INTRODUCTION

Today if you’re one in a million…there are 2,405 of you on the Internet. That’s to say; over a third of the global population has Internet access. Every 60 seconds online, 30 hours of new YouTube video content is uploaded, Pandora streams 61,141 hours of music, Twitter pushes out 100,000 new tweets, 194,000 mobile apps are downloaded, a quarter of a million ephemeral photos are sent, received and automatically deleted from Snapchat’s servers, more than two million Google searches are generated and we see six million new Facebook views, status updates, wall posts and comments.¹

Not that long ago, advertising was defined by four champions—TV, Radio, Print and Outdoor. Once you added film and recorded music to that media list, there really wasn’t a corner of the developed world in 1990, you hadn’t covered.

In contrast, the smart mobile portals to endless content we now carry around aren’t just “windows” to gaze at media through, like TV was. They are now functionally and emotionally part of how we experience the world. In other words, interactive, immersive and connected media is all around us, all of the time; we no longer consume media, so much as live in it.

For instance, we now take it for granted that essential, daily software tools for our 21st century business and social lives—from Google Search or Gmail to Facebook and Twitter—are also media channels with full advertising inventories. This never used to be the case. Software used to be software; media used to be media; but now, that’s how it works.

All this is being accompanied, of course, by a noisy, active culture of participation by private individuals in media, in which content can be user-generated and shared immediately across multiple social networks on mobile devices.

It’s not just the media we use to communicate with that is being radically reshaped by technology; it’s changing the wider economy in which this happens. The products we can buy today are becoming astonishingly diverse and sophisticated. Economist Eric Beinhocker estimates in a modern city such as New York City, there might be as many as ten billion different kinds of products and services available to consumers. Including 285 varieties of biscuits, hundreds of shampoo treatments containing endless arrangements and re-arrangements of aromas and 19,000 different ways to order your morning Starbucks.
There’s no argument that digital technology is now a CEO-level conversation. Starbucks’ Howard Schultz believes: “Our brand is succeeding today because of its unique emotional level of attachment and relevancy in the digital world, in the mobile world.” While Robert McDonald, former CEO of P&G says: “We want to be the company that creates those indispensible relationships with our brands, and digital technology enables this.”

There’s also no argument that engaging audiences against this background is a lot more challenging than it was in the days when radio and TV could build brands with advertising jingles like Alka-Seltzer’s “Plop Plop, Fizz Fizz” and 80 percent of 18- to 49-year-olds in the U.S. could be reached with three 60-second TV spots.

Which raises several questions: is marketing now completely different from the way it used to be, or are the principles still the same and we just need to apply them in new media contexts? Is digital marketing dead in the sense that it’s now the “new normal” and has become integrated into everyday life and therefore marketing? Or, are we not living in a “Post-digital” world quite yet? Perhaps we’ve only scratched the surface of how technology can change our lives, and the accelerating pace of innovation in consumer media, devices and applications means that “digital” still needs special attention in marketing and business in general?

The easiest answer to these questions is that perhaps it doesn’t really matter what we call it. What matters is creating meaningful, effective marketing in a world where communications technology, in one form or another, is part of pretty much everything we do. Digital connectivity is in the cars we drive, the things we buy, the business we do and the houses we live in. Today, the free flow of online media is like water or oxygen—a natural condition of life. Is it a Paid, Owned or Earned media strategy if a brand makes content and then

Source: “The Atlas of Economic Complexity: mapping paths to prosperity”
pays a digital platform to promote it so it will be shared more widely? Whatever we call it, it's probably not so much an example of "digital marketing", as "modern marketing" in a digitally-connected world.

“YOU MAY ASK YOURSELF, WELL HOW DID I GET HERE?”

Understanding the past doesn’t make predicting the future any easier—but it helps remind us what’s changed. Advertising was born in a different time and in a different media world. It was about mass communication to mass markets for mass manufactured products. Advertising had a special authority because it was one of the only ways consumers could get information. Advertising wasn’t just a form of communication, it was a substitute for essential inputs about culture, society and the way the world works.

Today, the explosion of tools, devices and apps means consumers are “always on” with near universal, instantaneous access to information. As a result, an entirely different media system has emerged. Today’s consumer is on a digitally connected journey, constantly encountering many different opportunities to interact with brands and negotiate past many points of influence: friends, communities, moods, news, gossip, passions, dynamic messaging, personalization algorithms and so on.

Today’s consumers don’t sit still for long enough to have brand beliefs beamed at them en masse. They dip in and out of a free flowing stream of mobile, social and real-time interactions with all kinds of information and services, some of which may be brought to them by marketers. The challenge, clearly, is how to modernize communications for this very different set of circumstances. In short: how to re-define and practice what we might call “Modern Marketing”.

Source: “Another Game of Thrones”, The Economist, Dec 2012
This paper is a bird’s eye view of the key trends impacting media, marketing and consumer behavior in an age of almost constant and universal digital connectivity. It’s not an all-encompassing Digital Marketing 101; rather, it explores the seven most important centers of energy for technology-led marketing in 2014 and beyond. (For a deeper dive into specific subject areas, please see other DAS papers on Disruptive Digital Trends in Healthcare and Retail). To put it another way, this paper offers seven good reasons to believe communications technology affects how we work, play, consume, communicate, transact and experience and therefore why you should pay attention to its impact on Modern Marketing:

1. **Social Life**—people sit at the center of social, information networks, into and around which all things swirl (including brands).
2. **Mobile First**—consumer devices like smartphones and tablets are becoming life hubs for all the content, tools and services we need.
3. **Real-Time Marketing**—communications at the speed of consumer conversation, taking advantage of what’s going on at any given moment.
4. **Connected Content**—telling stories that build across multiple platforms, screens and contexts of media consumption.
5. **Mass Personalization**—creating relationships at scale by treating the planet as seven billion segments of one.
6. **Big Data**—data-driven marketing based on live insights into consumer journey behaviors and intentions is more productive and profitable.
7. **Smart Things**—constant connectivity though physical objects as the real world becomes part of the Web and everything can be a brand interface.

Inevitably, these trends overlap and inter-link. For instance, any brand experience these days probably involves some form of socially-connected interaction around content and happens on mobile devices. Personalization is, of course, closely related to Big Data (because personalizing an experience means using data to treat individuals differently) and also Real-Time marketing, because a lot of data-driven Personalization happens dynamically based on live circumstances and inputs. Lastly, all of these trends are also part of how physical objects are being connected to the Internet to access intelligent, branded information services. So we’ll examine each trend and driver in turn, and surface their inter-relationships and common characteristics along the way.

1. **SOCIAL LIFE**

Social media, intriguingly, accounts for somewhere between 27 percent and 48 percent of the time spent online globally. You know when a technology has become embedded into our everyday lives and the wider economy once a global population starts to be measured by its use. Most modern businesses can barely remember life without the means to communicate with customers at a distance using some form of social software like email.
Peer-to-peer recommendations are how consumers filter information, form opinions, make purchasing decisions, and embrace, endorse or reject brands. Social is now a boardroom-level conversation within businesses and according to an IBM global study, most CEOs believe social will replace their web sites, call centers and indeed traditional media as their primary communications channel within five years.

Social media (increasingly accessed on mobile devices) is creating a new “connected state of mind” that rises above age, demographic and geography and describes a community for which connectedness, participation and highly visible self-expression is the new normal. There are over a billion unique users on YouTube every month, 90 percent of whom, according to a Google/IPSOS study earlier this year, say they can’t keep their content to themselves. Over half of that billion say they are socially connected to at least 100 other people online.6

Social technology is simply how people live their lives and get stuff done. Although a highly fragmented and often very light touch usage of these evolving new media means brands need to work harder to engage these consumers, they have never been easier to find. They’re all online.

Take the global, tech-savvy Millennial Generation and their demographic siblings, so-called Gen Z (a good bellwether for future “always-on audience” culture, which will soon cross pretty much all demographics, generations and backgrounds). They are never not connected and constantly broadcasting data (actively or passively) about their activities, preferences, locations and social connections via their smartphones and digital profiles.

This means marketers have more touch points to connect with consumers all through the day, and can reach the right people, in the right place at the right time, more efficiently than was ever dreamed of at the dawn of mass
communications a century and a half ago. This allows us to respond to consumers real intentions and needs with valuable, related information and services, instead of bombarding them with irrelevant messages.

