like to see brands come up with new and creative emoji/digital stickers.

That makes emoji a tempting way for marketers to connect with today's international youth. Emoji can be used to communicate globally without necessarily knowing a single word of one another's spoken or written language.

So there's the opportunity. Communicate with a young global audience regardless of language in a fashion they find compelling, on the device that is with them at all times.

THE PITFALL

The rise of the emoji has a few immediate outputs and guide-rails for the marketer. One is that youth like to communicate feeling both visually and instantaneously. This can be factored into all communications whether using emoji or not.

Secondarily, by definition part of the charm of emoji is how open they are to interpretation. The ongoing debate of whether this is a high five 🙏 or praying hands is one example among many. Or put differently, sometimes 🍆 an is just an 🍆.

This openness suggests you have to be the right kind of youth brand. When the White House used emoji in their report on Millennials many thought they were trying too hard.

The bottom line is, you have to be clear about not just who you are as a brand but know what you are trying to say. As you are trafficking in emotions you want to be sure not to over-reach. After all you want to be sure the end result is more 😂 than 😡.

The Return of the Need for Anonymity and Young Consumer Behavior

Jamie Gutfreund, CMO

05.

THE BRIEF

In a post-Snowden era where massive privacy breaches dominate the media and every day another new "temporary messaging or ephemeral app" seems to launch, young consumers are becoming equally concerned with achieving anonymity as a way to experience true freedom of expression. In a recent Cassandra Report study, 55% of 14–34 year olds reported they would rather be *anonymous than vocal online*. Having grown up in a culture that equated personal status with likes, followers and the careful curation of "brand me," the tide is shifting toward platforms that release younger consumers from the responsibility of managing a permanent identity and allow them to do or say things they normally would not consider. While some controversial behaviors are naturally attached to anonymity, it also offers a new sense of freedom and a new channel for creative sharing, even if it only applies to just one small aspect of consumers' digital lives.

In 2015, consumers will seek opportunities to fully express themselves in places where their "voice" no longer equals their actual identity. Consumers will value and admire tools, apps and platforms that enable them to show truly authentic feelings, behaviors and ideas. They will strive for the type of intimacy that results from honest interactions, not carefully curated public personas. The strength of Snapchat and other ephemeral apps will continue to grow with 26% of 14–34 year olds saying they have "tried and liked" this category and 32% noting they are interested in trying this category in the near future. Even Facebook recently adapted their long-standing identity policy by creating "Rooms" where users are allowed to create different identities for different topics. "It doesn't matter where you live, what you look like or how old you are – all of us are the same size and shape online."*

Moving away from "permanent responsibility" 42% of this younger audience wants the "freedom to be myself" and 34% want the freedom to share things that "I wouldn't want most people to see." As a result, these moments of digital freedom will enable consumers to move from observation to participation without fear of reprisals or long-term ramifications.

For brands seeking to engage this audience, it's imperative to evaluate new platforms and apps within a proper context. This move toward anonymity is as much about exploring one's creativity, opinions and identity, as it is the negative behaviors sometimes associated with these platforms.

THE PITFALL

When exploring new channels, recognize that while they may be popular, not all platforms work for all brands. Having a presence without understanding the individual ethos of each site or app can make a brand seem out of synch with the community. The increased awareness of privacy will also provide greater challenges for brands seeking to obtain personal information and data from consumers. Brands will need to provide more value in exchange for the valuable personal information they desire.

Brands can provide safe havens for their brand fans to engage with one another, share their passions and express their opinions. This shift has implications for the physical world as well. Young consumers welcome the opportunity to explore new products and philosophies and support the brands that connect them to new ideas within a safe environment.

**Cassandra Report Fall/Winer 2014*

THE OUTLOOK

06. Lost In Translation: Better Serving Hispanics With Relevant Digital Content

David Santana, Art Director

THE BRIEF

In 2015, one key factor for brands and services looking to grow their presence in the U.S. will be their ability to capture the hearts and minds of the Hispanic market. With 21%[1] of U.S. Millennials identifying as Hispanic, this new generation of Hispannials, as they've been dubbed, is digitally ahead of the curve and has a much higher comfort level on mobile than ever before. A great opportunity to build a loyal and social-sharing-minded audience awaits those brands that make the effort to understand this demographic's opinions and passions.

