

HUDRE

**TRENDS  
2016**





# Contents





# HUDDLE

Huddle is Mindshare's festival of thinking and ideas. Every November since 2011, Mindshare has gathered media, cultural and tech players, entrepreneurs, academics and interested amateurs for one day of intimate and no-holds-barred discussions about the future of media.

In 2016, we're bringing all Mindshare UK's research and development work on inventing the future of media under the Huddle brand. Huddle will still be the chaotic, vibrant event our clients and partners love, but it is also now our R&D facility, our lab and our incubator of new ideas.

To find out more about how Mindshare's Huddle can help your business harness the future of media, email **[huddle.london@mindshareworld.com](mailto:huddle.london@mindshareworld.com)**.

# Introduction

In November 2015, over 1500 people from client, tech, culture and media companies gathered at Mindshare UK for our annual Huddle. We asked everyone to debate one question: in this digital age, what does it really mean to be human. With topics ranging from the *Science of Cute* to *The Singularity is Near*, Huddle Being Human explored the collision of data, content and technology on humanity itself – surfacing huge challenges and opportunities for brands and media hoping to meaningfully connect with the humans that form their audiences.

What follows are the seven key trends that emerged from the day. Over the coming pages, we discuss how these trends will shape brands, business and media in 2016 – and beyond. We'll explain each one – giving you a raft of exciting examples and companies to watch in each space – plus provide you with insight into how these trends are playing out with actual real people (via the results of a consumer survey and focus groups on each one).

Throughout 2016, Mindshare's Huddle will stage a series of deep-dive research projects into each trend, further advising our clients and partners on how best to ready themselves for the future of media. Watch out for the first in this series, Huddle Everyday Connect, in the coming weeks. In the meantime, we hope you are as energised and excited by what follows as we are.







# Now Culture

## What is it?

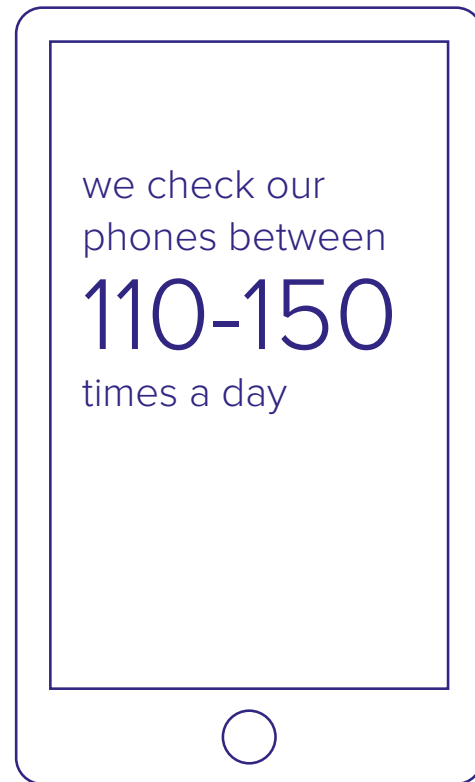
Buy it now, Pay for it now, Find it now, Deliver it now, Watch it now, Call me now, Send it now. Consumers are craving immediacy and instant gratification. They expect to find the services, products, and information that they want quickly and easily – and don't want to wait for anything.



## Origins and Drivers

There has always been an inherent need in society to do things faster, easier and more efficiently, so this concept is certainly not new. However, the emergence and mass adoption of the internet has fast-tracked and embedded this need firmly into our everyday lives. More recently, mobile devices are accelerating this trend. With studies suggesting we check our phones between 110-150 times a day, mobiles provide an instant connection to the world around us, whenever we want or need something. Brands like Uber and Amazon - providing easy and convenient services on demand – have redefined the way that we think about service. Combine all these drivers with the fact that our brains are inherently lazy: we are designed to think efficiently and, if we can get away with it, to not even think at all. Our brains have developed to find mental shortcuts wherever they can and with technology providing even more shortcuts to cope in a progressively complex and time-constrained world, it is no wonder our decision-making processes are becoming more instantaneous – and our demand for things more immediate. Shortcuts have value to the consumer. Time is precious and is not to be wasted. As more and more things are instantly available, our patience and expectations have adjusted to suit. Attention spans are shortening,

exacerbated by technology. If you can grab the attention of today's consumer, it will certainly not be for long. Convenience and immediacy are the name of the game and Now Culture is here to stay.



## Different Dimensions

The very nature of digital content is its immediacy - streamed movies versus old-school DVD rental for example. However, digital is also speeding up the process of obtaining physical products more quickly. Online shopping is well established but we have always had to wait for delivery. Now we are seeing a whole host of fulfilment options that promise to get products to us in a faster or more convenient way. How quickly and conveniently products can be delivered or collected can be a big deciding factor in which brand to purchase from. Delivery times are getting shorter and there are real gains to be had over competitors. Click and collect is a massive area of growth, with brands experimenting with collect locations, from car boots to lockers at train stations. And it is not only about getting physical products to the consumer. Traditionally shop-based services such as hairdressers and mechanics are all being brought directly to the consumer, in a location of their choice.

Beyond fulfilment, we can see the overall purchase cycle reducing for some types of products. With more immediate access to product information, such as specs and stock levels and some brands offering customer service 24/7, decisions should in theory, be made more easily. Ordering is also being made easier with

click of a button services. More and more platforms, from Facebook to Blippar to Pinterest are offering shoppable media, where consumers can simply click or scan directly to purchase a featured product. Other forms of one-click ordering services are on the increase, not only via apps or wearables but also via specific technology like the Amazon Dash button. Although not a perfect concept by any means, Amazon are sowing the seeds for an automatic future for fulfilment of FMCG products.

The expectation of immediacy and convenience is not only limited to products and services – it also extends to communication and information. People are craving smart, contextually relevant real-time information to immediately put them in the picture. Alerts and notifications about live train running times, live stock levels, instant traffic reports. The list is endless. And where media is concerned, we are seeing huge growth from instant chat and livestreaming apps, like WhatsApp, Snapchat, Meerkat and Periscope, which are transforming our social media experiences to provide one-off, immersive, live conversations and entertainment. Any media experience that is delivered in new and unexpected ways and captures people's imagination instantaneously will be on their radar. There are an abundance of opportunities

which could include things such as integrated social media streams, interactive news broadcasts and live billboards.



# For example... Now Culture

## 1 INSTACART

US based service that will deliver groceries to your door in an hour.

## 2 CURBSIDE

App that allows you to find and buy products available at nearby stores and pickup either in store or delivered to you curbside, alleviating the need to park altogether.

## 3 AMAZON 3D PRINTING DELIVERY TRUCKS

Amazon recently applied for a patent for an automated service where trucks will 3D print items on route to delivery.

## 4 DODDLE

Parcel service that enables you to click and collect from stores at various railway stations and major hubs around the UK.

## 5 MAGIC

A text message service that delivers anything you want. Operators are on hand 24/7 to answer requests, source and deliver products to your door.

## 6 KLETS

In the Netherlands, an app called Klets allows consumers to chat directly with customer service representatives in real time. They aim to be a WhatsApp for customer service.

## 7 PERISCOPE AND MEERKAT

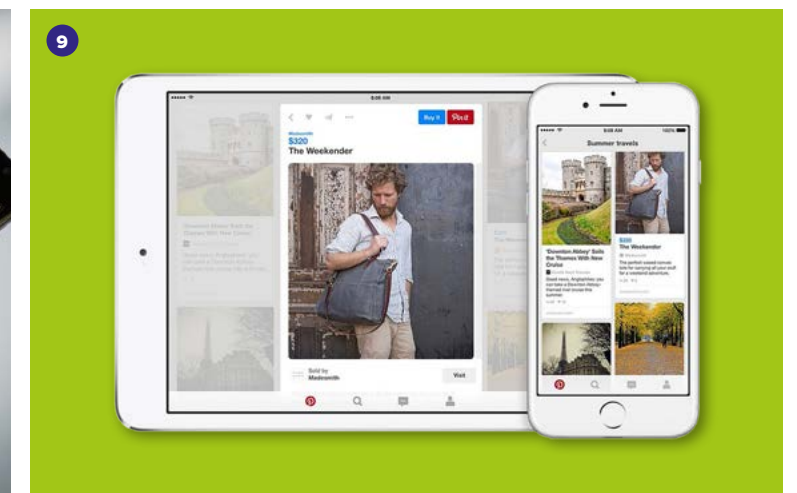
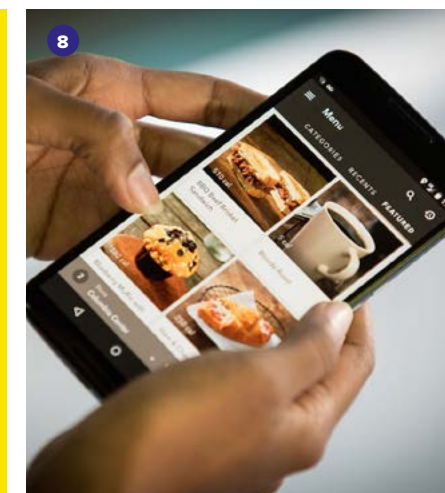
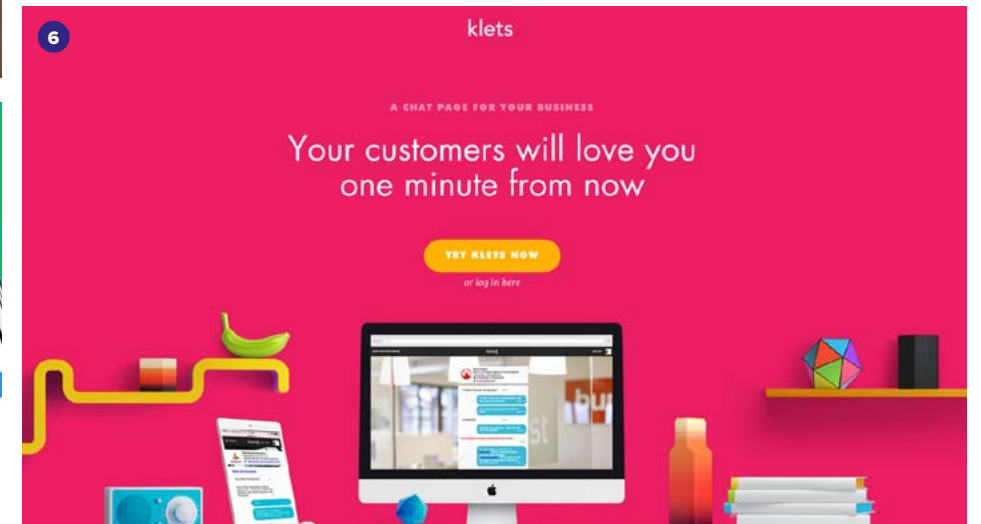
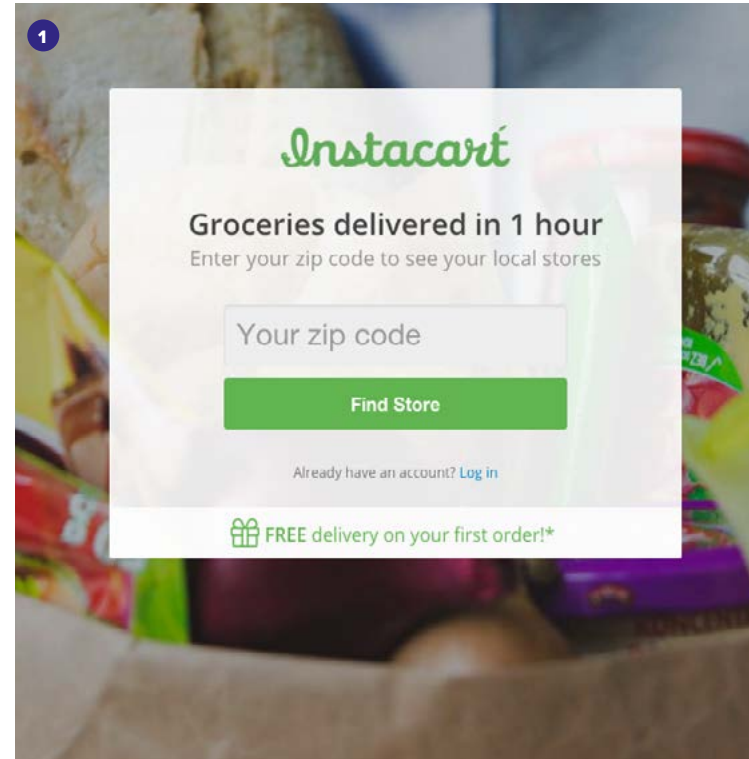
Livestreaming video apps such as Periscope and Meerkat attracted millions of users just days after launching.