You don’t even need to know audiences by name as they’re now digitally addressable by behavior (e.g. programmatic ad exchanges serve up real-time messages based on a user’s web browsing attributes and preferences). In addition, the underlying data algorithms that power the Web are hyper-personalizing all our experiences, further opening up access to this global, online digital citizenry.

But while social has undeniably become a critical and permanent part of the consumer landscape, for all the opportunity this creates, there’s a real risk that marketers will dilute brands into a lowest common denominator experience by chasing an efficient presence in all social spaces. The major challenge is not losing sight of meaningful customer connections in the effort to keep up with an ever expanding and changing set of social outlets.

Socially networked technology is becoming stitched into our personal and professional lives and steadily replacing, or re-imagining, most of the ways we use to produce and consume information and culture. Instagram is the new family album, LinkedIn the CV/Rolodex, Evernote our notepad, Spotify our music collection, Kindle our library, Netflix our video rentals and smartphones our wallet. The social Web is, as business author Nicholas Carr notes, “becoming our map and our clock, our printing press and our typewriter and our calculator and our telephone and our radio and TV.”

Social has evolved, moving from simply a destination we travel to, a space we populate or a tool that we use, to become a layer that runs through the entire Web, enriching all our digital activity. Twitter, for instance, has become
an indispensable real-time component of most other media services and
hashtags have made their way into high culture, as well as popular culture,
popping up on signage at art galleries like Tate Britain. Even pre IPO, Twitter
was a core part of the distribution of news; a quarter of US residents, we are
told, can’t watch TV without a second screen, typically one with a little blue
bird on it.

Google+, now the second largest social audience after a slow start, was
designed from the ground up as a social layer embedded in every Google
app. And Facebook—secure, for the moment, as the broker of all our social
digital identities—allows us to bring our network of friends to 10 million
different apps and websites by using the Facebook API to login.

But now social is moving beyond this—down into the infrastructure of the
World Wide Web, becoming part of its plumbing, carried by default through
more and more networked services. Even the software used to build the
latest parts of the Internet itself is now social. Take the latest release of Web
development framework Node.JS; it now has on-board links to no less than
88 different kinds of social networks. Regardless of the digital service being
created, it can plug into any existing social system and draw in or push out
social data with any kind of user interaction.

Are we surprised that Web has social DNA? After all, the ‘Net has always
been a common, joint endeavor: an estimated 80 percent of the modern
Internet was built on some form of free and Open Source code, all the way
from Perl, Sendmail and Apache software up, all of which run on strict
principles and systems of social collaboration, reciprocity and the free
sharing of ideas. In fact, an increasing amount of software can be found on
code-repository GitHub—the social network of choice for programmers.

SOCIAL BY DESIGN

A new crop of Web start-ups have been using social connectivity to disrupt
existing businesses and breathe new life and efficiencies into old, analog
models: Airbnb for hotels, for example, TaskRabbit for chores, Kickstarter for
funding start-ups, or collaborative consumption systems like Whip car or
Relay Rides for car pooling.

These new sharing services all use social systems, naturally, to build and
maintain trust between strangers, as eBay trail-blazed with its community
reputation scores. To feel comfortable about completing a transaction today,
you just need a social login like Facebook to count the degrees of social
separation between you and the individual you’re trading with.

Social is also becoming integrated into established business models. For
mobile virtual network operator Solavei, users have become a direct part of
their sales-force as a referral program drives the acquisition of new
customers. While Telefónica-owned Giff-Gaff gives its customers financial
incentives to help out with tech support.
THE FACE OF SOCIAL BUSINESS

The most sophisticated businesses are already using sophisticated semantic analysis and natural language processing software to grab what customers are saying about products on the social Web so they can optimize their marketing and customer support in real-time. The largest UK retailer, Tesco, for example, has an in-house team already of 40 full-time social customer service agents; it thinks that’s going to be more like a 400-strong one within the next 2–3 years.

But the adoption of all things social within the corporation goes beyond that. Consumer-style social interactions—like sharing, following, liking and real-time activity feeds—have become adopted by enterprises to help employees collaborate, learn and share expertise. Social business platforms like Microsoft’s Yammer (translation: Twitter for accountants) or Jive have been joined by many others from the largest business software suite vendors—like Chatter from Salesforce, VMware’s Socialcast, or Jam from SAP. Serious multi-nationals, like Kraft Foods, are using tools like these to internally discuss and develop company values, while others, from General Electric to Google and BP, have created internal prediction marketplaces to crowd-source business solutions and make the most of their workers’ collective intelligence.

2. MOBILE FIRST

You could argue that the true birth of modern marketing in a digital world only dates back as far as June 29, 2007—the day that Steve Jobs launched the first generation iPhone. Today, less than seven years on, and the 800lb gorilla in communications is, without doubt, Mobile. Ten years ago there were perhaps 50 to 100 million people online, and that was some of the time. Now, there are two and a half billion connected all of their time. By the end of this decade there will be five billion of us walking around with mobile, socially-connected devices and the Internet in their pocket at all times.

Mobile is undoubtedly a game-changer for marketing. Smartphones and tablets are the fastest growing consumer technologies in history. At the start of 2014, the majority of Internet usage became mobile as the global installed base of smartphones and tablets passed that of laptops and desktops. Mobile phones already far outnumber TVs and computers combined—with nearly a quarter of these smartphones a number rising to 100 percent within 5 years (in fact, over 50 percent of mobiles became smartphones in Europe’s top 5 markets at the end of 2012). Meanwhile, tablet sales have been growing at 100 percent per annum in many markets and already record between 20–30 percent penetration in some geographies.

Only 5 years ago, US consumers spent twice the amount of time reading newspapers and magazines as they did looking at content on mobile devices. Two years ago the two behaviors had swapped places; almost 50 percent
more time was being spent on small screen. Today, U.S. consumers spend an average of 2 hours and 38 minutes per day on smartphones and tablets.\textsuperscript{8} Overall, more time is spent on mobile devices than with the television; on any given day, mobile web users spend 27 percent of their media time on mobile, compared to 22 percent on TV.\textsuperscript{9}

![Time Spent on iOS & Android Connected Devices](image)


Mobile is also creating a fundamental shift in how news is created and shared, thanks to individuals armed with smartphone cameras and video recorders crowdsourcing real-time news and breaking it on Twitter.\textsuperscript{10} The news images on our TV screens and newspaper front pages are increasingly crowd-sourced from everyday citizens writing, as journalist Dan Gilmour once put it, “the first drafts of history as it happens.”

Smart mobile devices are becoming our digital Life Hub, the nexus for all the socially connected content, tools and service we say we need for happy, productive, successful living. For the young, “second screen” devices like smartphones and tablets are their first screen, the primary interface to media content and digital services (TV would be happy to get the No. 2 spot). For example, research by Weve, a partnership of telcos EE, O2 and Vodafone, found almost half of all British 18- to 34-year-olds already say mobile is their most important “screen.”\textsuperscript{11}

And, of course, uninterrupted access to social is one of the primary reasons people use these new devices. The majority of Twitter use (80 percent and rising) has long been on mobile; Facebook and Google+ too. 65 percent of the time spent on social networks overall now happens on mobile.\textsuperscript{12} Today, social equals mobile.
Revisiting the “Social By Design” point touched on earlier, crowd-sourced traffic navigation tool Waze, gives drivers live updates based on the driving habits of others, road conditions, city-based sig alert reports, and super users who post traffic updates. It’s a great example of the utility derived from combining social and mobile technologies: peer-to-peer support with real-time, location-based information flows.

As you’d expect, the global spend on mobile advertising is following closely behind this rapid increase in audience and is projected to reach $36 billion annually by 2016. Although the real opportunity in mobile goes far beyond search marketing or one-off display advertising campaigns, it’s getting closer to customers by delivering personal digital services not just communications. As social media marketing agency Fanscape puts it: “mobile is a mindset and not a handset.”

The Harvard Business Review reports: “Performance on end-to-end consumer journeys is 30–40 percent more strongly correlated with customer satisfaction than performance on an individual touch point is.” Brands can use Mobile to build ongoing, direct digital relationships by integrating themselves in useful, relevant and entertaining ways into key stages of the customer’s connected journey as they carry the Internet with them in the palm of their hands.