As cultural trends shift, so too do the devices and means of getting a message broadcast in the most effective channels. Although it was once assumed that the Hispanic consumer could be found gathered around the family television set or checking in with distant family members at the local Internet café, this has not been the case for some time and will certainly not hold true in 2015. We will continue to see the Hispanic consumer's abandonment of desktops and their quick transition to smartphones and tablets as their primary – and sometimes only – way to connect socially, share content, experience entertainment and purchase goods. All this will happen as other ethnicities are reaching the mobile device saturation point. Hispanics' use of mobile is predicted to continue growing through 2018. Currently, 80%[2] of the 52 million[3] Hispanics in the U.S. are smartphone-ready, and of the 147 million people in the U.S. with tablets, nearly 19%[4] of them (over 28 million) are Hispanic. These two categories account for 70.9% of Hispanics who are on the Internet in the U.S.

The need to step up the content game in 2015 will lead some brands to simply translate preexisting creative and toss it on Facebook. Such a mindset will not move the needle with this fiercely independent group that is tired of being subjected to stereotypes and hand-me-down content. To create anything relatable and shareable, we'll need to dig deeper and deliver content that piques Hispanic's true interest, in English or Spanish[5], as they search for an assortment of themes through which to be entertained and informed. This will include everything from arts and entertainment to politics and government[6], from the exploration of ethnic diversity and LGBT themes to the characterizations of modern antiheroes.

If that balance can be met, we will see the unparalleled devouring of video content by Hispanic consumers, who are currently 11% more likely to binge watch and 9%[7] more likely to watch a web series on platforms such as YouTube. This consumption includes user-generated pieces like fan fiction, recipes and citizen journalism.[7] Video has become the heavyweight contender and might very possibly become the champion of the Hispanic content fight in 2015.

Striking that balance between content, message and culture in a way that truly resonates with the Hispanic consumer will not be an easy task for all. With Hispanics estimated this year at sharing content 5x[3] more that non-Hispanics on social networks like Facebook and Twitter and expected to outpace all ethnic demographics on those channels through 2018, those who miss this opportunity are likely to lose out on more than just a strong fan base. Hispanics are already 1.3x[6] likelier than non-Hispanics to follow the path to purchase from shared content and this trend is only expected to continue growing. If content is truly great and actually sharable for this group, it can lead to both intense brand loyalty and great sales.

THE PITFALL

2015 will be the year brands must dig deeper to understand where and what the Hispanic – and specifically the Hispanic Millennial – consumer craves. Those who lean on stereotypes and translated material will be missing out on a huge opportunity to create meaningful relationships that they can learn from, help broaden a brand's regional and global appeal, and create consumer growth. Taco Tuesday and Cinco De Mayo need not apply.

1: Nielsen: Appetite for Convenience, How Millennials Are Changing the Hispanic Shopping Basket
2: emarketers.com: US Hispanics' Mobile Use Is Increasingly Smartphones
3: https://ahaa.org/default.asp?contentID=161
4: emarketers.com: US Tablet Users, by Race/Ethnicity, 2013–2018
5: emarketers.com: Ipsos Public Affairs Survey As Cited in Company Blog
6: emarketers.com: "Online Sharing Behaviors Of Hispanic Consumers"
7: Cassandra Report Spring/Summer 2014

07.

THE OUTLOOK

Mobile and the Digital Transformation of Retail

Mark Fielding, Director of Strategy

THE BRIEF

There used to be a clear divide between ecommerce and retail channels, which created challenges for businesses due to fear of cannibalization. The landscape has now evolved to a point that it's clearly recognized that online and offline retail actually complement each other, building revenue and deepening relationships with consumers.

The next frontier to master in the effort to truly digitize retail will be mobile, and it's quickly becoming a top priority for brands and retailers alike. It's the lynchpin to truly connect online and offline retail and we're finally seeing strategies leveraging mobile in the areas of payment, in-store experience and becoming a core channel for CRM.

The concept of mobile payment has been around for a while – Google Wallet launched in 2011 though adoption was slow to start for both consumers and merchants. We're now seeing this scale significantly. According to eMarketer, in 2015, it's predicted that mobile payment transactions (at retail point of purchase) will amount to $8.95 billion (more than double from 2014). The launch of Apple Pay is likely to be a significant factor in catapulting widespread adoption even further. Over 1 million downloads of the Apple Pay enabling software update happened in just the first three days after launch. There is evidence consumers are using it too: in a recent *New York Times* article, it was reported that during the first three weeks after its release, Apple Pay accounted for 50% of all 'tap to pay' transactions at McDonalds, over 150,000 transactions at Whole Foods, and was responsible for doubling mobile payments at Walgreens.