## 8 STARBUCKS MOBILE ORDER AND PAY

Starbucks have launched a new app where customers can now pre-order and collect from their chosen Starbucks at a time of their choosing – literally jumping the queue.

## 9 BUYABLE PINS ON PINTEREST

Pins with blue prices are now appearing all over Pinterest, enabling us to filter by price and click through to purchase directly via Apple Pay or card. 60 million shoppable pins and growing.



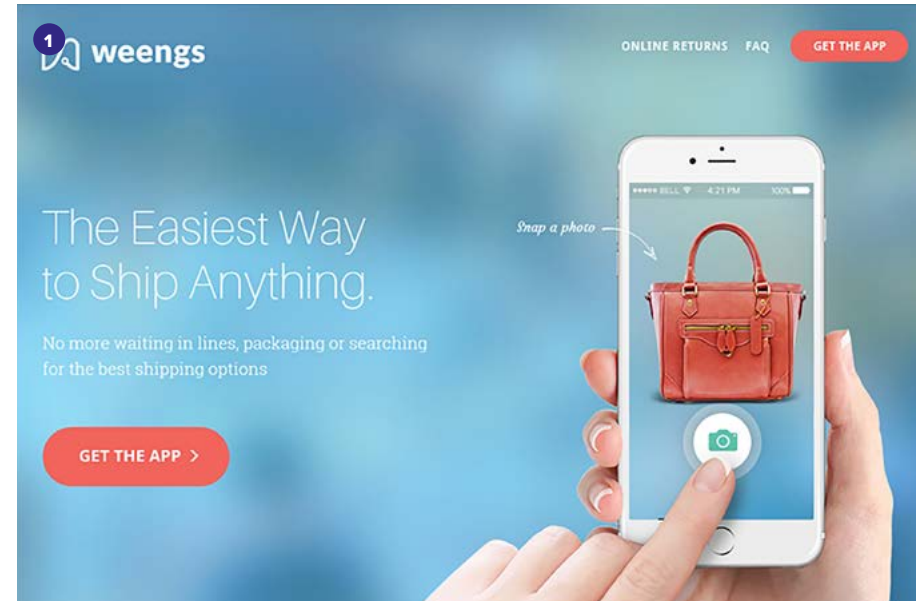


# Companies to watch

## Now Culture

### 1 WEENGs

On demand delivery service just launched in the UK. Users take a picture of the unpacked item they need to send via an app and a Weengs Angel will be immediately dispatched to collect within 15 mins of the request.



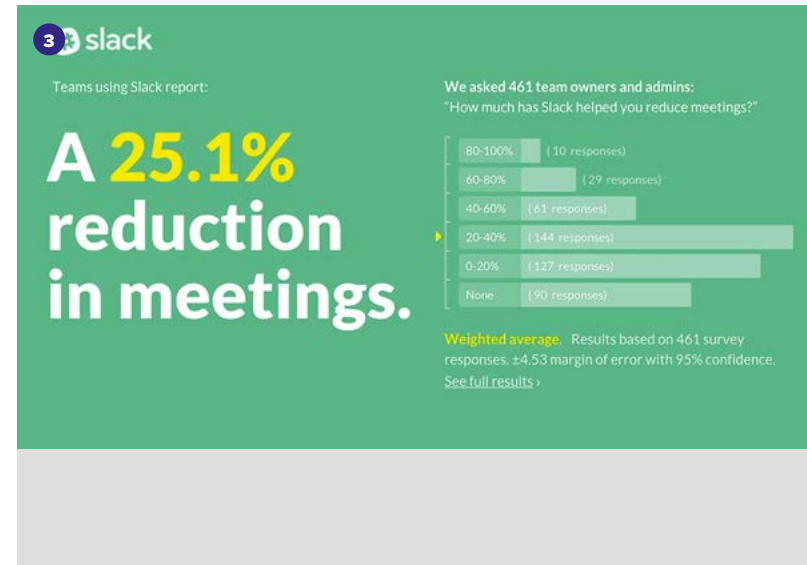
### 2 LUGG

On demand moving service that will come and pick up/move your furniture short distances within the hour.



### 3 SLACK

Instant chat app and organisation platform for work. One of the fastest growing business applications ever so far.



### 4 SKURT

On demand car rental service that deliver your car straight to you.



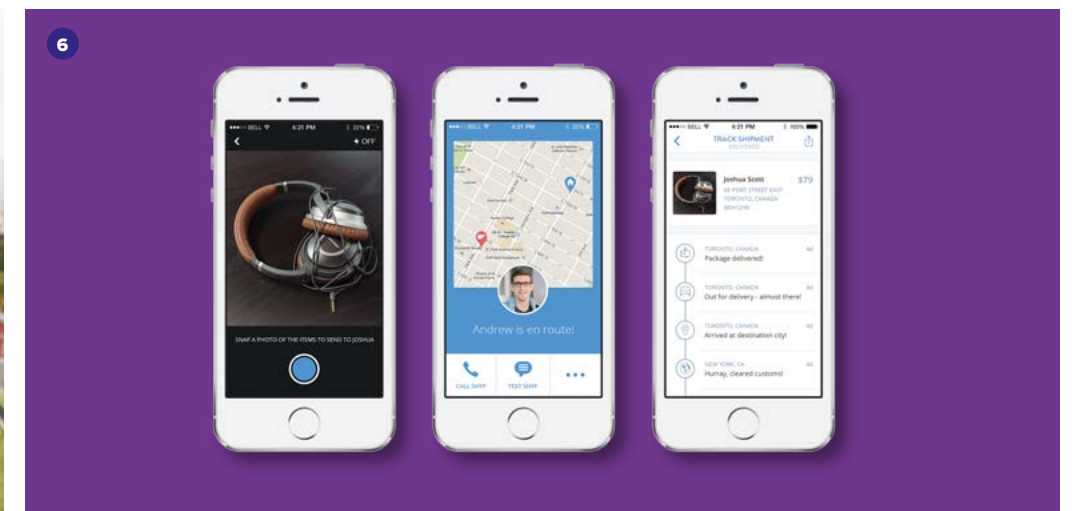
### 5 POSTMATES

Local delivery service that connects customers with a network of couriers that can shop on their behalf and deliver within the hour.



### 6 SHYP

US service that pairs couriers with customers looking for full service shipping help, from packaging to delivery.







## Where next?

Now Culture promises faster and faster fulfilment of goods and services. With the UK population becoming ever more entrenched in technology, Now Culture has already become the standard and can only accelerate further.

Delivery itself will continue to transform. We will start to see growth in delivery to non-fixed addresses, such as the location of your phone or your car. Companies like Curbside and Shyp have already started to offer this service. The idea

and Uber, who are all best positioned to make headway in the race for faster and more convenient delivery.

In store, shopping will also transform with certain parts of the shopping experience being done away with altogether. Cashless payment will be taken to the next level. We will be able to walk straight in and out of shops having automatically paid for items already with no need to checkout.

flaw in this process at the moment, with services like Amazon Dash, is that you still need to physically prompt them. But with the rise of connected home products, our connected packaging, smart fridges and smart shelves will decide when we are running low on milk and automatically reorder, taking human interaction and decision making out of the process altogether. Things will simply be there when we need them.

With the UK population becoming ever more entrenched in technology, Now Culture has already become the standard and can only accelerate further.

of the 'sharing economy' in this space is also an interesting one. Uber could theoretically deliver you a package whilst dropping off a passenger. And there is much hype around drone deliveries with many including Amazon and Google trialling and innovating in this space, but viability is still up for question and regulation may well preclude their launch in the immediate future. Overall, although there are many companies innovating in the delivery space it is likely to be the big players with their extensive existing infrastructure, such as Amazon, Google

But how much faster than instant can we get? How about brands knowing we need things before we even do? Brands will use data and analytics to anticipate that something needs to be bought and work out a way to get it there in advance. Predictive delivery and ordering will be the future. Step by step, we will also see humans taken out of the shopping process, developing a form of invisible commerce. Initially, you could tell your virtual assistant via your wearable that you need more milk and it would automatically reorder for you. The



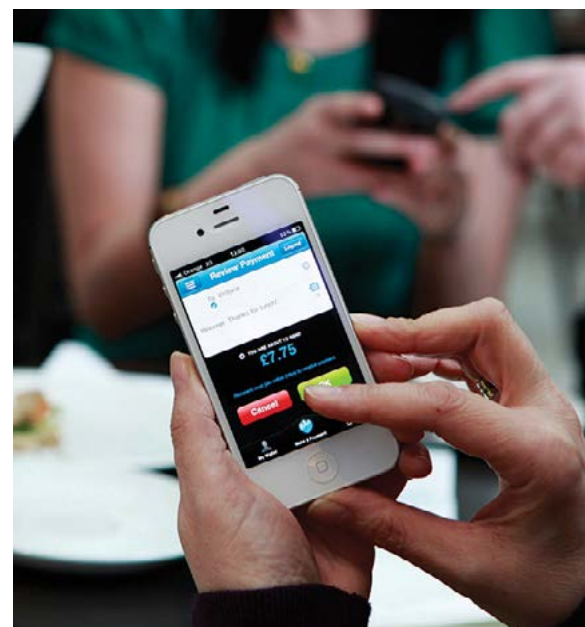
## What this means for brands

Understanding the consumer journey will be key. What barriers are there that we can take away to make things quicker and easier? We need to be prepared for a much more streamlined, instant purchase journey. From an advertising perspective, our communications should be primed around all possible journey outcomes and be adaptive, reactive, contextual, time sensitive and crucially, in the right place at the right time, delivering the right messages to the right consumer.

Once you provide instant, there is no going back. That instant response to a customer query, the delivery that arrives in an hour - it becomes an expectation. Set up your infrastructure to deliver this on a permanent basis. Partner with companies that can help you deliver this strategy. Make everything available online. Use instant messaging, phone or video chat. Provide instantly downloadable resources or real time information.