And let’s not forget Mobile is a particularly global technology. For instance, Internet access on mobile phones overtook desktop PCs in China in the second quarter of 2012; today 78.5 percent of China’s total Internet use is Mobile. There are over 400 million registered users of Tencent’s mobile WeChat service, which has been growing by 400 percent year on year. Developing critical Mobile skills and services then isn’t just about staying competitive; it is the path to future marketing services growth.

Furthermore, the likes of WeChat in China, LINE in Japan and Kakao Talk in Korea have given birth to a new wave of real-time social messaging apps that will count more than 2 billion users worldwide by the end of this year. LINE launched in 2011, became Japan’s largest social network last year and

As social media marketing agency Fanscape puts it: mobile is a mindset and not a handset.
MODERN MARKETING: COMMUNICATIONS IN AN AGE OF CONNECTIVITY

now reaches 300 million individuals. Similarly, KakaoTalk, which is used by 97% of the smartphone population in Korea, has become the single largest social network of record in Korea. This model has inspired other players to follow suits, like Viber, or the phenomenally successful WhatsApp with more than 350 million active users globally.16

But it’s not the large numbers of users today that makes this global trend of “messaging platformization” significant, it’s the potential for becoming a third way of acquiring customers, making transactions and discovering and distributing content online, alongside search and traditional social networks like Facebook (which recently purchased Whatsapp for $16 billion for this very reason). These apps are now in a position to build platforms for a wider range of socially connected tools on top of their messaging services. For instance, WeChat lets its users purchase event tickets, call cabs (21 million rides were booked in the first month of operation17), play games and split bills and has just introduced the ability to invest money in mutual funds.18

MOBILE SHOPPING

Our endless appetite for smartphones and tablets is revolutionizing the way we search for, compare and buy products. Mobile is now the central consumer interaction platform, supporting and forming more and more of the average consumer’s shopping experience. Just some of the most recent data here shows over three quarters (84 percent) of shoppers already use their smartphones to help when in the real-world store, not just the online version; and if you do check something out on the phone, you are way more likely to end up completing a purchase, too.19 In fact, intent to purchase is five times higher for a phone user than someone shopping online—while shoppers who spend more time on their smartphone spend more money too, with the baskets of frequent mobile shoppers 25–50 percent higher than desktop only.20

No wonder that by 2015, m-commerce, shopping by phone, is expected to overtake e-commerce. On November 11, 2013, Chinese retail giant Alibaba Group created the world’s largest online shopping event taking $5.7 billion in sales on a single day—it saw a 5x increase in revenue coming from mobile. According to consultancy Deloitte, smartphones will still influence $160 billion worth of in-store purchases in the US this year…and that’s a massive number set to rise by a factor of three, impacting 19 percent of total store sales within the next three years.21

Mobile commerce is now a major factor in “omnichannel” style retail. New analysis (by online retail group IMRG working with Capgemini) shows that overall growth in online sales is down to a triple-digit increase in mobile commerce, even as buying on home PCs and laptops declines.22 Smartphones and tablets are becoming critical interlinks between physical stores and associated digital content and services, designed to make consumers’ lives simpler and their purchasing decisions easier to make.
As physical and digital shopping coheres into a single, connected shopping journey, the retail industry will continue to roll out new digital shopping tools and service innovations. For instance, the UK’s biggest supermarket chain, Tesco, has launched its own tablet, with a range of own-brand family-friendly commerce services, all part of its drive to make omnichannel a reality. Meanwhile the biggest grocer of them all, Wal-Mart, is considering crowdsourcing an online/offline delivery option that would give in-store customers discounts on their shopping bills if they drop off online orders to other customers on their way home.

Why would shoppers do this? Convenience and control. In a recent Accenture survey, 79 percent of those polled said that being able to access services and content when they want is crucial. Meanwhile, IMRG notes that, “Second screening in front of the TV has turned online shopping into a leisure activity fully compatible with our home entertainment lifestyles.” Finally, mobile buyers are “always-on”—80 percent of us check our mobile devices before brushing our teeth in the morning and look at our handsets at least 150 times a day.

The loud and clear message for all brands and retailers: if you’re not constantly connecting with consumers on all these new channels, your competition surely is.
3. REAL-TIME MARKETING

Modern brands are expected to be “always on,” ever-present and relevant at all times. Real-time marketing is a response to this as brands try to keep pace with the constantly connected, instantaneous nature of consumers’ digital behavior. Brands now need, as Nike’s Vice President of Digital Sport, Stefan Olander puts it, “to have a finger on the pulse of users rather than relying on lagging POS data, quarterly tracking studies or focus groups. It’s real time or no time. Period.”

Real-time marketing is partly about communications keeping pace with these consumer conversations. Namely, taking advantage of what’s going on at any given moment; whether reacting to social chatter, like Old Spice’s stream of quick-fire, personalized content responses to campaign comments, or using external events and triggers, like Oreo’s famous “dunk in the dark” tweet during the Super Bowl blackout.

Monitoring and responding to this real-time flow of conversation and events needs to become a core operational competency for businesses in the 21st century. Brands like PepsiCo’s Gatorade and Dell have established “Social Media Command Centers”, effectively war rooms for monitoring the brand in real-time across social media. Dell monitors 25,000 social conversations every day with a team of 9 Command Center staff and 45 more in their 24x7 social media outreach team @dellcares, handling real-time sales, marketing and customer service issues.

Having this kind of top class, communications “Mission Control” is a central part of being a “live” brand in operational terms and managing crisis communications. Consider the sheer speed at which online incidents can become global, highly visible media events. In December 2013, Justine Sacco, a PR professional for publically traded InterActiveCorp (which owns sites and apps like Match.com, Tinder and Vimeo), sent a racist “joke” tweet before boarding a plane to South Africa and sparked a global firestorm. By the time Justine touched down she was a bona fide Internet pariah, with her own top trending hashtag #HasJustineLandedYet, and had been publically fired by IAC.
Or consider the Proctor and Gamble (P&G) always-on newsroom, which enables it to listen, monitor, and respond instantly and in a meaningful way to the marketplace. For example, “Tide” came to the rescue after a fiery explosion impacted the Daytona 500, covering the Speedway with 200 gallons of burning fuel…TV viewers watched as track workers used the familiar P&G cleaning product to fix the track while the race was delayed. Thanks to its newsroom, P&G was able to create a fresh campaign showcasing this new use for its well-established laundry brand just 48 hours later. Over the course of just a few hours, Tide increased its Twitter base by a factor of four, and the Speedway clean up became an immediate global hit on YouTube. P&G was able to spark conversation and build momentum about Tide’s superior cleaning performance through the speed of their coordinated media response.

FleishmanHillard’s Black Box platform which integrates business and social media information into real-time insight dashboards and visualizations (for instance, powering the “social command center” at 2014 CES tracking trending content and influential conversations in real-time) is another good example of how real-time analytics and real-time content creation are coming together.

REAL-TIME INSIGHTS

But real-time marketing is also about using data analytics to mine the flood of live data generated by all this activity, in combination with other direct sales, product and brand interactions, for rich insights into the following:
Loyalty programs are being transformed by this kind of “sense & respond” event-based marketing where consumers can be rewarded in real-time, anytime anywhere. Harrah’s does this by providing real-time rewards, surprise and magic with their Total Rewards program—consumers get points and awards for anything they might do once they get there, and even before they arrive.24

Loyalty schemes have historically been based on a one-size-fits-all model that rewarded people for product purchase. The new loyalty is far more pervasive and personal providing tailored rewards triggered by tracking and managing a consumer’s overall experience of the brand rather than just purchase transactions. Shopkick, for instance, makes loyalty a game by rewarding anything from walking into the store, to picking up products or trying on clothes.

It’s worth remembering though the right communications may not always be in real-time, and marketers have to balance personalization and speed of action with the consumers’ experience of how information about them is being used. It’s more about “right-time” than real-time marketing.

Although the right time could actually be faster than real-time, “Personal assistant” services like Google Now use predictive analytics algorithms to sift vast amounts of data and learn what users are up to when they’re out and about, then proactively tell them what they need to know (e.g. traffic updates in advance of a cross-town meeting) before they realize they need to know it.

This analytics-driven approach is also covered in section 5. “Big Data”, which looks at how live insights into consumer journey activities and intentions can trigger appropriate messages, offers and interactions.