The digital transformation of retail via mobile payment will continue to expand with new products such as Google Shopping Express, connecting mobile to new service models like same-day delivery. These not only increase the value exchange for consumers by pushing ecommerce norms, but can incorporate 'local' retailers and disrupt established ecommerce models like Amazon's. Mobile will continue to create better in-store experiences, allowing retailers the opportunity to reach and engage shoppers with relevant, contextual information and offers. Technology such as iBeacons will continue to expand the mobile-payment footprint, offering better solutions for shoppers such as helping them navigate stores and search for products and offers.

But the real opportunity for mobile is about creating much richer, more personal experiences to both connect with consumers and leverage showrooming. One of the most interesting categories succeeding at this is Luxury Goods. While late to the game to digital in general, key players are more than making up for this by focusing on how mobile can deliver retail experiences which are more personal and more valuable. For a long time, Burberry has been recognized as a pioneer in this space, and is making huge strides in connecting online and offline shopping experiences through the use of mobile, both in and out of store. For example, Burberry is experimenting with microchips fitting into the clothing, allowing interaction with digital displays in fitting rooms. This creates value for consumers by displaying photos and product information that can then be shared through social.

In 2015 we will see mobile driving digital transformation across multiple categories. Grocery is likely to be the next major category to scale its mobile efforts. We will see big-box retailers expand investment and experimentation with mobile as increased competition from big players like Amazon and Fresh Direct intensifies.

> **"We're at the beginning of a retail revolution. In the future, there won't be any difference between physical stores and e-commerce."**
>
> *- Adam Silverman, Forrester Research*

Additional pressure will come from startups like Instacart and services like Google Express where mobile is front and center of their business model.

New business models and richer, more personalized in-store experiences are transforming the retail industry and will be driven largely by mobile for the foreseeable future.

THE PITFALL

Brands should not just focus on the obvious opportunities of pushing offers and coupons. Think about other, deeper types of value can you create for consumers in-store. For example, custom or personalized content, connecting to in-store digital displays and social media. Experiences like these will provide mobile a much bigger role in the growing trend of proximity marketing.

Further, brands cannot underestimate the impact of showrooming where consumers comparison shop among multiple brands and retailers all from their phone while inside a brick-and-mortar store to experience the merchandise in person. Smart retailers will use this now commonplace behavior to their advantage by providing superior mobile-facing customer services and sales support.

THE OUTLOOK

08.

Mobile Kills the Video Star

Todd Krieger, Editorial Director

THE BRIEF

The pace of change in video is accelerating to the point of making the landscape unrecognizable. Amazon just received their first Emmy nominations for 'Transparent,' their breakthrough show available exclusively via Amazon Prime.

HBO and CBS are cutting the cord and allowing people to stream their content without the requirement of a cable subscription. Bloomberg is pouring dollars into digital video. BuzzFeed and Vox have both raised significant capital and have been clear that this capital going into video. Facebook bought LiveRail and Yahoo! purchased AdRoll. Let the video targeting begin.

Round one of YouTube consolidation may be coming to a close with major players from Disney to Dreamworks to AT&T each buying up Multi-Channel Networks (MCNs) but that, too, is just the beginning.

Industry leaders like Jason Kilar with his company Vessel and Danny Zappin (founder of Maker) are looking to establish digital video companies off of YouTube. And Hulu's former head of product just went to ShowYou, a lead candidate among others such as TubiTV and PlutoTV seeking to deliver quality video to the masses via OTT and mobile apps.

Speaking of mobile, according to the latest report from streaming giant Ooyala, mobile views are up 200% year over year from 2013, and 400% from 2012. And while they had originally forecast that mobile would be responsible for more than half of all views in 2016, they have since revised that to 3rd quarter of 2015.

So while you may have been waiting to get together your mobile video strategy, there's no more time to wait. Mobile video is already here.

THE PITFALL

Video isn't easy and even lo-fi can be expensive. Key factors to consider as you strategize and plan are that your video most likely won't be seen on a desktop, and it most likely will not play with sound the first two to three times it's viewed. Even so, the biggest risk is not exploring.

Mobile video's ubiquity is rapidly moving from around the corner to the here and now. While the specter of overspending and BudTV still casts a shadow, if you haven't already, now's the time to test the waters and learn what works.

Media Doing and Media Planning

09.

Jamie Bryan, Executive Director, Client Services

THE BRIEF

There's a phrase that has haunted marketers ever since it was uttered over a century ago: "*Half the money I spend on advertising is wasted; the trouble is I don't know which half.*"

In 2015, the smartest marketers will aggressively challenge this assertion. Indeed, they will actually want to waste some of their money on marketing, quickly and at low cost, in order to avoid wasting as much as half of it.