When things cannot happen instantly, be straight and transparent with consumers. What is the situation and why. If there are benefits to waiting for something, promote these and be clear what they are. Be flexible with your delivery options and keep consumers informed at each stage. Give them the option to change or improve things immediately.

In order to provide this kind of instant service, privacy and security issues are raised. To provide real time information, instant one to one customer service or to deliver something to a convenient spot we might need to know people's personal details, locations or daily routines. Brands will need to tread carefully in this area.



Convenience and speed will become what sets brands apart from each other. Offer and promote something different from your competitors in this space. Consumers will be more susceptible to switching in this culture of 'now'. Take advantage of this rather than suffer as a consequence.



## Platforms

# Now Culture



2016 will see continued acceleration of on-demand content viewing across connected devices. We're expecting to see more examples of broadcasters and content producers rewarding impatient fans by releasing season premieres, behind the scenes content, and sneak previews of new episodes. We can also expect to see growth in more short-form, snackable video content that can be consumed on the go, via social newsfeeds. These nimbler, faster viewing choices will continue to impact on more traditional viewing habits particularly amongst younger viewer demographics – with young adult TV impacts already in decline by -8% YoY Jan – Sep 2015, 2016 is likely to see even greater dips in viewing.



The digital world used to be ruled by the 3-click rule, ensuring all information is accessible in 3 pages in order to maintain the attention of the end user. As Now Culture begins to dominate, consumers are expecting an even easier, faster experience. Amazon anticipatory shipping is a good example of how this is developing. This untested initiative

relies on multiple data points and predictive analytics to build a profile of a suspecting purchase, then ships it out to a yet not known address. The purchase then happens and delivery is within hours. Its use of online (site visits, page view time, wish lists) and customer data (orders in region, telephone inquiries, previous shipments) is helping to produce predictive patterns to add to their already successful 1-click patent.

Google have however been in this space since 2012 with its Google Now service, a product built on past search data as well as browser history and location tied to a Google ID to deliver 'search results before searching'. This trend continues to have the backing of other big tech companies with Microsoft Cortana and Apple Siri both moving into the space of providing instant answers from its access to multiple data touchpoint and the always with you nature of the mobile device.



Today, consumers are spoiled for choice: too many brands on shelf, too many platforms to resort to for finding content, too much information to consider before deciding on their purchase. And yet the amount of time they take to make decisions is

shortening: partly because accessing information on products and services has become much easier and faster; partly because there is so much of that information that it would be humanly impossible to read through everything before making a decision.

It is precisely because of this contradictory dynamic that the notion of curation is becoming more dominant. Consumers don't have the time to consume all data points about a product or service, yet want to make decisions faster so they rely on trusted sources of insight to inform their choices. Yet despite this palpable need, curation interestingly hasn't made it as deeply into the advertising world as one would expect. Indeed, one hears of content curation around social media, to mention an example, but why is this practice of selecting, organising and looking after content not being more widely applied?

In programmatic, the data generated for and the speed at which insights could be gathered make it ideal for dealing with today's Now Culture. Nevertheless, for this potential to be capitalised on, the existing paradigm must change. Rather than approaching it as a standalone, execution-only channel, programmatic needs to be woven into a much more complex feedback system that informs message curation as part of a broader strategy and planning exercise.

For example, multiple decision trees could be planned around customer

journeys for a given audience cluster, which can then be delivered when specific triggers take place, the outcome of these feeding back into the original set of assumptions. Today, most of these triggers happen within the programmatic space (there are some exceptions of more sophisticated execution, of course) but what if these could come from all the different touch-points a potential consumer may be exposed to and help us think, plan and deliver in a more holistic way?

It will be the sum of these parts for the purpose of gaining insights that inform the entire process that will allow us to take full advantage of the "speed to audience" made possible in programmatic and help us succeed with a digital-native, mobile generation.



Content continues to get quicker. Just look at the publishing products that have been launched or dramatically upgraded in 2015. The New York Times' NYTNow app, Facebook Instant Articles and Twitter's Moments - where Twitter's editorial team curate collections of content around live news events, "bringing live news to life" in their words. And then there's Google Now on Tap, which, as part of the latest android OS, analyses what appears on the user's screen and then predicts what useful content to serve up related to what it "sees." For instance, when Now on Tap sees an email

about making reservations at a certain restaurant, it will bring up Google Now's familiar-looking cards to show directions to the restaurant, Yelp reviews, the menu and other information where applicable. From a media perspective, this focus on content in the moment, provides buyers with many contextually interesting targeting opportunities. For example, the New York Times now allows advertisers to buy mobile ads against a particular moment in the day, like 'prepare me for the day ahead' or 'help me follow a developing event'.



Google Now, surfacing relevant content on your home screen based on contextual learnings, knows what you want before you do. There are a few steps before this, that will help Google develop its predictive algorithm – evidence that this is underway can be observed with auto-complete style instant searches through Google Voice search. To support this trend in the short term, we'll need to optimise our search campaigns for multiple keyword searches. 'Where is the Eiffel Tower' rather than 'Eiffel Tower' for example.



# Now Culture

## What real people think

In our survey, Now Culture was the trend people related to the most, as they could already see it present in their lives. Not surprisingly then, they also felt it was the most relevant trend to them – over 70% of adults felt this trend was relevant, which increased to over 80% for under 35s.

However, this did have a flipside. It was the trend they were least excited about. A world of instant chat, one-click orders and fast-track deliveries already felt everyday behaviour for many of them. They acknowledge their lives are busy and readily take advantage of new faster services. Things like click and collect services were standard practice, even for the least tech savvy.

If the technology exists for instant communication and ordering and makes things like missed deliveries a thing of the past, then for many people this could only be a good thing. When it came to delivery, 41% of people would use or have used a within the hour delivery service such as Amazon Prime Now and 44% said they determine who they buy from based on how quickly they can get delivery of their products. Inevitably, all these stats again increased considerably for the under 35s.

“It just needs to develop a bit further to get to a more extreme level, but the basics are already there.”

There was a wider discussion around Now Culture which left people a bit cold, especially from those harder to win over that were over 35 and those that were less tech savvy.

“I’ve got three jobs and I work really silly hours. I can never tell when I’m going to be in, so I get all my stuff delivered to the corner shop and just pick it up at their opening hours. I’d like more flexibility with where you can get stuff delivered, like the locker things and stuff like that. I’m always leaving presents to the last minute and wanting to buy things online, so I think hour delivery would also be helpful”.



### How do you feel about where Now Culture could go in the future?



**31%**  
Indifferent



**21%**  
Enthusiastic



**19%**  
Happy



**16%**  
Excited



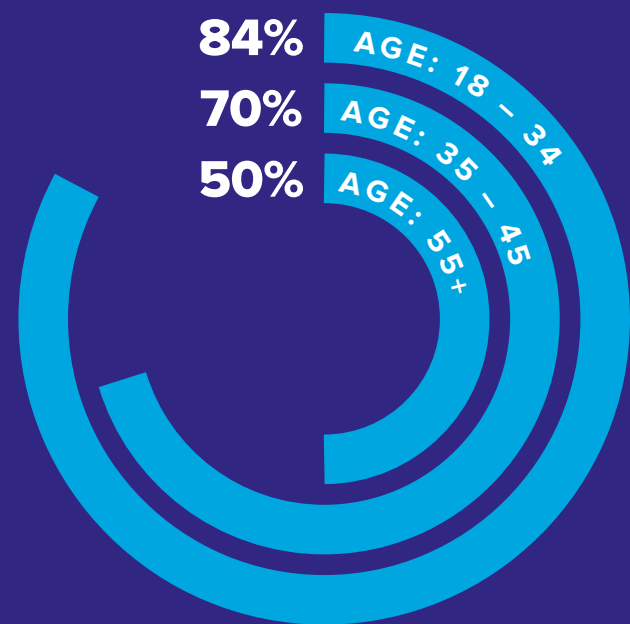
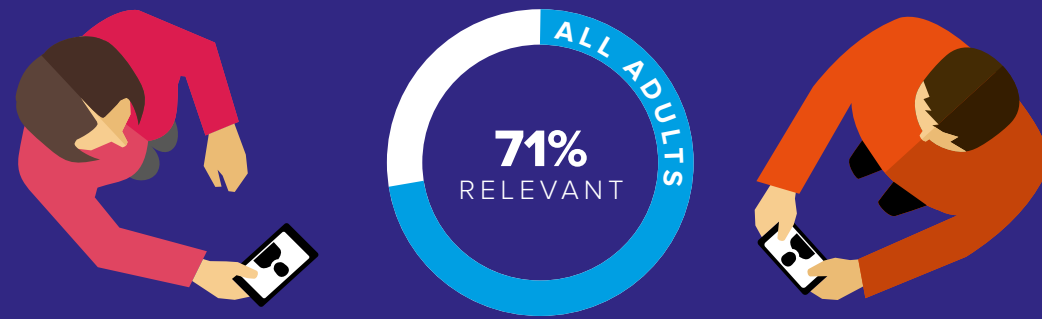
**12%**  
Apprehensive







## How relevant to you is Now Culture?



“I think the world right now is run on time, so nobody’s got enough time in the day, media, marketing know that, so they push that, they push it will make it a little bit faster so you can get it easy. Access it right now, when you want it you can get it, and I think that just makes people dependent on technology, I don’t want to be dependent on it.”

They felt that it encourages an unhealthy reliance on technology and rather than freeing them up to allow them to slow down to take a breath in their busy lives, actually encourages them to be busier, finding other tasks to fill the gaps created by instant and fast-track access.

**“I think we pack our lives, we absolutely pack our lives full. Then we find something that’ll make it, even busier, [with instant delivery] ‘Oh, brilliant, that hour I was going to go to the shops, I can now fill that with another billion things I’m going to have to do before’.”**

Having said this, the demand for even faster, more efficient services in the future was definitely there from the majority. Incredibly almost 60% of people think it would be good if brands were available 24/7 to respond to their queries. Customer service was an area they would appreciate real developments happening, although they weren’t that keen on automated service, at least until the technology improves.

It was however hard for people to visualise where this trend overall would go next. Even faster and even more frictionless communication and ordering was for many the natural progression for this trend but they found it hard to imagine how this might manifest itself. After all, how much quicker than instant can we get?







# Everyday Connects

## What is it?

The oft-hyped Internet of Things (IoT) trend actually takes off, with connectivity coming to everyday household objects.

## Origins and Drivers

As we continue to get to grips with the transition from desktop to mobile, we now need to consider the third wave – the shift to wearables and the Internet of Things (IoT). The move from connected devices (the PC and mobile) to the connected self (via wearables) and the connected world (through cheap and ubiquitous sensors) will have profound consequences for the way we interact, conduct business and ultimately organise society.

Cisco estimate that there will be 50bn connected objects worldwide by 2020 - or more than 6 for every person on the planet. McKinsey believe that the economic impact of IoT could be as much as \$11tn per year by 2025. However, around 70% of this value will come through B2B applications accrued in areas such as manufacturing, logistics and transportation. For marketers of physical products one of the most exciting aspects of IoT is the potential for everyday household products - food, cleaning, health and beauty - to be connected to the web. Everyday Connects focuses on this phenomenon.