LIVING IN REAL-TIME

Thanks to mobile devices and “always-on” digital apps and services, consumers are making decisions about what they need at the moment and in the place they need it. The combination of an infinite amount of content available on many different screens, with the ability to instantaneously
consume and communicate media, has left today’s consumer with an attention span of just nine seconds—about the same as a goldfish.\(^{25}\) We’re seeing this show up on the high street in compressed fashion cycles and timetables and instant “last minute” offers. Hijack app from Guatemalan shoe store Meat Pack sends its Facebook fans rapidly expiring virtual vouchers whenever they enter a competitor’s store in the same mall; the offer drops one percent every second, so the consumer has to rush to the Meat Pack store to use the voucher in time.

We’ve seen ultra-fast spreading mobile memes emerge over the last few years such as games like Angry Birds or apps like Snapchat. The world’s most popular smartphone game in 2013 Candy Crush Saga has been downloaded over 500 million times and played more than 150 billion times by 282 million active monthly players.\(^{26}\)

Marketers need to turn on a dime and respond instantly, whether by optimizing campaigns based on real-time performance data, coordinating instantaneous crisis response, or listening to and gathering insights from ongoing customer conversations and dealing with complaints as they happen.

Richard Branson once noted that: “Mistakes are inevitable, dissatisfied customers are not.” Service recovery moments in any channel can turn errors into memorable customer experience stories, and quick-thinking creative responses (which means lowering production costs for constant iteration and faster turnaround of content) can turn negative comments into positive brand moments. Smart Car, for instance, responded to a mocking tweet, “Saw a bird had crapped on a Smart Car. Totaled it”, with: “Couldn’t have been one bird, @adtothebone. Sounds more like 4.5 million. (Seriously, we did the math.)”, accompanied by a funny, well-researched infographic.

PR firm Ketchum also demonstrated the coverage you can get by linking brands with real-time digital content. Their Facebook post for Hebrew National jumped on the Hot Dog Legs meme that was trending on Buzzfeed and Tumblr, delivering considerable social engagement and ending up on MSNBC that same night.

Up-to-the-minute pricing and dynamic merchandising with alerts, coupons and offers based on variables like available inventory, consumer location and events or weather, are also tools in the real-time marketing tool kit. For instance, Budweiser “Ice Cold Index” mobile app gave Irish drinkers free beer or coupons depending on the day’s temperature, while Taco Bell triggered location-based offers at nearby restaurants to drivers stopped at red lights using popular GPS traffic app, Waze.27

Taking it one step further, hyper-personalized mobile loyalty app, Spaaza offers every individual customer a price just for them based on their social network profile and level of influence (if you “Like” the store to a lot of Facebook friends, you might get some more money off).28

As all media becomes digitized and able to be “served”—marketers need to understand how to leverage these new, highly targeted media platforms to target and re-target customers with real-time communications. Such as real-time ad exchanges (sometimes known as “programmatic buying”), which use live clickstream data across the Web to let marketers efficiently pinpoint individual consumers in the right interaction context, at scale. You don’t need to know audiences by name to deliver on-the-fly, personalized communications or re-targeting offers when they’re individually addressable by real-time behavior.

4. CONNECTED CONTENT

The engine of successful modern marketing runs on a flow of fresh, relevant content that can be socially shared and consumed in multiple channels, delivered at what we might call “the speed of culture” (not necessarily real-time, but always updated and socially and culturally relevant).

Content really means anything customers, followers and fans can engage with and share online. From blog posts, tweets, pins, Tumblr gif animations, Facebook updates, How-To’s, FAQs, photos, images, infographics, even press releases, and video in all shapes and sizes: from 6–15 second micro-videos on Vine or Instagram, or low production value product reviews filmed by staff, to short films and professionally-produced programs like BBDO and AT&T’s online thriller Daybreak for mobile devices made by Tim Kring, creator of Heroes and Jon Cassar, Emmy-winning director of 24.

In effect, social media has turned all brands into interactive media companies—whether they know it or not—and agencies need new content and publishing know-how. Strategy consultants McKinsey think “Marketers

"You don’t need to know audiences by name to deliver on-the-fly, personalized communications or re-targeting offers when they’re individually addressable by real-time behavior."
must recognize the need to think like a large scale multi-media publisher as they manage a staggering increase in content”. One of the most successful online e-commerce brands Zappos, now owned by Amazon, certainly behaves this way. It runs 73 different blogs for customers and produces 50,000 pieces of original video content a year, with a full-time 40-person content team.29

Burberry’s Chief Creative and Chief Executive Officer, Christopher Bailey was recently quoted as saying: “We are now as much a media-content company as we are a design company, because it’s all part of the experience.” And Nike, which has shifted a large portion of its TV advertising spend into online content, will be the first to tell you they don’t just sell shoes; Nike is now a digital media company that creates culture through socially-connected content.

Successful, “in-bound” marketing strategies—publishing content that people actively gravitate towards—are inextricably linked to better Search Engine Optimization as the search visibility of those content pages improves and they become more easily findable on the Web.

And, of course, the social transmission online of content is now essential to its success. Conversation is currency—if consumers aren’t talking about your content, then you need to question the effectiveness of your marketing.

Last year, $1.56 billion was spent on sponsored content in the US alone, a 39 percent increase on the previous year.30 And according to an E-consultancy Survey, 90 percent of marketers think some form of content marketing (for instance, short-form web video produced fast and frequently, with multivariate testing and rapid iteration in mind), will become more important over the next year and nearly three quarters (73 percent) agree “brands are becoming publishers”.31

“The social transmission online of content is now essential to its success. Conversation is currency—if consumers aren’t talking about your content, then you need to question the effectiveness of your marketing.”
Content rather than messages is becoming the critical means of exchange in return for this consumer attention. Brands need to think in terms of valuable, engaging content first, and message second.

As the Harvard Business Review observes, time is money: “Time is the currency of all experiences — and a very simple rule applies: the more time your customers spend with you, the more money they will spend now and in the future”. And content rather than messages is becoming the critical means of exchange in return for this consumer attention.

Brands need to think in terms of valuable, engaging content first, and message second. For instance, sponsored whitepapers for B2B decision-makers, or a consumer-clothing brand like Ted Baker teaming up with Vice Magazine to make short films telling Americans how to dress dapper. Rapha, outfitters of Team Sky cyclists, spends a massive amount of its marketing budget producing lightly branded, beautifully shot and evocative short films of riders wearing their clothing, but without directly selling anything or linking to items to buy.

Most notably, Red Bull has reinvented the relationship between brands and content and pioneered a modern way of communicating with target consumers around their passions. Red Bull’s energy drink product marketing has taken a back seat to their lifestyle marketing in the form of (extreme) sports programming. This is a CPG brand that doesn’t just sponsor sports teams and run events, but actually owns and re-brands the likes of soccer, hockey, F1 and NASCAR teams and their stadiums. Not to mention the fact they’ve created their own film and TV studios, radio stations and record labels to produce content with high quality documentary-film production, audio recording and photography.

Content is no longer the preserve of brands and their agencies who can afford the equipment and media to produce and distribute it. The ability for people to generate and share content online from any device means that cultural ideas can come from anywhere. This means people make, experience and share stories differently today; because consumers are also curating and creating content, stories can develop through audience participation.

Despite the fact that less than 20 percent of companies involve customers in their marketing, 80 percent of millennials would love to be invited to co-create projects with brands they like.

The Pepsi Refresh project, which raised $23M to fund over 760 ideas for social good from crowd-sourced suggestions, is one example of enrolling consumers in making the stories a brand tells. And Australian fashion label Black Milk Clothing lets customers post Instagram snaps of them wearing the company’s clothes directly to the product’s e-commerce page. While consumer electronics company GoPro has found the ideal product showcase by enabling customers to create national 30-second TV advertising spots for them using GoPro cameras. According to Forbes, despite the fact that less than 20 percent of companies involve customers in their marketing, 80 percent of millennials would love to be invited to co-create projects with brands they like.

As media converges, driven by technology innovation, it’s natural and inevitable that all forms of ideas and stories will find themselves told across the widest possible range of communications channels. This means there’s a
There’s a huge opportunity to tell new forms of super-engaging, memorable, behavior-changing brand stories across different platforms, screens and interfaces, that build stronger affinity and preference with constantly connected consumers.