This willingness – desire, even – to fail was, until recently, impossible to imagine. In the past, when there were only a handful of media vehicles for marketers to consider and invest in (namely TV, radio and print), the importance of media planning was unquestionable. Planning was necessary because the costs of getting your marketing investments wrong were huge. Planning made sense – and was easier – because marketers knew that tomorrow would be the same as today. They also had to accept that they wouldn't know what worked and didn't work until it was several months too late (if at all).

Today, by contrast, the landscape has changed significantly, and there are arguably many more benefits than costs for marketers who are bold enough to flip the traditional approach by executing first and planning second. Indeed, by using media that they already own or earn, marketers can test and learn their way to the best possible marketing plan without even spending a single cent to buy media.

As marketers rethink this very existential question of how to balance thinking and doing – or, put another way, how to balance marketing planning and execution – he role of media planning has to evolve. In the past twelve months, spending in the upfront market in the U.S. fell 6% to $18B* while, in contrast, 2014 online ad revenues passed those of broadcast TV for the first time. As new media have overtaken old, channels and content have become overabundant and it's become increasingly difficult for marketers to cut through the clutter and engage people at scale. At the same time, innovations like programmatic buying have taken much of the time and guesswork out of media planning and investment.

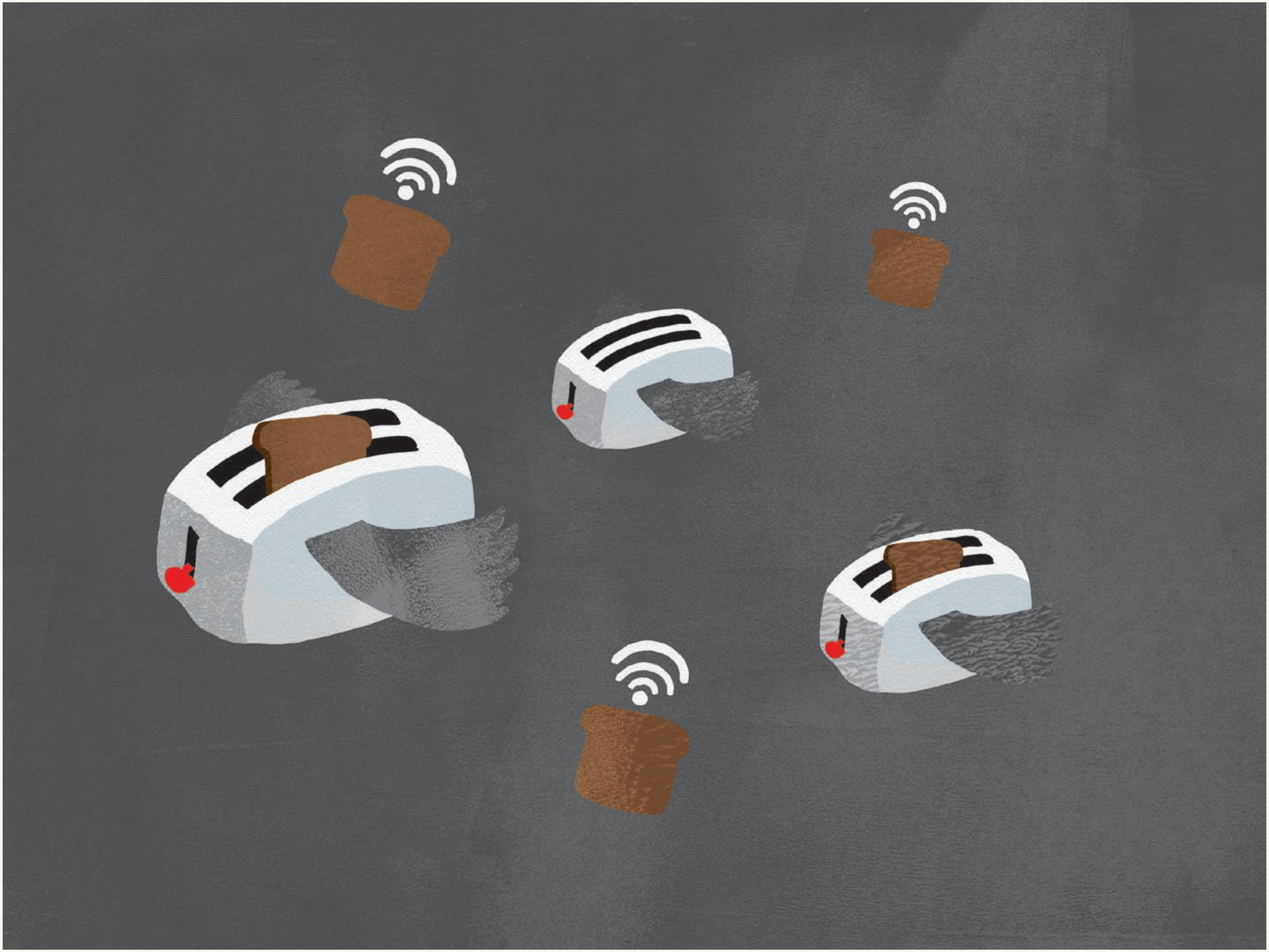
All of these factors mean that, as they shift the planning/execution balance, marketers are also thinking more about the creative and less about the media. They rightly expect that great creative and content will be designed to work in all the right media. (While this might seem obvious now, it bears remembering that, not so long ago, it was the other way around.)