## How it's developing

There are a number of ways in which the Everyday Connects trend will come to life in the home. In essence, these are all different means by which products can deliver small, incremental services to consumers.

As individual products integrate sensors and tags which connect them to the web, they become a scalable digital touchpoint delivering additional value to the consumer. Depending on the product category, this type of utility could be created in many different ways. For example, a vitamins bottle could remind you if you forget to take them, or a microwave ready meal could programme the microwave settings automatically.

Perhaps the most straightforward service connected products will be able to offer is reordering. This could be done through a physical button such as Amazon Dash, through an alert triggered on the phone or potentially directly with the online retailer. Sensors on shelves could identify by weight when products are running low and reorder on the next delivery.

We will also start to see brands deliver extra content to help tell their brand story via connected packaging – Diageo in Brazil created a smart product label for their whisky bottles for Father's Day, enabling sons to 'embed' a personal video message into the label which could be viewed via the mobile. Absolut allowed drinkers to see the story of the individual bottle they were drinking, where and when it was made, who had packed it and the journey it had been on.

Connected packaging can also be used to deliver 'how to' guides to the phone, helping consumers apply make-up products for example or even connecting consumers with customer service agents for a consultation.

**50bn connected objects worldwide by 2020**





# For Example...

## Everyday Connects

### 1 CONNECTED WHISKY BOTTLE

Diageo have created a prototype connected whisky bottle using an NFC tag that can assist with stock control and age authenticity but also acts as a marketing tool to enhance the brand experience.

### 2 NEO JAR

Smart Jar that helps people better understand what's in their cupboards. Using Bluetooth technology and 'ultraresponsive sensors', it tracks the weight and nutritional content of food being stored, and knows how long ingredients will last before going bad.

### 3 PHILLIPS HUE WIRELESS DIMMING KIT

This dimming kit features a bulb that can be plugged into any regular light fitting and a wireless switch bringing affordability and accessibility to smart lighting.

### 4 SAMSUNG'S SMARTTHINGS

Samsung are investing in an open platform underpinning all of its smart products. This will be entirely open to other developers and software/hardware manufacturers so if your products are built by different brands they can still communicate.

### 5 AMAZON ECHO

A wireless speaker and voice command device that responds to the name 'Alexa'. The cloud-based voice service acts as a personal home assistant and can also act as a controller for connected products in the home.

### 6 AMAZON DASH BUTTON

A Wi-Fi connected device that reorders your branded items at the press of a button.

### 7 SMART INK

Uses conductive inks to turn ordinary objects into intelligent, interactive experiences.





# Companies to watch

## Everyday Connects

### 1 EVERMIND

Uses connected sensors on household appliances to monitor the elderly or infirm. Evermind alerts you remotely when appliances and home medical equipment are used by the person being monitored, indicating that they are using their prescribed equipment, are active and everything is normal.

### 2 EVERYTHING

A company managing digital identity data in an intelligent IoT 'smart products' cloud to connect consumer products to the Web and drive real-time applications.

### 3 SIGFOX

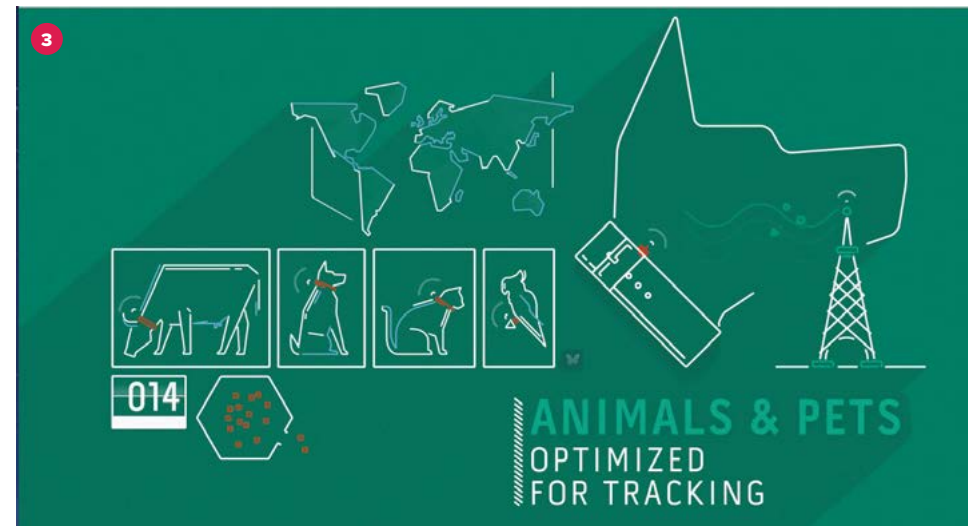
A French company that builds wireless networks to connect low-energy objects such as electricity meters, smartwatches, and washing machines, which need to be continuously on and emitting small amounts of data.

### 4 SMARTER

Makers of the original iKettle, the world's first wifi kettle, Smarter are now releasing a similar wifi coffee machine.

### 5 LUNA

Luna produce a smart mattress cover which controls a person's home in order to create optimum conditions for sleeping and waking up. The device senses when a person is asleep and automatically turns off lights and changes heating settings via integration with Nest.





## Where next?

As manufacturers learn more about how consumers use their products, we can expect them to look to deepen their relationships. What are now individually purchased products may become closer to subscription service relationships, as manufacturers enter a new era of competition for loyalty. This will require many companies to re-engineer their organisations as they learn to deliver services as effectively as they currently shift product.

One of the challenges holding connected products back has been the issue of scalability and cost, with packaging costs already kept to a minimum. As the size and cost of sensors drops with Moore's Law, this scalability challenge is beginning to recede. Indeed, new technologies such as smart ink, which allows connectivity to be printed onto labels, promise alternative ways to deliver connected products at scale. One such company is T Ink, with whom WPP recently announced a partnership.

Perhaps the biggest challenge for manufacturers will be dealing with some of the knock on effects of making their products connected. Toothpaste manufacturers will need to think about what usage data they are capturing, what their privacy policies are and how their consumers are reacting. Similarly, where there is connectivity there is the potential for hacking and brands will need to

consider what damage hackers, malicious or just mischievous, could cause through hacking into millions of homes via connected products.



## What this means for brands

Our belief is that Everyday Connects will create communications opportunities falling into four broad areas related to two key dimensions: whether the communication is focused on or off the connected object; and whether the communication form is closer to advertising or content (see figure 1).



### Brand experiences

Connecting the physical world means that brands can offer richer experiences to their consumers whether that be in their own spaces (eg through a connected product) or elsewhere (eg sponsored spaces at events).



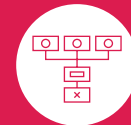
### Contextual notifications

The additional layers of data that the connected world will generate through interactions with the individual will create increased opportunities for more nuanced forms of contextual messaging delivered within the connected environment itself. Walking past Tesco's? Your pesto sauce may notify you that it's about to expire so why not buy some pasta for dinner tonight.



### Cross platform personalisation

The prospect of connected products means that manufacturers can gain valuable insight into how, when and in what circumstances their consumers use their product. A shampoo brand could understand whether their shampoo is an everyday product or only used before going out on a Saturday night. The data these interactions are generating will enrich communications across other platforms.



### Connected Services

If connected products are to be accepted by consumers they need to add some clear value, and this will be through distinct services related to the brand and category. If this value is insufficiently compelling, connected products won't be so much rejected as ignored.

## Platforms

# Everyday Connects



Will there be fewer searches down the back of the sofa to find the remote in 2016 as the mobile takes over yet another task? And if fridges can automatically re-order used up products for us, how long can it be before your smart TV adds a new brand onto your shopping order?



The Internet of Things creates a wealth of data that can be used to create much more tailored content - whether in the form of rewards, enhanced information experiences, or to improve service and facilitate activities. Using real time data means that we can monitor and adapt experiences and stories that are directly relevant to the user, instead of creating a single experience and applying it to all. This will create a positive reaction, a better experience and a more engaged relationship with the brand and consumer. Connected devices also means that brands can engage with a user before, during and after the event which will further engagement with brands. Connected devices does come with its barriers though, whereby brands need to build the consumers trust in how they use their data for marketing purposes.



Mckinsey and EMC2 predict that by 2020, the digital universe will increase in size by ten-fold (from 4.4 to 44 Zettabytes and 10 billion to 100 billion connected objects). To date, growth in the digital universe has been powered by the shift from desktop computing to mobile. Over the next few years, mobile and wearable adoption will continue this growth. However, the main growth driver between now and 2020 will be from non-hub devices – essentially everyday objects connected to the Internet of Things – from fridges through to packets. And mobile will play a starring role in all this – becoming the remote control to the internet of things.

## The digital universe will increase in size by ten-fold

(from 4.4 to 44 Zettabytes and 10 billion to 100 billion connected objects).





# Everyday Connects

What real people think

In our survey, most initially thought of connected products as quite big ticket costly items for the home, such as fridges, heating systems etc. There was talk of a divided society of haves and not haves when it came to connected products, due to cost. However, once the conversation

A future world of everyday connected products really divided opinion. It was the issue of data privacy and security as with so many of the trends that kept people's enthusiasm for the trend in check. Half of those surveyed did not feel comfortable with companies having

open to hackers made people reconsider just how connected they'd want their home to be. Interestingly, women were less comfortable with the idea of sharing their connected device data. Only 44% felt comfortable with the idea compared to 56% of men.

“Imagine if you had got hacked, and it was, like, ‘It’s 5am’, and you wake up, and you can’t turn Skrillex off.”

turned more towards the future and focussed on more everyday products such as packaging, this became less of a focus.

access to their data to enable a home of connected products. The nightmare scenario of their connected home being

“I think it’s really creepy, controlling. You’re giving so many details of who you are and your life. What happens if someone got hold of that data? Our data is already quite vulnerable, like our addresses and email addresses and stuff like that”.