Mapping this media system, understanding how different content travels within it and how brand messages can be picked up and carried along with this flow, then creating and delivering against it, is one of the key challenges for Modern Marketers. New cross-platform content discovery tools like Outbrain, which uses behavioral algorithms to serve 130 billion related content recommendations a month to consumers on major publishing sites, are designed to help this process. Brands can publish “native advertising” content on channels where their target audiences are most active, in a way that goes with the flow of their natural media experience on that platform.

NEXT GENERATION STORY-TELLING

The new brand challenge then is to pull coherence out of fragmentation and reconcile a singular brand story in this free flowing media environment of interfaces, channels, screens and devices. Some call this “transmedia” storytelling: the art of crafting elements of a story to traverse screens, and pulling together social conversation around the platforms and media apps on which people choose to engage, rather than brands forcing people to experience their story their way.

Like Jay-Z’s famous Decoded treasure-hunt campaign, which earned 1.1 billion global media impressions and accumulated a million Facebook fans by releasing pages from his new book in different physical locations for fans to find and recombine using Bing maps (the book also shot onto the best sellers list for 19 weeks).

A Modern Marketing story then is one designed to exist in many small, interconnected parts. In a franchise like The Matrix, for instance, billboard ads in the background of a film revealed unlock codes for hidden levels of a computer game, and so on. Individuals aren’t supposed to catch all these references, prompts and sub-texts on their own. Only through communities of fans, who themselves contribute a whole new layer of content and meaning via discussion groups, forums, blogs and social networks, can the audience collectively piece together the bigger brand story.

One implication of this is that marketers will need better web analytics and attribution models (weighted or full) to understand how each channel contributes to sales.

As our media interfaces change, we need to continually re-define what we mean by “content,” perhaps quite radically. Mobile becoming our primary interface will change the format, message and flexibility of the content we produce. Digital content has always been the co-ordination of editorial assets and technological functionality. In other words, content can be an app that helps you do stuff, not just a set of text, imagery or video that tells you something. The right content popping up at the right time on the face of your
wearable fitness device as you’re walking around town will look more like a small piece of data or applet than what might usually be thought of as digital content, but that doesn’t mean it won’t play an important role in the wider cross-platform story being told by a brand.

**DIGITAL POINTILLISM**

In pure advertising terms, we know that campaigns across multiple platforms perform better than just one. And in terms of conversion to sales, we also know that consumers who get shopping information from more than one source spend 82 percent more per transaction than those who only shop in-store.

Connected brand and media experiences are critical when consumers are multi-tasking multi-media ninjas, switching effortlessly between their laptops, mobile phones, TVs, tablets and gaming consoles for inspiration, information, communication and entertainment. According to Google’s study of life in a multi-screen world, 90 percent of us use multiple screens one after the other to accomplish a task over time and consumers use an average of three different screen combinations every day.

According to Google’s study of life in a multi-screen world, 90 percent of us use multiple screens one after the other to accomplish a task over time and consumers use an average of three different screen combinations every day.

Brands need to take cross-platform media consumption patterns into account when communicating stories: “Stacking”—using many devices at the same time for different content (e.g. updating your Facebook status while watching TV); “Shifting”—using different devices one after another for the same content (e.g. adding an item to your basket on mobile, then completing checkout on a desktop PC); and “Meshing”—using many devices at the same time for the same content (e.g. using Shazam to identify a song on the radio).

Since content experienced on one device can trigger behaviors on another, it’s essential to choreograph experiences across platforms. Brands will certainly need agency guidance in what we might call Connected Experience Planning, helping brands to deliver a seamless customer experience across
Since content experienced on one device can trigger behaviors on another, it’s essential to choreograph experiences across platforms.

Brands will need strong, core creative thoughts that have the elasticity to be stretched and molded by customers and their communities into an infinite variety of shapes and sizes to fit their individual preferences.

MODERN MARKETING: COMMUNICATIONS IN AN AGE OF CONNECTIVITY

these multiple devices and from screen to screen; unifying social communication and creating coherent brand touch points across the physical-digital Connected Journey.

To do this effectively, brands won’t need big communications or campaign ideas that are single, monolithic messages to be smeared like pizza topping across multiple channel slices (TV, outdoor, online, etc.). Rather, they will need strong, core creative thoughts that have the elasticity to be stretched and molded by customers and their communities into an infinite variety of shapes and sizes to fit their individual preferences. Ideas that are configurable enough to exist on many different screens and devices, in many different forms and times, to suit many different audience needs.

Digital marketing agency Critical Mass creates what they call always-on content “pulses” for brands: an ongoing stream of media interactions and digital experiences across a variety of social channels (Vine, YouTube, Pintrest, Facebook, Twitter, microsites, etc.) that tie back to a central brand messaging strategy. Their work for cleaning brand Clorox using this approach achieved over 180 million earned media impressions, increased positive online conversations by 195%, time spent on the site by 50% and brand engagement by 64%, within a six month period.

It’s a form of digital pointillism, to use a metaphor by media strategist Russell Davies: painting the bigger picture “through myriad tiny, in-the-moment executions.”

5. MASS PERSONALIZATION

Most brands now feel that mass personalization technology—delivering something uniquely appropriate to a customer because you know who they are based on actively and passively collected preferences—is the answer to managing personal relationships at scale and cost effectively improving customer satisfaction. In a recent Econsultancy survey, 94 percent of businesses stated they believe personalization is critical to their current and future success.

But using data to give people personal, individually tailored brand experiences means striking a careful balance between enhancing service delivery and creeping out your customers. On the one hand, many consumers seem ok with exchanging huge amounts of personal information in return for products and services that are more tailored to their needs. For instance, according to research from Accenture, 61 percent of millennial shoppers would trade privacy for personalization. On the other hand, people are also uneasy at the thought that computer algorithms will know too much about them and make their decisions for them. (Particularly since revelations about NSA/GCHQ surveillance activities have raised general awareness of how technology can intrude on citizens’ private lives).
As with pretty much all consumer propositions, simplicity and convenience is key. If technology makes people’s lives easier and offers them a better way of doing an existing task or activity, or improves a product or service because it’s simpler, quicker and more uniquely suited to their needs, then they’re far more likely to adopt it.

Most of us don’t mind the fact Amazon knows pretty much everything about what we buy from them, because services like one-click shopping, wish lists, product recommendations and user reviews create a more useful and streamlined shopping experience. Although, effective personalization doesn’t have to start with an Amazon-scale audience; making smaller groups of individuals feel special and noticed, means they will tell others about this personal service.

As we’ve seen in section 3, “Real-Time Marketing”, dynamic content technology now lets marketers serve highly individualized messages to the right audiences, at the right time in a variety of ways. Mobile plus Personalization, then, is a match made in marketing heaven. We’re already seeing digital billboards that display relevant ads based on location and weather conditions, while apps like Catalina ping shoppers geo-targeted messages and deals in store (“Buying milk? Get 25 percent off the Oreos in the next aisle.”).

This idea of every message and experience being as individual as we are is part of a wider technology trend shifting manufacturers and marketers away from a late 19th and 20th century one-size-fits-all industrial model.

SHIFTING SOCIAL NORMS

Social norms and attitudes to privacy and usage of data change over time. Facebook, for instance, is always walking the line between an urge for everyone to share as much as possible (which they religiously believe makes the world more open and good and creates user value) and the “social norms” of what and how much is ok to share.

Facebook has regularly made changes to new features or privacy settings and then had to roll them back in the face of a public outcry. But lo and behold, many of the features on the infamous Beacon which caused such a storm when it was first introduced, like the auto-sharing of user updates, are now accepted as part of their F8 “Open Graph” upgrade (e.g. frictionless, automatic sharing of content on apps like Spotify). The reality is that “norms” change and Internet companies like Facebook will always be pushing at those boundaries.

Facebook is the ultimate hyper-personalized social platform and being made more so every day via EdgeRank, Open Graph, and so on. Amazon’s collaborative filtering set the standard for dynamic recommendations and Google’s engine famously calculates 57 data points before it delivers us tailor-made search results.

One consequence of this hyper-personalization and invisible algorithmic editing of the Web is that it controls and limits the information we’re exposed to. A recent *New York Times* article, described us as “emperors of our personalized kingdoms” where the preferences we express with every click, help direct our computationally scripted future content experiences.

Author Eli Pariser is concerned, because the Internet now shows us what it thinks we want to see, but not what we need to see, that we’ll miss out on important social, political and cultural information. As we sit in isolation booths or cluster together in like-minded tribes, we miss the other side of the story—herd mentality trumps crowd wisdom when there is less true diversity.