More than ever before, marketers will demand accountability and results to prove that their investments – both in content and in media – are driving business returns rather than going to waste. In 2015, then, marketers who are ultimately able to show that none of the money they spend is wasted are the ones who will win.

THE PITFALL

Media planning still plays a crucial role, just not necessarily the role it has played in the past. Instead, the best marketing planning will work hand-in-hand with marketing doing by acknowledging what can't be anticipated. The best marketing plans will be dynamic, built to adapt and flex as they are executed.

**Forbes: http://www.forbes.com/sites/roberthof/2014/04/10/online-ad-revenues-blow-past-broadcast-tv-thanks-to-mobile-and-video/*



10.

The Internet of Things Is Finally Going Mainstream

Greg Ratner, Director of Technology

THE BRIEF

The Internet of Things (IoT), or what's otherwise known as "the age where just about everything around us becomes a smart device," is upon us. The space has been a hot topic for a number of years among a niche market of enthusiasts, but general consumers didn't see much impact until Nest thermostat began to bring IoT mainstream in 2011. What iPhone did for the smartphone industry, Nest has done for the connected home, kicking off research and investment into smart devices from startups and established corporations alike. As a result, in the coming year this sector will likely explode.

Traditional technology heavy-hitters already made significant investments in the category, including a headliner from Google buying Nest for $3.2B earlier this year. Intel, Cisco and Samsung also made major acquisitions and investments of their own. And the landscape is changing. Previously, IoT manufacturers created products for the enterprise and the affluent markets. Now, with big, global household brands like Philips, GE and Siemens entering the space, IoT is coming to the masses. A connected light bulb will run you $15–25, making it available and affordable to some. 37% of consumers say that they are interested in connected home technologies, according to the latest Cassandra Report, which has already resulted in smart-home devices expanding into a wide number of categories including light switches, power outlets, garage door openers, security systems and many others. These indicators are a sign that IoT will soon become an integral part of consumers' daily lives.

IoT is not just a fad anymore. In certain verticals a refusal to incorporate smart technologies into existing products will likely result in major corporations giving up sizable portions of their market share. At the same time, the brands that capitalize on IoT will increase adoption and drive up brand loyalty. By creating a digital ecosystem around their offline products and adding real value, these brands will now have a chance at getting onto the users' coveted home screen real estate of their phones. In turn, this will allow brands to reach users more often by providing hyper -targeted, data-driven recommendations and keeping their brands top of mind.

THE PITFALL

Not everything around us deserves to be controlled remotely from our phone. With people's lives getting progressively busier, consumers look for convenience not for gimmicks. Marketers need to keep this in mind as they evaluate IoT as an area for investment. Those who choose IoT should not look to it as an opportunity for traditional display ads. Making authentic connections with the target audience will be more important than ever. Partnerships through data sharing can play a major role in improving targeting of offline efforts. Users will not be happy watching a commercial in order to turn off their light bulb.

11.

When It Comes to Wearables: It's Not "If," but "When"

Michelle Rowley, Assoc. Director of Brand Planning

THE BRIEF

There was a lot of hype around wearable technology going mainstream in 2014. Samsung, Motorola and many others released advanced smartwatches. Activity tracking got less geeky when Tory Burch partnered with Fitbit for a fashion-first wristband. Despite all this, wearable technology remains a niche market.

2015 will be the tipping point in adoption of wearable technology. Apple Watch, scheduled for release early in the year, will likely have the same effect on the wearable technology market that the iPhone had on the smartphone market when it was released. There were smartphones before the iPhone (Treo, anyone?), but they were difficult to use and largely limited to early adopters. A few years later, can anyone imagine not having a smartphone? By presenting a polished set of core features, Apple Watch will help define the wearables category and create a platform that both Apple and their competitors will utilize to bring wearable technology to the masses.