## How do you feel about where Everyday Connects could go in the future?



**21%**  
Indifferent



**21%**  
Apprehensive



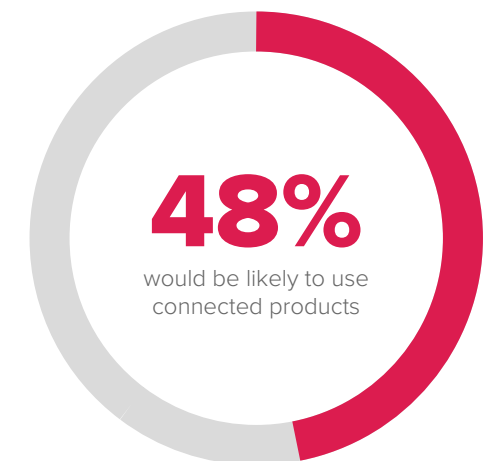
**17%**  
Enthusiastic



**15%**  
Excited

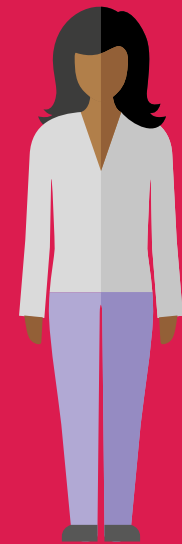
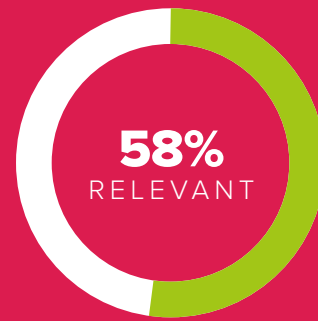
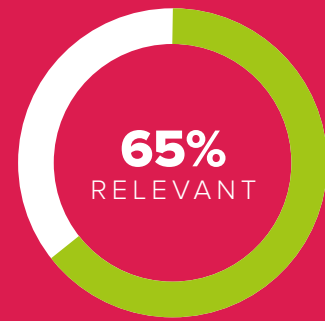
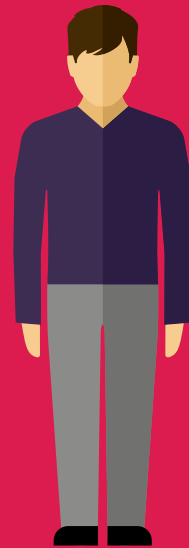


**14%**  
Happy

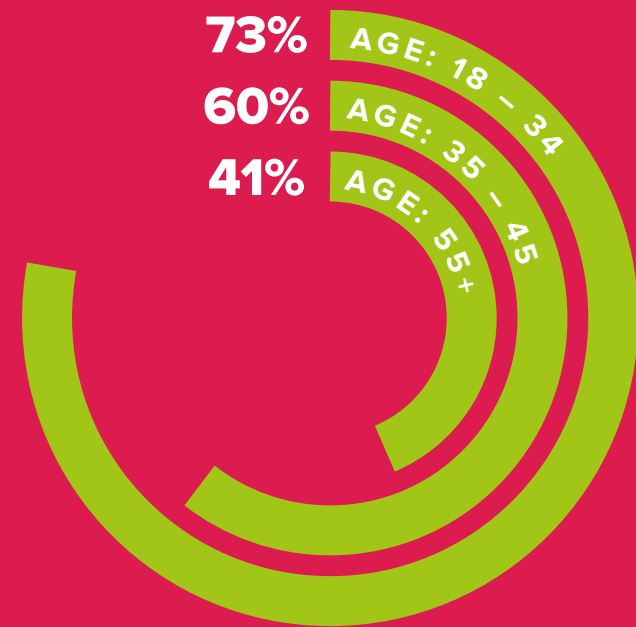




**How relevant to you is Everyday Connects?**



ALL ADULTS  
**61%**  
RELEVANT



“Connected products going mainstream for me would probably have the biggest impact - in a positive way, specifically the automatic reordering and home infrastructure stuff. It’s just about making things a lot more efficient and a lot more convenient.”

The other half of those we spoke to who were comfortable with the idea of sharing their data, believed a connected world of everyday things, would make their lives easier. Almost one in three already had connected products in their homes. Busy lifestyles and the exciting possibilities connected products will bring in taking away some of the more mundane aspects of life were only seen as positive things. Generally men and under 35s were the most warm to this trend.

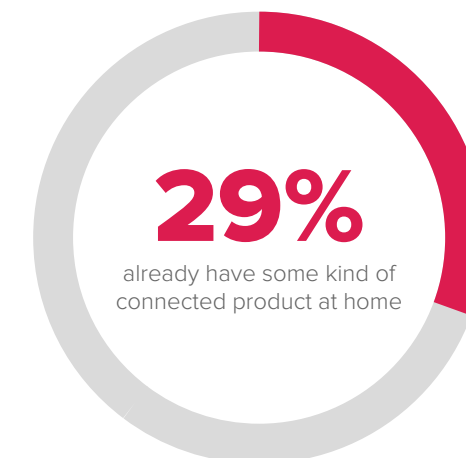
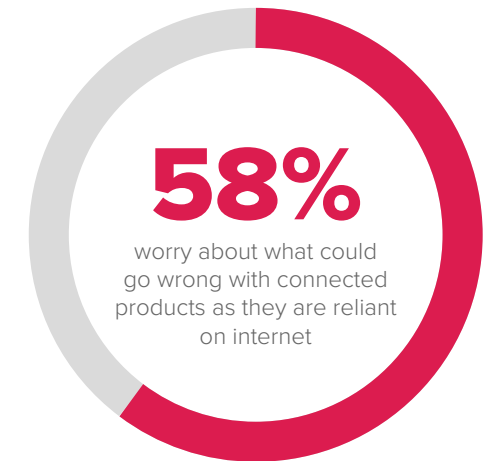
**“I think over time you will become accustomed to it, you’d get used to it.”**

“It’s nice to be able to have your house, kind of, work with you.”

But as with Rise of the Machines, the stretch for many came if they felt they were not in control. A fridge making decisions on the best choice of milk brand was a scenario they did not feel comfortable with.

**“I just really hate the thought of stuff being bought for me without me giving it a say-so.”**

They didn’t like the idea of brands being favoured in this instance and there was still too much that could go wrong in their eyes. A significant 57% say that they worry about what could go wrong with products connected to the internet. After Rise of the Machines this was the trend that made people most apprehensive.



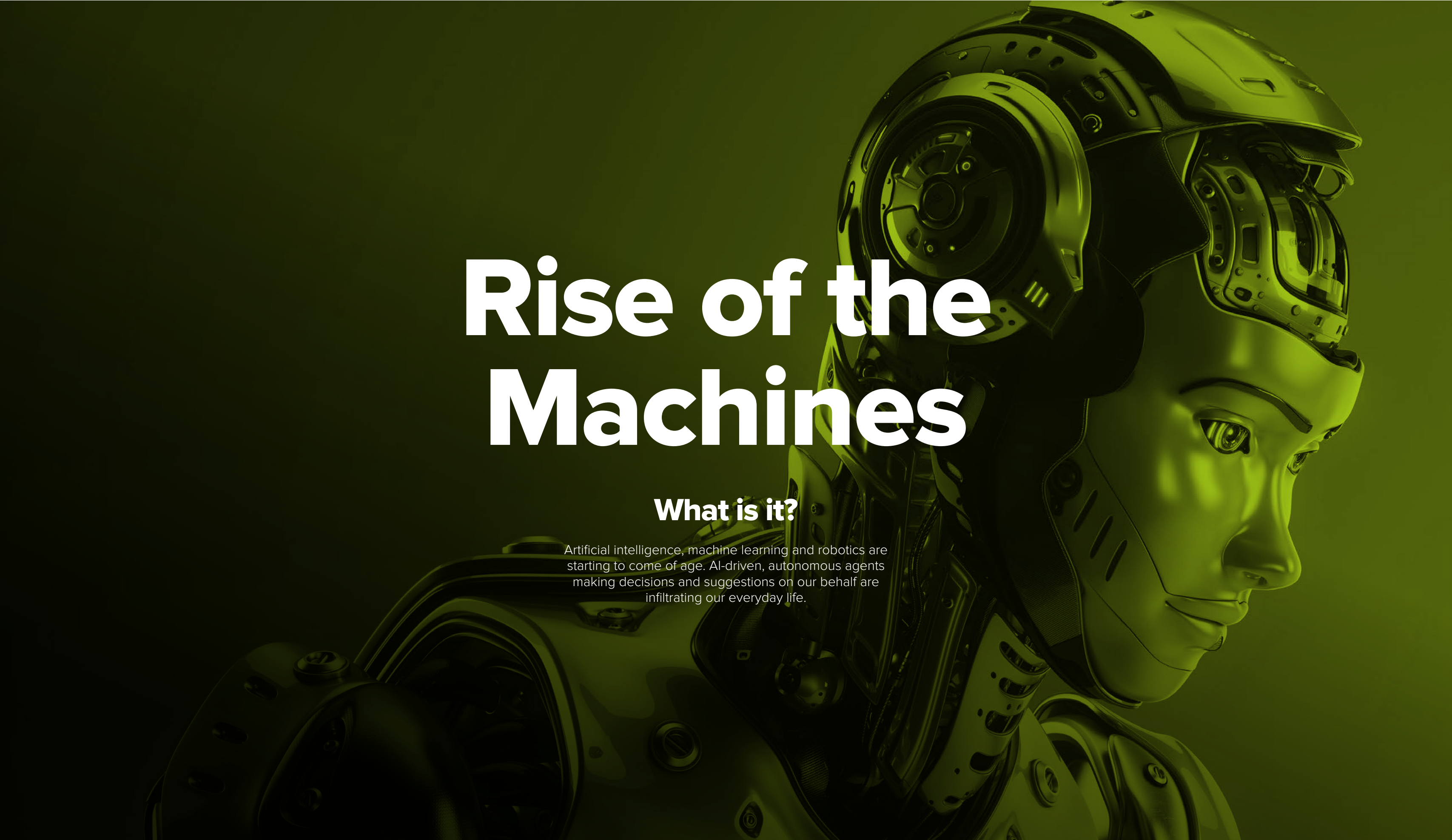




# Rise of the Machines

## What is it?

Artificial intelligence, machine learning and robotics are starting to come of age. AI-driven, autonomous agents making decisions and suggestions on our behalf are infiltrating our everyday life.





## Where's it come from?

AI has a long history going back to the 1950s when Alan Turing came up with the Turing Test to ascertain whether a machine could think. After setbacks in the 1960s and the so called 'AI winter' of the 1970s, AI has made steady progress from the 1990s onwards: Deep Blue beating Kasparov at chess in 1997, Watson winning Jeopardy in 2011, through to the specific functionality of 'narrow' AI that powers so many aspects of the web today.

The underlying driver of the Rise of the Machines, has been Moore's Law – the doubling of processing power every 18 months – which has enabled the exponential growth of computational capabilities. It is through the extrapolation of this trend that Ray Kurzweil, singularity guru, has predicted that machines will match human intelligence by 2029 and by 2045 'the pace of change will be so astonishingly quick that we won't be able to keep up, unless we enhance our own intelligence by merging with the intelligent machines we are creating'.

While Kurzweil is an optimist, there are plenty of commentators who have warned about the threats of artificial super intelligence for mankind – Stephen Hawking has said 'the development of full artificial intelligence could spell the end of the human race'.

## How it's developing

The Rise of the Machines trend promises (threatens?) to be one of, if not the, defining issue of our times. But while 2045 and the Singularity may still seem some way away, we can already see the influence of AI in our everyday lives. The recommendation engines that suggest what we might want to buy or watch; the speech or facial recognition systems that are used to identify us; and even the interface through which most of us access our information, the Google search engine, can all be said to be driven by AI of one form or another.

But where can we expect to see AI becoming more prominent in 2016? We believe there are three areas to watch:

### Virtual Assistants

One of the first areas of life where consumers already consciously interact with an AI interface is the virtual assistant. While the fledgling VAs in the form of Siri and Microsoft's Cortana have had their limitations, all of the GAFAs tech giants are betting heavily on this area being the next gateway to the internet. One of the most interesting developments of 2015 was the arrival of Facebook's M, delivering a blended human and AI driven assistant service from within Messenger. By adding human curation to the service, Facebook believe their VA algorithms can develop

faster than through pure AI learning alone. We first carried out consumer research into VAs in 2015, and firmly believe there is both the consumer desire for an AI assistant and the potential for it to become an indispensable tool for all of us sooner than we might currently think.