Then again, a large part of the Web has always been about forming mini societies of like-minds with common values, enthusiasms or obsessions. Consequently the communities we gravitate towards are becoming defined and knitted together as much by what we’re interested in as where we physically are or the cultures we come from: sixty percent of Britons apparently have less in common with their neighbors than the folk who share their hobbies. And once we’ve assembled around and bonded over these tightly focused passions, it can be easier to try and make sense of the wider world as individuals within a group.

Perhaps Personalization is partly a sociological side effect of Globalization—we end up interacting in echo chambers with people we already know as a counter force to the anonymity of a globalized world in which we struggle for identity. The more insignificant we feel, the closer we huddle to those most like us.
PERSONALIZED PRODUCTS

When Apple launched the first iPhone on June 29th, 2007, Nokia owned the mobile market with over 30 popular handsets to choose from. But while Nokia tried to produce a model for every customer niche, Apple changed the game by creating one great “platform product” with an unlimited supply of apps so everyone could personalize their phone to their individual needs.

The iPhone approach is going to be the model for all products going forward. Forget static, analog and stand-alone products. Instead, plan on dynamic, digital and connected ones. Rather than customer adapting to product, product will adapt to customer. Shops like YrStore in the UK for T-shirts, or Bit Beauty’s “Lip Lab” in New York for lipstick already let shoppers create their own custom-made products that are printed or mixed and molded in the store. And this is set to explode across all product categories with the 3D printing revolution; today you can already design your own personalized dolls from MakieLab, or walk into the UPS store in San Diego and print yourself anything from a tiny ball-bearing to a large robotic arm.

HOW RESPONDENTS DEFINE PERSONALIZATION

This kind of micro-personalized business and true individualization is happening today and fundamentally changing business models. For instance, Progressive Insurance provides a small, connected device called a SnapShot which drivers plug in to their automobile to generate an individual driving profile. This lets the company create bespoke driving premiums for each driver, even for individual journeys. In effect: risk-adjusted pay-as-you-go auto insurance. In real-time.

Consider also the 23andME “spit kit” which gives people the chance to have their whole genome sequenced from a saliva sample for just $99. This information can be used to track ancestors and head off the diseases and medical condition they are genetically more likely to develop compared...
Kevin Kelly once predicted that drug companies will eventually give away their products for free—instead, deriving income by charging patients to personalize medicines specifically for their DNA. How many of us would bet we’re that far off from this once outlandish scenario becoming a reality?

6. BIG DATA

“Every two days now we create as much information as we did from the dawn of civilization up until 2003,” according to Google Chairman, Eric Schmidt.38 Data has been called the new oil, it’s certainly the new raw material of business: an economic input on a par with capital and labor. Wal-Mart handles over one million transactions per hour, feeding 2.5 petabyte databases (equivalent to 167 times the number of books in the Library of Congress).39 And a study by the McKinsey Global Institute estimated that other retailers using big data could increase operating margins by 60 percent.40

Three factors make data-driven marketing a critical success factor for CMOs and their agencies. These point to a new approach and way of thinking about data-driven marketing services.

1. A DATA EXPLOSION

More data is coming on stream than we can possibly imagine. There’s an exponential growth in connectivity (“always-on” interaction via mobile, social, real-time and wearable technologies, plus smart objects and machine to machine communication), and all advertising media itself is becoming digitally addressable and biddable.

This data offers extraordinary, powerful ways to gain insight into businesses and the markets they serve, and adds value to consumers and the products, services and systems they encounter like never before. At the same time, the sheer volume, diversity and complexity of this data means that marketing has a new challenge: to extract marketing meaning and value from these trillions of individual data points.

2. THE NEED FOR SPEED

This data is increasingly live which means there’s a lot more fluidity involved in understanding consumer behavior and optimizing marketing in real-time. 53 percent of marketers worldwide said they planned to make greater use of real-time data in 2013.41 Social gaming companies like Zynga are masters at using real-time analytics e.g. A/B testing Cityville’s “Add Coins & Cash” button and optimizing how it works within minutes.

against the online 23andME database of all users (although the health part is currently in a regulatory dispute with the FDA).b

This, incidentally, opens the door for full personalization of the health care experience. Kevin Kelly, the founding Editor of Wired, once predicted drug companies will eventually give away their products for free—instead, deriving income by charging patients to personalize medicines specifically for their DNA. How many of us would bet that we’re far off from this once outlandish scenario becoming a reality?
3. CONNECTED JOURNEY THINKING
Marketers need to unify online and offline data across multiple channels and screens to understand the role of each touchpoint and the importance of each interaction on the consumer’s Connected Journey. They must understand the online data ecosystem—where data is generated, what other data sources and services it connects with, and where it can be captured and used to feed back into that journey and influence outcomes and specific actions.

As a result, marketers will use an increasingly sophisticated and complex array of technology tools and marketing data services, drawing from an ever-wider pool of data sources, to manage and measure these fluid, ongoing connected consumer interactions.

A NEW DATA ECONOMY
Marketers now have vast amounts of real-time, unstructured public data to sift, a complex and increasingly real-time paid digital media ecosystem to navigate, as well as the existing data sets they already have to manage and make sense of. With data usage projected to grow exponentially, the variety and complexity of data, as well as the huge increase in scale, represent a tremendous opportunity and challenge for marketers.

This has created a new marketing economy based on making sense of these different data sources. Retailer, Target was (notoriously) able to identify some 25 basket items that, when analyzed together, allowed it to assign each female shopper a “pregnancy prediction” score—plus estimate her due date so Target could send coupons, timed to very specific stages of the customer’s pregnancy. “Take a fictional Target shopper named Jenny Ward, who is 23, lives in Atlanta and in March bought cocoa-butter lotion, a purse large enough to double as a diaper bag, zinc and magnesium supplements and a bright blue rug” said an employee. “There’s, say, an 87 percent chance she’s pregnant and her delivery date is sometime in late August.”

Other retailers like Wal-Mart have used such predictive analytics to know that sales of strawberry Pop-Tarts increase seven-fold ahead of a hurricane. Their acquisition of semantic analysis and natural language processing software firm Cosmix allows them to parse what customers are saying about products on the social Web and make real-time links between people, topics, locations and products to optimize their marketing and individualized customer response.

Modern day elections are won and lost on the ability to combine and analyze massive datasets, from voter registration lists to consumer purchasing histories, to identify prospective supporters. Obama 2012 merged their “get out the vote” campaign database with a 2008 fundraising database which allowed them to do deep dives into the data and figure out who would be activated by what kind of messaging. So one constituent might get an environmental message from Nancy Pelosi, while another got a message from Michelle Obama talking about healthcare.

New context-aware predictive services like Google Now, mentioned earlier, and Google’s travel discovery app, Field Trip, plus entrants like reQall, use algorithms to analyze data on past and current interactions, plus upcoming events and activities to offer unprompted assistance and recommendations. For instance, block calls during a meeting unless it’s from a family member who has called more than once, means it might be urgent.

An increasing part of the mobile advertising market, estimated to be worth nearly $40 billion a year by 2018, will be Minority Report style context-sensitive ads. So if you’ve recently browsed for a 40” LED TV you might get a personalized offer for one when you’re approaching a PC World store on the high street.

It’s hardly surprising marketing budgets are specifically shifting towards data-driven activities and spend in this area is top of the CMO agenda.
The Art of Mixing Data Cocktails

Data used to be warehoused because it was the fastest way to process it. Now we have vast amounts of public, unstructured data to sift (up to 90 percent of data today exists in this unstructured state)\(^4\), plus a sophisticated, real-time paid media ecosystem, and the need to access customer data records on demand. Marketers should now think in terms of how to optimize the consumer’s Connected Journey by adding “earned” social data to centrally stored customer records, for instance social insights on a customer’s preferences, attitudes, likes, dislikes, etc.

The problem is these social, consumer-generated data sources are fragmented, disparate and temporary. This creates a number of new characteristics and implications for data-driven marketing represented in the following table.
### “QUICK DATA” VS. “BIG DATA”

One problem with the term “Big Data” is it focuses on how much data there is, rather than where the real value is: being able to access it quickly and knowing what to do with it.