Apple Watch and the other wearables it will inspire will give us a radically different UX and therefore a radically different emotional experience with the technology. These wearables will launch new forms of communication, creating a new sense of intimacy and awareness about ourselves and the world around us. We will have seamless connections to the people and information we care most about.

THE PITFALL

Brands can take Know Thy Self to the next level – Share Thy Self – by having direct access to the most personal moments in people's lives and making brand contributions relevant and compelling for consumers to share. Wearables are the most intimate personal devices most consumers will ever have encountered. Look for real ways to add value without encroaching too heavily on this new social opportunity.

12.

Marketing and the Service as a Product Boom

Greg Ratner, Director of Technology

THE BRIEF

On-demand mobile service (ODMS) companies, or colloquially "Uber for X," saw significant investment this year thanks to over $1.37B in capital poured into them in 2014 (excluding Uber's own $1.2B round).[1] As a result, more of these services will be entering the mainstream market in 2015. Commerce giants like Google, Amazon and eBay already jumped on this trend with their on-demand grocery and shopping delivery products, adding heat to the competition. Also, the on-demand space has now moved far beyond transportation into categories such as food and beverage, home services, health and beauty, automotive, hospitality and many others.

The trend represents an important shift in consumer behavior where a growing segment of users is happy to pay a premium in exchange for the time and convenience of outsourcing their daily chores with a few taps on their mobile phones. This is evident from the staggering estimated $2B in monthly revenues that are generated by Uber and $1.6B in annual revenues from GrubHub fueling much of the excitement in the space.[2] This trend is paired with vast U.S. smartphone penetration, faster mobile Internet, and ample availability of workforce seeking a freelance income, spelling out an exciting future for ODMS in 2015.[3]

Some of these on-demand services will create new and exciting distribution channels, particularly for many CPG brands that lack the expertise or infrastructure required for building out in-house delivery services.

THE PITFALL

Despite convenience for the user, on-demand services will present a new set of challenges to brands. In addition to existing retailers, there is now a whole new category of distributors with a new set of rules and restrictions. Brands will require additional staff to manage and support the new channels. Also, since purchase through these services takes place on mobile devices, where screen real estate is a scarce commodity, traditional digital marketing techniques will not work anymore. Promotional areas will likely be very limited and disguised as native content, such as single 3-slot carousels. This will place additional emphasis on packaging and product photography as well as ratings and reviews syndicated from other brand properties. As a result, marketers will have to come up with new ways to contact and engage potential buyers and build brand loyalty outside of the shopping experience.

1. http://www.drumhill.com/the-uber-of-x-on-demand-mobile-services-hit-funding-high-in-2014/
2. http://www.businessinsider.com/the-on-demand-economy-2014-7
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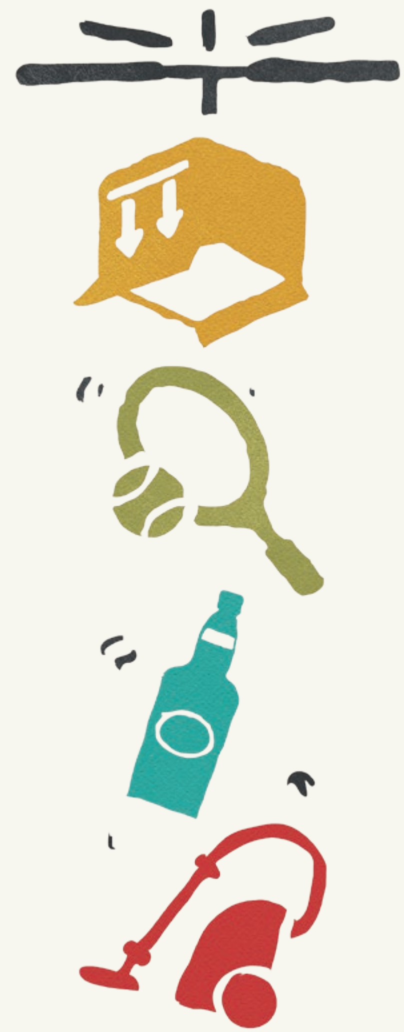