### Automated Customer Services

will also be a key area to watch. Through natural language processing, we're starting to see intelligent customer service bots emerge. North Face, for example, are using IBM Watson's capabilities to help with customer queries online. Automation company IPSoft have developed a 'cognitive agent' called Amelia, named after American aviator Amelia Earhart, which can learn how to do a job by 'reading' a manual or 'watching' humans carrying out that role, rather than needing instructions to be hand-coded. While the initial wave of assistants are likely to be tools to aid human call centre workers, over time automation is a real likelihood. 2016 may be the year you'll first ask yourself if the call centre person you're chatting to is actually human...

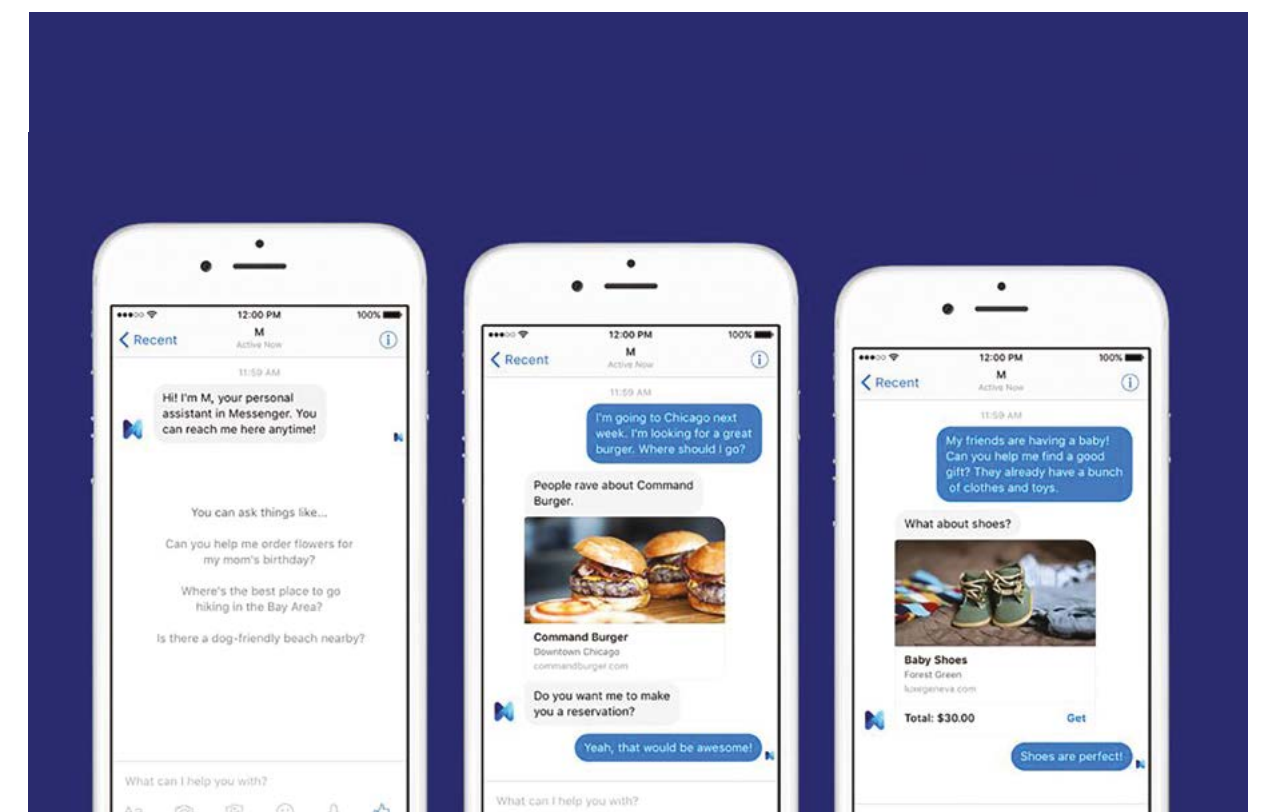
### Robotics

When not taking over our jobs, the more usual imagery around AI is dominated with premonitions of humanoid robots, indistinguishable from real people, going rogue and wreaking havoc in a post-

apocalyptic world. However, the current reality is thankfully more benign and we're starting to see robots moving out from the factory floor, into the home and shops. Japanese robotics company Aldebaran released Pepper this year, a 140cm humanoid robot which can read your emotions and was originally designed to act as a customer service agent in stores for Softbank Mobile. We've also seen the arrival of Jibo – a personal robot designed to live in your home, with your family. Rather than actually doing tasks like Hoovering it can act like a physical

assistant, answering questions and acting as a hub for all the connected products around the home. Similarly, the Amazon Echo acts as the physical manifestation of a virtual assistant ('Alexa') to carry out voice activated commands. Or how about Riba, a Japanese designed nursing care robot that can lift the elderly out of bed?

Over the next 12 months we can expect to see various robotic devices popping up in the homes of early adopters as society gradually gets used to the idea of talking to and interacting with machines.







## What this means for brands

A world in which the consumer is guided by AI in the form of a VA or robotic assistant is a radically different world for brands to operate within. But brands, products and services will still need to connect with customers, so how might brands behave in this environment?

### Huge disruption to the consumer journey

The prospect of a super-computer agent acting on behalf of the consumer suggests huge disruption to the consumer journey and purchase decision making. It presents the prospect of the role of emotion in decision making diminishing as the VA weighs up product alternatives in an ultra-rational way – would a VA ever suggest Neurofen at 6 times the price over the chemically identical own brand ibuprofen? Brands in every market could face the commoditisation challenges that price comparison sites have presented to categories with seemingly interchangeable brands such as insurance and utilities.

As emotion takes more of a back seat and AI driven recommendations become increasingly honed around prior preferences, it is likely to be increasingly hard for new or niche brands to break into established markets. We may find that the Rise of the Machines helps to enforce the market positions of the incumbents.

### Branded utility

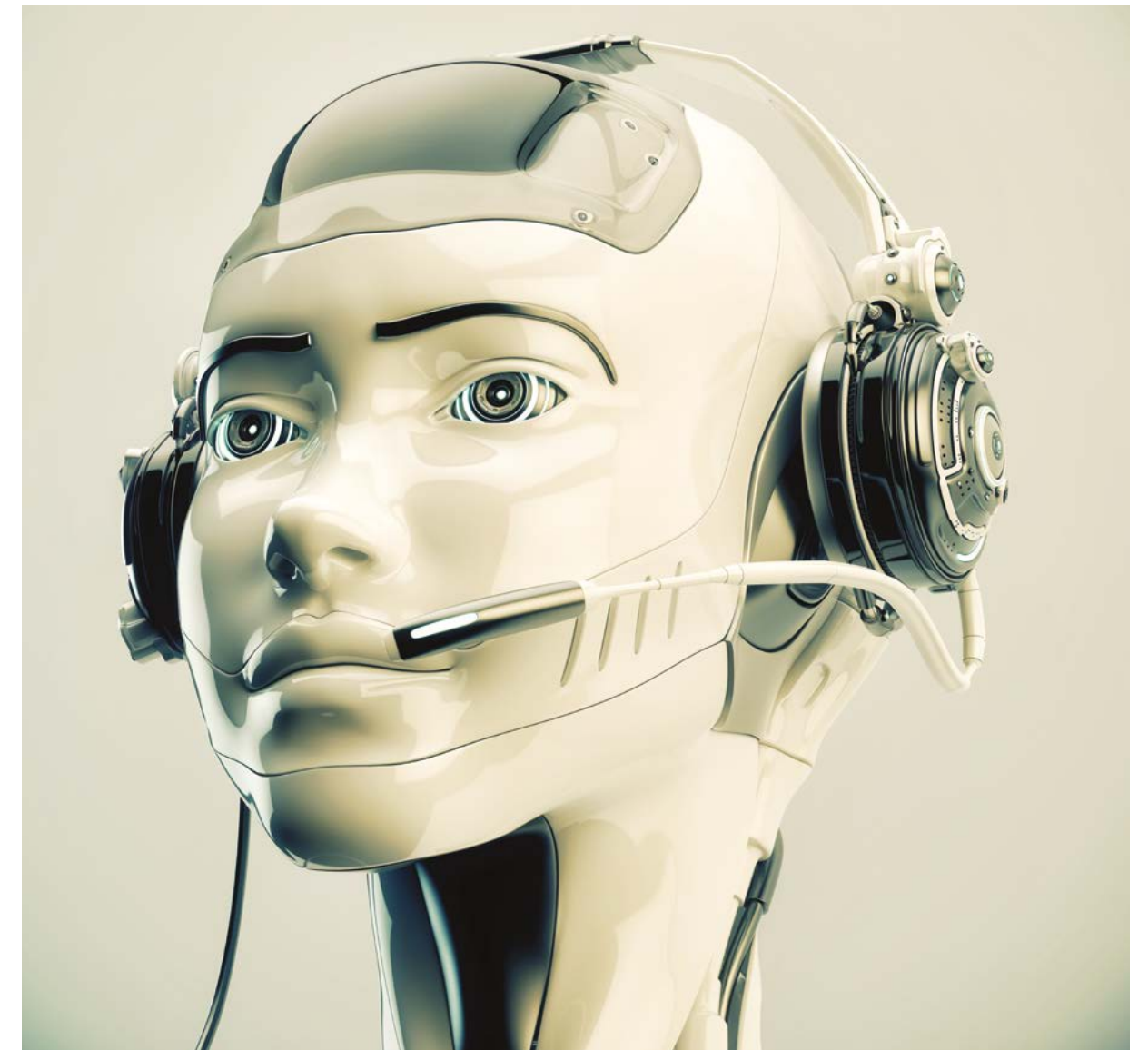
We expect VAs to be modular, highly personalised services. As users modify their VAs by bolting on additional specialist features there is a big opportunity for brands to provide those services and genuinely provide a use in consumers' lives. The classic branded utility example, of the Michelin guides of the 1930s, could be reinvented as a high end restaurant plug-in integrated into the VA and personalised to the user. Flora could create a cholesterol monitoring module that connects wearable tech with the VA, to help users manage their cholesterol levels.

### AI as the gateway for content distribution

AI in various forms is increasingly going to act as a filter of information to the user, presenting what it thinks is of value to the user's needs at any given moment. While that will likely act as a blocker to broadcast brand communications, it will still provide a distribution point for brand content if that content is considered to be of value to the user. In this scenario, will we see a world where search engine optimisation is usurped by virtual assistant optimisation?



Aldebaran released Pepper this year, a 140cm humanoid robot which can read your emotions and was originally designed to act as a customer service agent in stores for Softbank Mobile.



# For Example...

## Rise of the Machines

### 1 FACEBOOK M

The social networks text based virtual assistant powered by humans currently but with plans to upscale using machine learning.

### 2 AMELIA

A virtual customer service agent who understands what people ask – even what they feel – when they call for service. She learns as she works and provides high-quality responses consistently, every day of the year, in any language.

### 3 GOOGLE SMART REPLY

An AI deep learning development from Google that could mean your phone could automatically reply to your email messages for you tailoring both the tone and content of your responses.

### 4 GOOGLE'S SELF DRIVING CAR

Marketed more as a taxi service rather than a personal car, Google's prototype has been tested over 700,000 miles.