Collecting and curating data to make sense of it and rapidly inform marketing responses in real-time involves the following areas of expertise:

- **Value**—Choosing which datasets to use.
- **Access**—How to get and manage that data.
- **Analytics**—How to interrogate it effectively.
- **Action**—How to act on this intelligence and in what timeframe.

Although it’s now possible to collect an extraordinary volume of data, one challenge is finding enough “data scientists” who can analyze and then eloquently communicate the meaning of that data to turn it into creative, actionable programs; they are a rare breed.

Sometimes the best route to Big Data is connecting together lots of “little data” that lives in pockets all over the Web. For instance, “Earned media” is dynamically composed by consumers all over the Web, created around the brand and exists temporarily. The skill is knowing which of that data to hoover up and curate, and how to exploit it intelligently as it’s assembled to achieve marketing outcomes. For instance, enterprise software company Mindjet turns customers into real-time marketers by dynamically publishing positive feedback from Twitter and other community spaces on their website.47

As noted in section 5, “Mass Personalization”, consumers have become increasingly aware of the role data plays in shaping the products and

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<table>
<thead>
<tr>
<th>Old Data</th>
<th>New Data</th>
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<tbody>
<tr>
<td>Data stored in a ‘warehouse’</td>
<td>Networked collections of data</td>
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<tr>
<td>Batch processing</td>
<td>Real-time processing</td>
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<tr>
<td>Retrospective (rear view mirror)</td>
<td>Prospective (anticipating consumers)</td>
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<tr>
<td>Customer Relationship Management</td>
<td>Customer Experience Management</td>
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<tr>
<td>Master Data Record (one atomic unit)</td>
<td>Connected Customer View (many types)</td>
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<tr>
<td>Private Data</td>
<td>Private, Public &amp; Clickstream Data</td>
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<tr>
<td>Stored over time</td>
<td>Stored, collected &amp; rented just-in-time</td>
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<tr>
<td>Expensive &amp; slow</td>
<td>Cheap &amp; quick</td>
</tr>
<tr>
<td>Top-down (centralized data systems)</td>
<td>Bottom-up (small pieces, loosely joined)</td>
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</tbody>
</table>

Source: DAS research, 2013
services they experience. Three quarters of the 28,000 consumers IBM interviewed in 2012 said they would tell retailers about their media usage in exchange for more targeted and smarter shopping experiences. In fact, consumers are starting to expect brands to respect their privacy while responsibly using the data that they have explicitly or implicitly shared to create better and more relevant products and services.

THE ART + SCIENCE OF DATA

It's clear that Modern Marketing is only as good as the data is uses. That said, it's a mistake to downplay the critical role that creativity still has to play. The tectonic shift in marketing when media split away from creative emphasized, it could be argued, the message is less important than who it reaches. This has been amplified by the fact that digital has become primarily performance marketing with ROI as the key metric and driver of activity.

The notion that targeting, audience and measurement are more important than the creative ideas that engage consumers in the first place is dangerous. Both are important. Hard data needs to be balanced by intangibles like creativity and intuition; great communications ideas based on deep creative instinct and planning insights, in combination with the confidence in its content and placement that comes from objectively-analyzed intelligence.

7. SMART THINGS

So what’s next? What new developments will impact audiences in the near future? Undoubtedly, mobile will extend beyond the confines of the device screen to become, well, part of us. Thanks to the rise of “wearable” computing, self-tracking devices (e.g. Nike+, Jawbone or FitBit) and connected physical products and intelligent environments, consumers will shift from episodic interactions with a device to constant connectivity though a variety of physical-digital interfaces. And with the rise of more naturalistic controls like voice and gesture recognition and fingerprint identification, tech-based interactions that seem awkward today will become much more fluid, intuitive and integrated.

Far fetched? In her latest trends report for leading VC firm Kleiner Perkins, Mary Meeker (“Queen of the Internet” as she was known back in the day when she was the analyst for tech stocks on Wall St.) notes we’re seeing an acceleration in the traditional 10-year cycle for major new tech platforms. For her, wearable technology stuffed with embedded sensors is a third major computing cycle, following hot on the heels of smartphones and tablets, which have so far been the fastest growing technologies in history.

This is happening soon, for all the suspicion around Google Glass and smart watches. For one thing, it’s more convenient. The so-called “two-second rule” means if you can’t access a tool or service in that time, your likelihood to use
it dramatically decreases. A smartphone takes longer than that to get out of your pocket, swipe open and find the right app. Wearables can, in theory, reduce what Google CEO Larry Page calls “the time between intention and action.” Which is why the world’s smartest investors like Kleiner Perkins are betting wearables will ultimately supersede a lot of smartphone-based interactions.

Source: KPCB Internet Trends, 2013

THE SMARTEST GUY IN THE ROOM IS THE ROOM

The concrete physical world around us is getting subsumed into the digital universe (thanks to low-cost connected chips and smart tags which can now be put inside/onto just about any physical thing) and many objects can now dynamically access all the intelligence of the Internet. As someone pointed out, these days the smartest guy in the room might be the super-connected, censored-up room itself.

As even the most common physical objects, from our clothes and jewelry to our coffee machines, TVs, cars and homes get online, the amount of personal data everyone can potentially share also shoots up exponentially. For instance, users of self-tracking health device JawboneUP have already recorded and shared billions of their steps, over 700,000 hours of sleep and are interacting with the app around five times a day. 48 Even taking into account the growing sensitivity to online privacy, there’s no reason to start rejecting Facebook founder Zuckerberg’s “law” that predicts people will share twice as much information every year.

As we’ve discussed in section 5, “Mass Personalization”, and section 6, “Big Data”, brands are increasingly leveraging this information to better understand and cater to their customers. As consumers generate more trackable data than ever before, and the science behind analyzing these gigantic datasets gets cheaper and more sophisticated, it will become ever easier to predict customer behavior, needs or wants and calibrate offers and communications very precisely.
As almost any object becomes a connected interface, and everything is networked and interactive, then, well, anything can be media and the physical world itself becomes a platform for brands to communicate with their customers.

“...easier to predict customer behavior, needs or wants and calibrate offers and communications very precisely.

As almost any object becomes a connected interface, and *everything* is networked and interactive, then, well, *anything* can be media and the physical world itself becomes a platform for brands to communicate with their customers. This will become the next frontier for reaching consumers on the go: marketers will be able to push appropriate, context-aware messaging, accounting for a technology’s form, function and location in consumers’ lives, whether it’s a tablet, smart watch, connected vehicle or living room table.

Source: Extract from a table in “Disruptive Technologies”, McKinsey Global Institute, May 2013

**PRODUCT AS MEDIA PLATFORM**

With more and more devices, products, and services becoming wired up together like this, brands are starting to join the dots in new and interesting ways in order to serve the needs of the user. Consumers using smartphones as their remote controls for the physical world are expecting more from the products and other objects in their lives. They expect to be able to digitally interact with their physical things and access personalized content and services to help get more out of them.

Consider connected product company Nest who recently sold to Google for $3.2 billion. According to founder and CEO Tony Fadell, previously a leader in Apple’s iPod and iPhone development teams, when they look around the home for a mundane household product to reinvent: “We don’t just see a thermostat with a better user interface; we see a smartphone that has thermostat functions."

The Philips Wi-Fi-connected Hue light bulbs let you control and personalize color and brightness in your home via a smartphone. While Disney’s Storylight interactive children’s book can connect with your Hue lights so they change to match the mood of the story every time you turn a “page” on the tablet app. And the strategic partnership between Mercedes-Benz and Pebble smart watches lets drivers find their cars and get alerts on traffic hazards and route congestion.

The opportunity for brands to enhance their products with valuable digital services, opens a constant means of communication and engagement with...
consumers. As Nike’s Vice President of Digital Sport, Stefan Olander puts it, “Once you have established a direct relationship with a consumer, you don’t need to advertise to them.” The purchase of a product should not be seen as the end of the marketing process, but the beginning—a digital “first date,” where the conversation aims to become more intimate and rewarding for both parties over time.

And don’t think this only applies to hi-tech products—every product or service can (in fact, must) be part of this direct digital conversation with its consumers. Which means every company must have enough sales and marketing technology skills and competencies to support and develop direct, digital connections with its customers.

From sportswear brands tracking your fitness, to breakfast foods guiding your nutrition and diet, to automotive apps improving your daily driving routines—brands that are not in the business of selling digital technology are nevertheless using it to create valuable, ongoing services which earn a place in their consumers’ world—a world where increasingly “advertising” in its interruptive, mass broadcast form is no longer relevant.