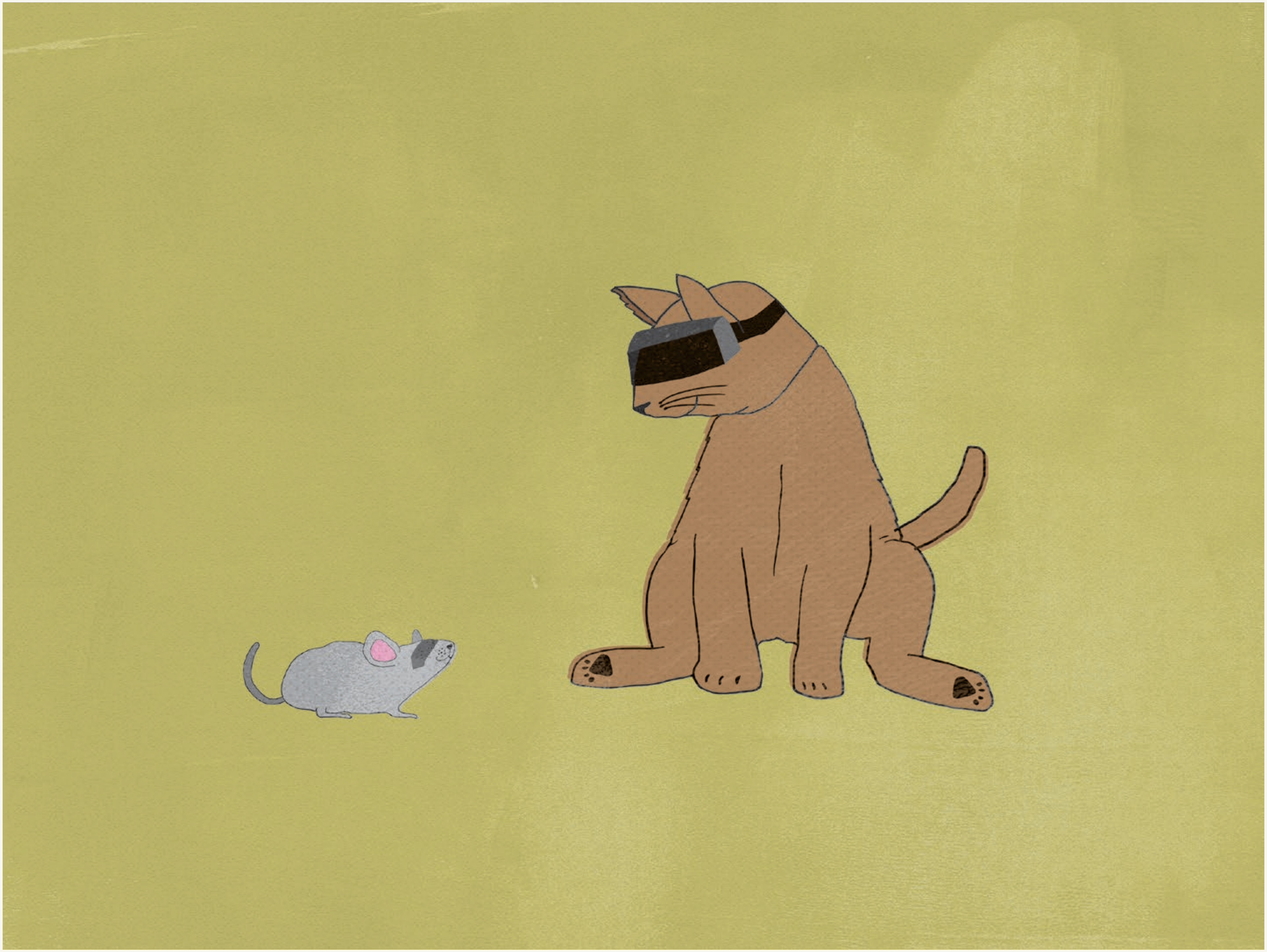

THE OUTLOOK

13.

Virtual Reality Beyond the Gimmick

Greg Ratner, Director of Technology

THE BRIEF

Despite the hype surrounding Virtual Reality (VR), the industry has thus far promised a lot more than it has delivered. Headlines touting massive acquisitions of companies like Oculus Rift, that was bought by Facebook for $2B in July, resulted in little visible change to the market, with VR remaining a niche segment within the gamer community in 2014.

This is likely to change in the next year, with stereoscopic cameras (ones able to record video simultaneously in all directions) hitting the market at a price point and form factor similar to a GoPro. This means that immersive video production technology, a luxury only available to professional studios at a premium price point, will be available to the masses for a one-time investment of $300–500 with a minimal learning curve. Any teenager doing sports will soon have an ability to let their friends relive their experiences without getting off the couch.

Experiencing VR content will soon be cheaper and easier as well. Previously, this required expensive hardware with a bulky headset strapped to your head. But already a number of companies have plans to release phone cases that turn mobile phones into full-fledged VR headsets. These lightweight plastic boxes with two special lenses, and a slot for your phone paired with a companion app, will allow users to experience VR on the go and will cost under $50.