### 5 PEPPER THE ROBOT

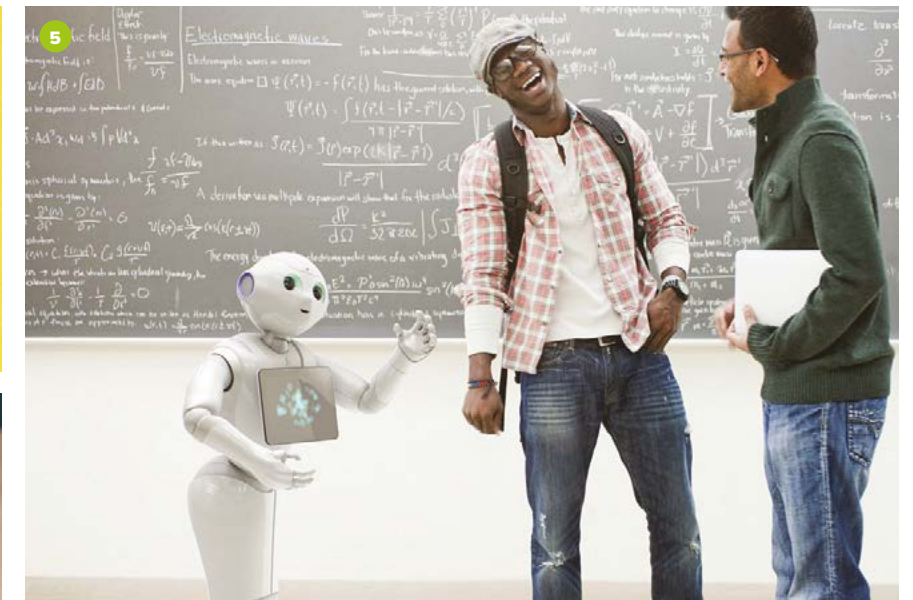
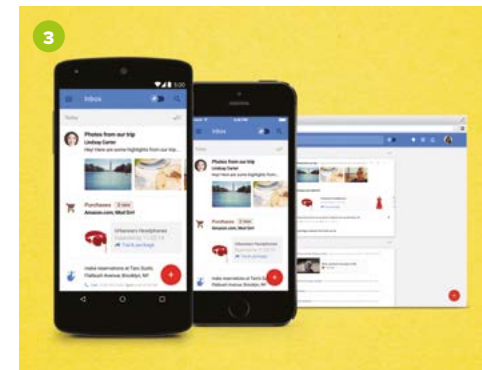
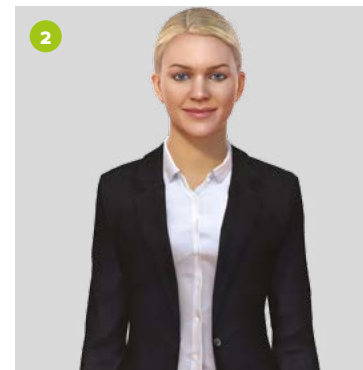
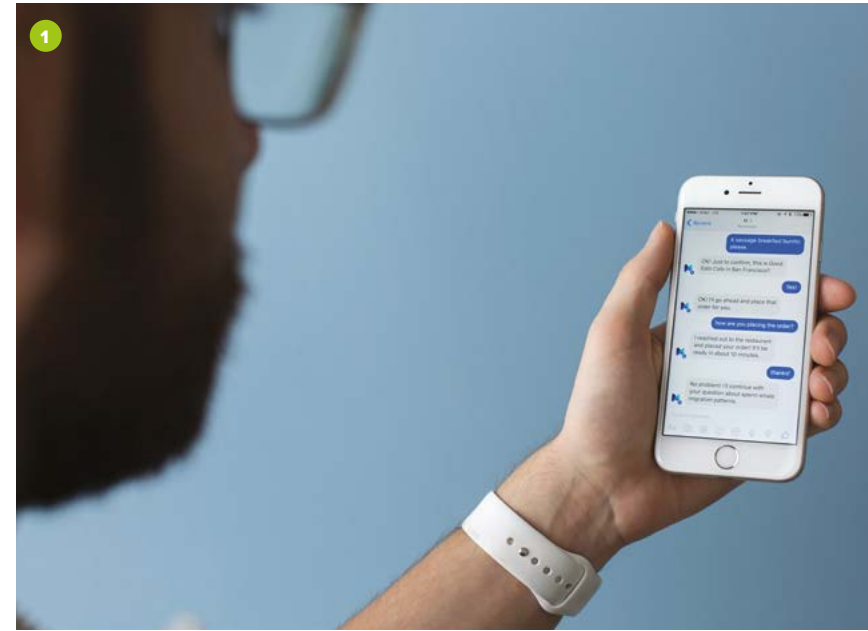
The first social robot designed to live with humans. Pepper is able to converse with you, recognise and react to your emotions, move and live autonomously.

### 6 AMAZON ECHO

Is a wireless speaker and voice command device that responds to the name 'Alexa'. The cloud-based voice service can provide information, answer questions, play music, read the news, check sports scores or the weather instantly.

### 7 JIBO

Personal assistant for the home. Social robot that can connect to the internet, take pictures, read stories to your kids or control your connected home devices.





# Companies to watch

## Rise of the Machines

### 1 SENTIENT

A company developing data-analysis technology that will help others use software to manage complex tasks like financial trading.

### 2 VIVLABS

The brains behind Siri have created an artificial intelligence system called Viv that can process even more complicated requests, making it feel more human than any other virtual assistant.

### 3 X.AI

Personal assistant that arranges meetings.



1

LIMITLESS INTELLIGENCE.  
LIMITLESS COMPUTE POWER.  
LIMITLESS POTENTIAL.

Explore the new artificial intelligence frontier with Sentient.

SEE OUR STORY

3

x.ai is a personal assistant who schedules meetings for you.

Add email to waiting list

Cancel Re: Meeting up for cof... Send

To: John

Cc: amy@x.ai

Subject: Re: Meeting up for coffee

Hi John, I'd be happy to meet up next week. Please work with Amy (CC'ed) to get this on the calendar. Looking forward to it. //Michael. :-)

HOW? ABOUT CONTACT BLOG

2

On the way to my brother's house, I need to pick up some cheap wine that goes well with lasagna.\*

\*VIV CAN HELP

## Platforms

# Rise of the Machines



AI will shape how we plan, buy and watch TV over the next year or so. Expect to see increased use of intelligent programmatic

algorithms impacting on both trading, and on dynamic creative. Meanwhile, with all that investment from media owners in thriving AI departments there will be many developments in how we discover new content with refined solutions improving filtering.



Machine learning is giving us the opportunity to reinvent how we approach ideation, planning and execution of advertising. The rise of

programmatic is a good example of this with optimisation algorithms using past performance to inform future choices in the media-audience-content space and the massive amounts of data generated on the convergence of these three elements within the space of milliseconds. But a machine-only approach isn't enough.

Consumers that brands seek to find, engage and influence don't operate in a linear, algorithmic fashion. Theirs is closer to a heuristic journey: they discover and learn for themselves across multiple touch-points. Sometimes they behave consistently and sometimes they

don't. And it is those times when human behaviour is difficult to express as a neatly organised mathematical model that make great advertising such an interesting challenge.

Programmatic, hence, has to become the space where human expertise and artificial intelligence converge to deliver outcomes for a brand: never before have we had the opportunity to create and analyse large sets of data at scale to inform the entire process; to supercharge our human intuition and understanding of an audience the way we can today. But for us to take advantage of this new landscape, we need to embrace our humanity and recognise that sometimes consumers will behave in erratic ways that demand another human being to understand the why.



Machine learning has already revolutionized the bottom of the content funnel, with programmatic having a huge impact on media delivery

across the web, and through more traditional channels. Now we're starting to see its influence at the other end of the funnel, sharpening and in some cases even automating the content creation process. Forbes and the LA Times have both used software to auto generate news stories. Meanwhile, the New York Times

'Particles' programme uses algorithms to identify and annotate potentially reusable pieces of information within an article as it is being written, enabling them to create a more adaptive and potentially more personalised version of the traditional linear news article.



Google undeniably dominated desktop search for the past decade, acting as the gateway to the web. With near enough every search

passing through its proverbial veins, Google used this information to build and refine an intelligent algorithm that delivered accurate content. The 'Google it' model was impenetrable until the rise of the mobile. Mobile brought with it a fragmented landscape, the app delivered an efficient alternative to the browser, eating into Google's gateway dominance of the web and knowledge graph. It also brought with it new competitors that, like Google, wanted to exploit the intent and contextual opportunities offered by mobile to build artificial intelligence models that will change search and content discovery as we know it. 'Googling it' would no longer suffice. In the future, content needs to be predictive, glanceable and actionable; brought to you by your Personal Assistant at the right moment and context. The battle for contextual data

(that will feed their artificial intelligence models) is on today - both Apple (IOS) and Google (Android) are going head to head, finding new solutions to content discovery in the mobile world.

In 2015 Google made a number of plays to claw back its dominance in this fragmented mobile app landscape. A big drive was put behind encouraging advertisers to build for mobile web, and those advertisers that did prompt users to download their app were penalised in Google search rankings. Google also put a lot of focus on its Personal Assistant, Google Now, opening up the API for developers to create cards that would be indexed and surfaced on Android home screens. The algorithm behind this model would pull in contextual sources like location, email, calendar, app usage, search history and app indexing to present intelligent information in a card view as and when needed. The Google Now is a big leap in understanding and accommodating the passive and general context of a user's requirements.

Likewise, in 2015 Apple unveiled its own Personal Assistant with Siri in iOS9. The new Siri will live on the side of a user's home screen and keep track of users' most frequent app launches and searches, as well as serving up relevant info from apps, maps and contacts. Meanwhile, Apple are actively trying to keep users away from Google's search engine by offering their search engine alternative Spotlight. Users can now search on Spotlight and be taken

directly into an app or browser that holds relevant content.

As we see mobile usage overtake desktop, advertisers need to think about how they embrace this new form of content indexing. Users will no longer 'Google it', Personal Assistants will proactively serve it. Imagine the scenario - without having to login to your apps, your personal assistant knows you better through contextual machine learning built up over time that it can predict for you what you want before you want it.



In terms of how AI and "The Rise of the Machines" will affect Experiential and Live Media, everything from the way that our smart

phones react to our day-to-day needs and requests (via Siri and Cortana), to our connected living devices in the office and at home (The Hive), Self-Driving Cars and automated customer service devices (IBM's Watson), we will see an increase in the rise of fully customised and personalised features in many Marketing messages and services to give more unique, tailored and ideally effective Experiential marketing. Alongside this, we will also see such scientific luminaries as Professor Stephen Hawking, Bill Gates and Elon Musk pushing to legislate against its responsible use in the future and effectively attempting to limit its use and application.





# Rise of the Machines

## What real people think

Conversations around Artificial Intelligence provoked quite a bit of anxiety in our focus groups, and indeed

idea of machines making decisions on their behalf that caused worry, even though they realised machines

“I think, if the technology remains passive, if it remains subservient, then there’s not a problem, but when it becomes active, when it starts to make decisions on my behalf, then that’s an issue.”