Nike is moving its brand from just communicating “Just Do It” to shipping products with digital services that actively help the buyer get on and do it. Nike+ Kinect, for example, turns your living room into a gym with a digital trainer that’s as good as the real thing, at a fraction of the cost and always available without booking an appointment. That combo, is also about connecting you and other things you own to Nike’s digital service ecology…wherever and whoever we are, through Fuelband on a run, Nike+ with Kinect in the house and who knows via what future products. Nike can and will seamlessly connect our activities.

In short, products will become brand controlled interactive media—an on-going, connected personalized communications channel inputting relevant, welcome branded content and functionality into the consumer’s life. Internet of Things software company EVRYTHNG refers to this as “Product Relationship Management™” something it and a growing chorus of observers say will fundamentally change how brands connect with audiences.49

EVRYTHNG works with global brands like Diageo making their products smart and interactive. For example, Johnnie Walker consumers can digitally attach customized video messages to gift bottles, or interact with the product and the places where it is sold, its advertising media and with friends on social networks to get brand rewards for repeat engagement and purchase. As the Harvard Business Review observed, “this creates a rationale for the consumer to have an on-going relationship with the brand—by linking continuing online interactions to real world product-based experiences.” 50

Arguably, the more online is folded back into the physical world of people and things and the less it’s glued to screens with restricted real-world context, the more engaging, portable and truly social our digital media
A new wave of creative communications will begin combining mobile Web experiences, content and real-time, social applications with the physical world in powerful and inspiring ways. It’s going to be amazing.

CONCLUSION

One area we haven’t covered so far is how marketing teams themselves need to organize and operate differently in a changed media environment. Technology is becoming an essential part of modern marketing and analysts like Gartner predict that by 2017, CMOs will spend more on IT than their counterpart CIOs. Thus, it’s no surprise many different research reports illustrate CMOs focus is to make greater use of marketing technology and real-time data.51

For one thing, real-time marketing is impossible unless brands and their agencies are properly staffed and coordinated in real-time teams. Cross-disciplinary governance, rules of operation, accountability, internal training, and measurement protocols uniting departments across the enterprise, from marketing and corporate communications to product development and customer support, are essential to making this happen. For Social Business, you need to add new business models and technology infrastructure to the organizational structures and processes under review.

In a digitally connected world, interactions speak louder than words and 21st century communications is about creativity in brand experiences not just messages.

In a digitally connected world, interactions speak louder than words and 21st century communications is about creativity in brand experiences not just messages. Peer recommendations can make or break new sales (84 percent of people rely on tips from those they know, while 68 percent are influenced by posts from other consumers), so brand trust is defined by the relevant services and information it dependable delivers, rather than the promises it makes.52
This means marketers need new technology competencies, services and partnerships. Consequently, they are using an increasingly sophisticated range of web technologies, forming forward-thinking, strategic partnerships with software tools for analytics, CRM, real-time bidding, content management, omnichannel marketing and media optimization, and so on, to deliver relevant, best-in-class, data-driven marketing for brands.

Media theorist Marshall McLuhan noted at the end of the 1960s “media is often put out before they are thought out”. Today, new media technologies are being introduced at such a rate that there isn’t time to properly evaluate the influence of each one before the next one arrives. So marketers also need to match the speed of innovation in media technology, keep pace with changing consumer behavior and deliver ever-greater brand engagement, while also battling for consumer attention.

That means lots of test-beds—set up quickly and constantly reviewed—trying new forms of insight gathering, targeting, data analytics, creative expressions, technologies, communications techniques, feedback loops, measurement tools…and everything in between.
As a result, new connections and partnerships are being made between brands, technology inventors, investors and consumers. For instance, start-up incubators and partnership programs like the digital accelerator from financial services giant Allianz looking for new business models to better serve its 78 million customers, or Telefonica’s Wayra that has invested over $12m into 295 tech start-ups. Similarly, technology innovation matchmaking services like Co-creator or Digital Media Review (DMR) and The Bakery, connecting brands, agencies and start-ups, have also sprung-up globally over the last year or so.

Brands have an opportunity to offer platforms for new inventions by trading resources like distribution, audiences and marketing investment for help from start-ups in building their innovation portfolios. As an example, PepsiCo identifies up to ten of the most promising digital start-ups and then matches them with PepsiCo brands to deliver pilot programs while also providing mentoring and support from industry leaders.

And brands that don’t think investing through accelerators is moving fast enough can always buy innovation outright. 2013 saw a wave of start-up acquisitions large and small by brands such as Monsanto buying big data weather software firm Climate Corporation for $1.1 billion; insurance firm UnitedHealth Group purchasing healthcare analytics venture Humedica for a few hundred million dollars; Staples snapping up Runa’s shopping personalization technology; while Ford acquired in car music app Livio and retailers like Wal-Mart (four acquisitions in 2013) and Target added more e-commerce start-ups to their portfolios. Naturally, new sites like Exitround have appeared to help corporations find such startups to acquire.

Either way, marketers need to work at this intersection of technology invention and collaboration; it’s a chance to operate at the center of a new model, acting as a unique bridge, accelerating innovation through a diverse range of partnerships, to deliver competitive advantage for their clients.
All of which leads to the conclusion that—whatever else it may hold—the future of marketing has to include connected partnerships to supply the skills, innovations, insights and speed-to-market necessary to compete. Agile, flexible multi-agency teams that can come together around specific briefs—bringing whatever specialist disciplines and technology and media partners are needed to get the job done in a joined-up way.

Entertainment is a prime example of an industry where the product has always been developed through a simultaneous cooperation between many different talents. And like connected marketing, skills such as lighting and camera work are often as creative as they are technical.

For a modern mobile entertainment model, consider “tablet-first” next generation games company Supercell’s radical new approach to agile content development. As the name implies, Supercell is comprised of a number of smaller unit “cells”; it gives these independent teams complete creative control in deciding how to work and what games to develop. They celebrate fast failure with champagne toasts and post-mortems on games that are tested and released quickly into single markets and unsentimentally killed when they don’t perform. Electronic Arts, the world’s largest game studio, has 10,000 employees and over 900 mobile game apps; Supercell has around 100 staff with two games generating around $1 billion a year in revenue which makes it twice the size of EA’s mobile games division.

P&G’s Marc Pritchard famously urged his brand and agency teams to “act like a newsroom”: co-locating to respond faster and more creatively to breaking events. Whatever the metaphor, newsroom or command center, the need to constantly re-invent and adapt online is bringing all industries closer to these connected, highly collaborative models.

PEOPLE ARE THE KILLER APP

Perhaps counter-intuitively, the final word on marketing in an age of connectivity must be about atoms rather than bits. The Godfather of TCP/IP, Vint Cerf, who wrote the script that started the Internet forty years ago, points out that he and his colleagues initially thought they were building a system to connect computers together. But they quickly learned it’s really a system for connecting human beings.

Regardless of the digital tools, media and connections surrounding our lives, the only way to truly connect with an audience is not with technology, but humanity. That’s what made the Web exciting and interesting to begin with. It’s always been something primarily created by and for individuals and their communities.

We shouldn’t forget how the Net was used in the first place: sending each other e-mails, swapping opinions on bulletin boards and forums, using free Web space to post baby scans and holiday photos for family and friends, sharing jokes, recipes and Star Trek trivia.
Successful marketers have always understood this and used digital media and software to connect people to each other and their passions, to make their lives better. It’s about brands getting taken up and carried in the flow of their customers’ lives by providing helpful, entertaining information services and connected systems that make things easier, useful, fun, interesting and, above all, more socially rewarding.

As cross-platform mobile messaging app WhatsApp puts it: “No one wakes up excited to see more advertising, no one goes to sleep thinking about the ads they’ll see tomorrow. We know people go to sleep excited about who they chatted with that day (and disappointed about who they didn’t).”

That should remind us that the killer app for communications, or any form of brand interaction and meaningful marketing connections—mobile, real-time, data-driven or otherwise—will always stay the same. People.

In order to understand what exactly happens between humankind and our machines, between people and their technologies, we need to start and end with ourselves. After all, where people go, profit follows. Marketing—whether online or offline—ultimately boils down to a straightforward transaction between people. One the buyer. One the seller. It’s as simple and as difficult as that.
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