As a result of these two innovations, VR video content, both amateur and professional, will likely begin to flood the market in the next year. When it does, VR will carve out a new section of social networks like YouTube or perhaps even give birth to new ones altogether. This new medium opens up a big opportunity for marketers and enable users to experience their brands in a new and more immersive way. Already this year, we saw HBO, RedBull and Mountain Dew tapping VR as a tactic. At the same time, mainstream entertainment giants will also likely enter the space, with big name VR games and movie titles, boosting general adoption even further.

THE PITFALL

Regardless of channel, content marketing requires quality, relevancy and authenticity in order to resonate with consumers – as well as investments in storytelling and creative and production talent. A new medium or capability will not be enough on its own. Therefore, stereoscopic and VR video will not be appropriate for every brand and occasion and will need to be looked at with a critical eye. Similarly, it's unlikely to become a channel for traditional advertising formats. When it comes to native ads in this medium, marketers need to tread lightly or they will find themselves at risk of throwing away their budgets.


success

THE OUTLOOK

14. Investment in Digital and the Maturity and Standardization of Attribution

Mark Fielding, Director of Strategy

THE BRIEF

We are at a point where increased investment in digital is putting pressure on marketers to prove the ROI of digital more than ever before. This means we need to evaluate the tools and metrics being used and identify how we can make attribution more accessible and realistic for marketers, allowing them to prove what impact digital is really having on their business.

As analytical tools and technology continue to advance, investment in digital is also growing at a rapid rate. Magna Global, one of the worlds' largest media buyers, forecasts that global ad revenue will grow 4.8% to $536B. Digital media is expected to reach 30% market share in 2015 and is on track to surpass TV in market share by 2017.

So it's no real surprise that attributing the business impact of digital is critical. What is surprising is that marketers seem to be more and more confused about what digital is really doing for their brand. A study from Contently released earlier this year shows that while 93% of marketers are attempting to measure the success of their digital content, only 9% of them are confident that their key content metrics are effective in measuring business results.

Where does this lack of confidence come from then? Put simply, in an attempt to fill a glaring need for success measurement, publishers and analysts have mistakenly put forth a variety of one-size-fits-all solutions. This usually becomes an aggregate proxy (like for engagement, for example) and can increase the risk of mis-attribution. It also doesn't tell us the full story.

A huge disparity is surfacing between the metrics marketers are measuring and the stories those metrics actually tell. Recent research by ChartBeat (a web analytics company) found that there is no correlation between sharing a piece of content and actually reading it. Yet according to the Contently study, 65% of marketers are using social sharing to measure the success of their content.

It's obviously important to understand what are the right metrics and what they are telling us, but we also need to be able to understand some bigger questions: Is consumer brand perception shifting because of the content published? How is content interaction impacting the purchase decision journey? And how can you really determine if content engagement is positive or not?

To answer these types of questions, and as marketers begin to focus on more macro goals for digital and social, we will see increased investment in resources and research tools to better understand the impact of digital on business objectives. This will require evaluating what metrics to use, understanding the relationship between metrics, and exploring new tools to standardize attribution.

Only then will we start to see increased confidence in the ability of digital to really shift the needle and attribute the business impact it deserves.

THE PITFALL

Don't assume that the metrics you're measuring are telling you the full story. Invest time and money with technology and analytics partners, and explore new methodologies and ideas to better understand which metrics are important, and what story they are telling you.

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About Deep Focus

Deep Focus is a modern global marketing agency. Built from the ground up to be Creatively Driven; Digitally Native; Social at the Core; Intelligently Integrated.

A global, full-service agency network, Deep Focus has offices in the U.S., China and the UK. We work with some of the world's most innovative brands to help them resonate with consumers that increasingly live beyond the reach of advertising.

We were born digital and grew up social, but we believe the right media mix is the one that makes the biggest impact the most efficiently. We apply modern solutions to modern challenges without regard for the typical agency "status quo." We're pragmatic provocateurs and strategic partners. And we're unrelenting in our use of quantitative and qualitative intelligence to understand what will work — and then we prove that it did.

The result is brand-building work that people want to share, because it says something about who they are.

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CASSANDRAreport

For nearly two decades, the Cassandra Report has been the leading ongoing study of youth trends and behaviors in the U.S. Each report goes beyond pure data to feature thematic deep-dives (macro trends), strategic implications, and critical statistics that help brands breed new thinking, foster innovation, and drive young consumer engagement.

Report findings are based on proprietary qualitative and quantitative research of both mainstream and trendsetting consumers between the ages of 14 and 34.

The result is a timely and robust narrative, beautifully designed, that delivers true insight into the minds of young consumers and the implications for the brands and institutions that seek to engage them.

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