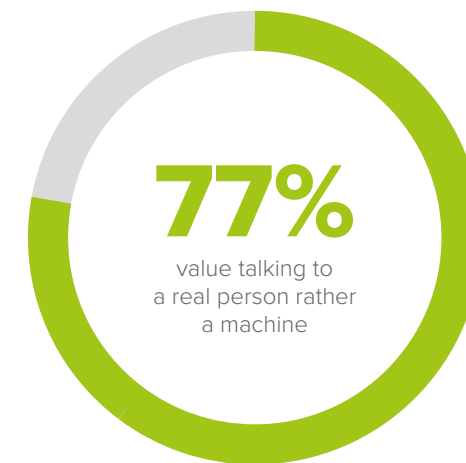
this was the number one feeling that people identified when asked where this trend would go in the future. It was the

have been making decisions for them to some extent for a while. As one member of our sessions said, who

hasn’t experienced the frustrations of a bank’s anti-fraud algorithms when they refused to accept their card on holiday? For many it was the idea that AI could make more emotional buying decisions on their behalf that felt like a step too far. Machines recreating the empathy required in buying gifts for example, just feels like an innately human experience, that machines have no right to replicate.

Another concern was around security and what could potentially go wrong with the technology. This reflected a recurring theme we found with all of the trends

which was around the issue of privacy. People questioned, how the hyper-personal data that drives AI decisions, would ever be a 100% secure. Perhaps this is why from our survey only 34% were comfortable with algorithms managing their investments and savings but more willing for machines to choose and cook their dinner that night (54%).



### Adoption of Virtual Assistants

**28%**  
currently use

**16%**  
plan to use

**19%**  
couldn't stand the idea of it

**23%**  
heard of it but don't really understand what it offers

**14%**  
never heard of it

### How do you feel about where Rise of the Machines could go in the future?



**24%**  
Apprehensive



**16%**  
Worried



**16%**  
Uncomfortable



**16%**  
Excited

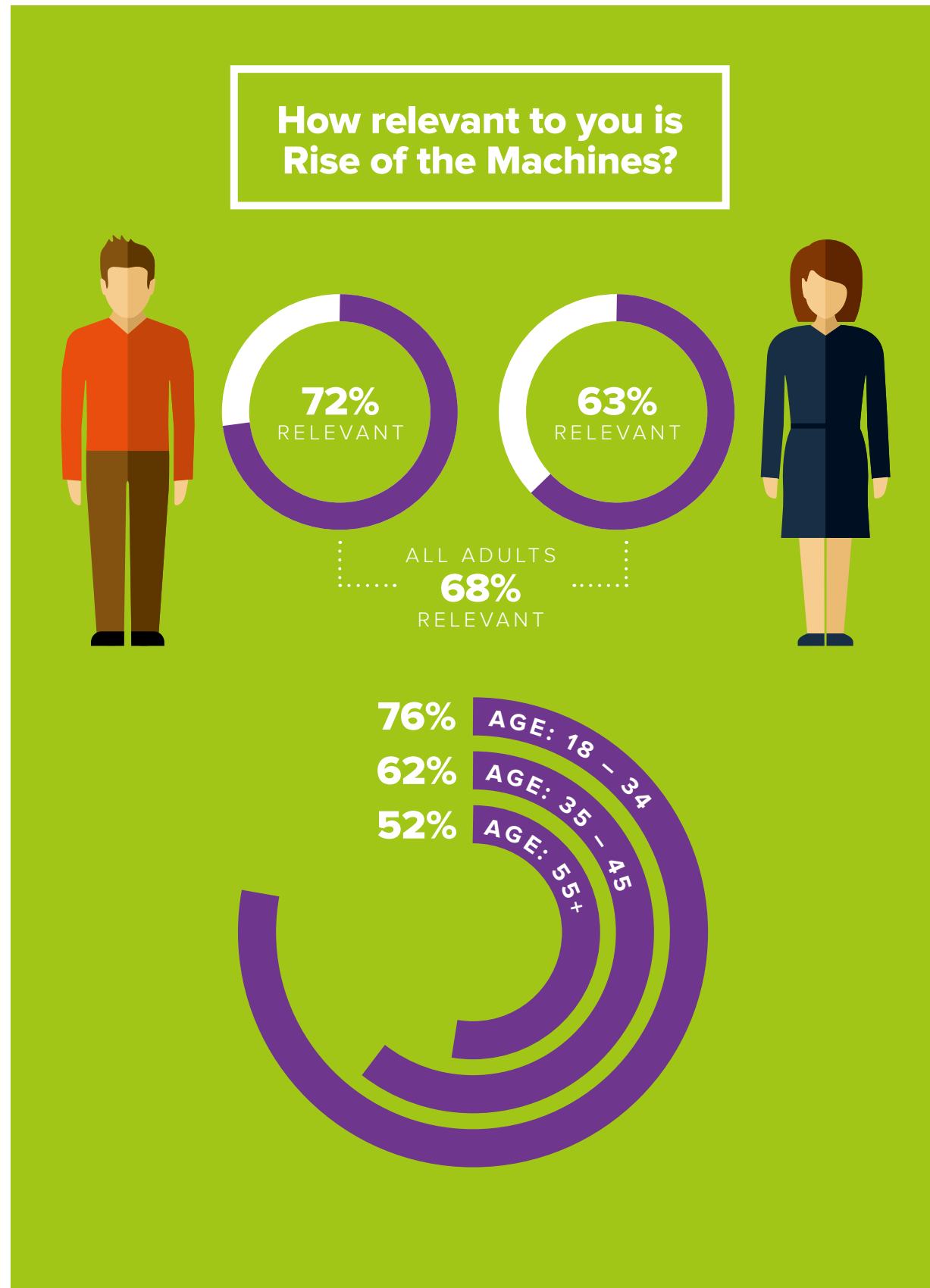


**16%**  
Nervous



Google now





“If I was having an argument with a computer, it would annoy me even more, because I know there is no one there. They can keep answering back the perfect thing to say, and it would annoy me even more”

**“I just liked the idea that it becomes like a personal assistant, but obviously with that there’s a whole thing about privacy and, you know, all of your information just being out there, which could potentially be hacked, or accessed by people.”**

Automated customer service was also a real point of discussion. Most appreciated a future where they would not have to be put on hold for 30 minutes to speak to a customer services operative due to quicker, more efficient, cost effective automated solutions.

However, in many circumstances they were pretty adamant that they would prefer to speak to a human, who they believed would be able to think around a problem more effectively and have more of a sense of empathy.

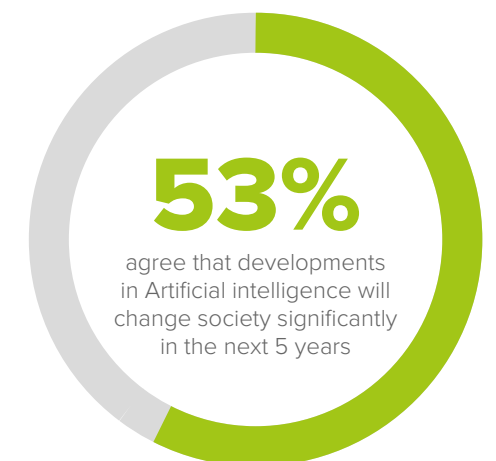
The fact that the technology at present is not very sophisticated, potentially limited their imagination in this sense. The same applied to personal assistants such as Siri or Cortana.

**“Siri isn’t that helpful. I find it quite annoying, quite a lot. It never understands my voice, like, the recognition and it really frustrates me rather than helping me.”**

As an overall topic, Artificial Intelligence immediately sparked visions of robots and futuristic movies for people. Despite discussing the more imminent or even current everyday aspects of AI, people ultimately found it hard to shake this overall perception from their mind. For this reason, developments in AI still felt a long way off for most, even for the under 35s and the most tech savvy.

**“AI is obviously still in its, kind of, infancy, and it won’t be anywhere near, you know, the level that we’re debating now for a fair few more decades, but it’s the only one that’s really exciting. Who doesn’t want to live in Back to the Future?”**

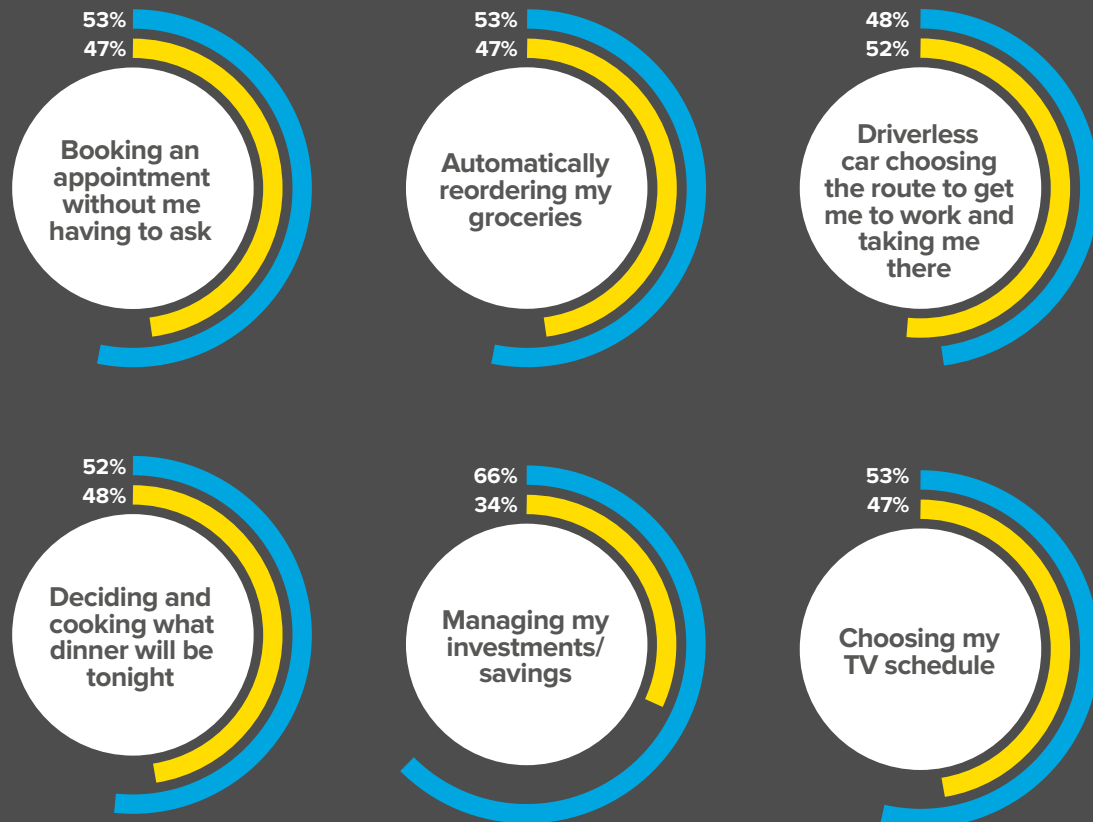
This trend was the one that evoked most excitement for people and is probably a classic case of how science fiction inspires us and paves the way for future technologies. Films in popular culture such as Minority Report and the recent Humans TV series have opened people’s mind to the exciting possibilities of AI. Over half think that developments in Artificial Intelligence will change society significantly in the next 5 years and again over half would be comfortable with a driverless car taking them to work on the route the car had chosen.





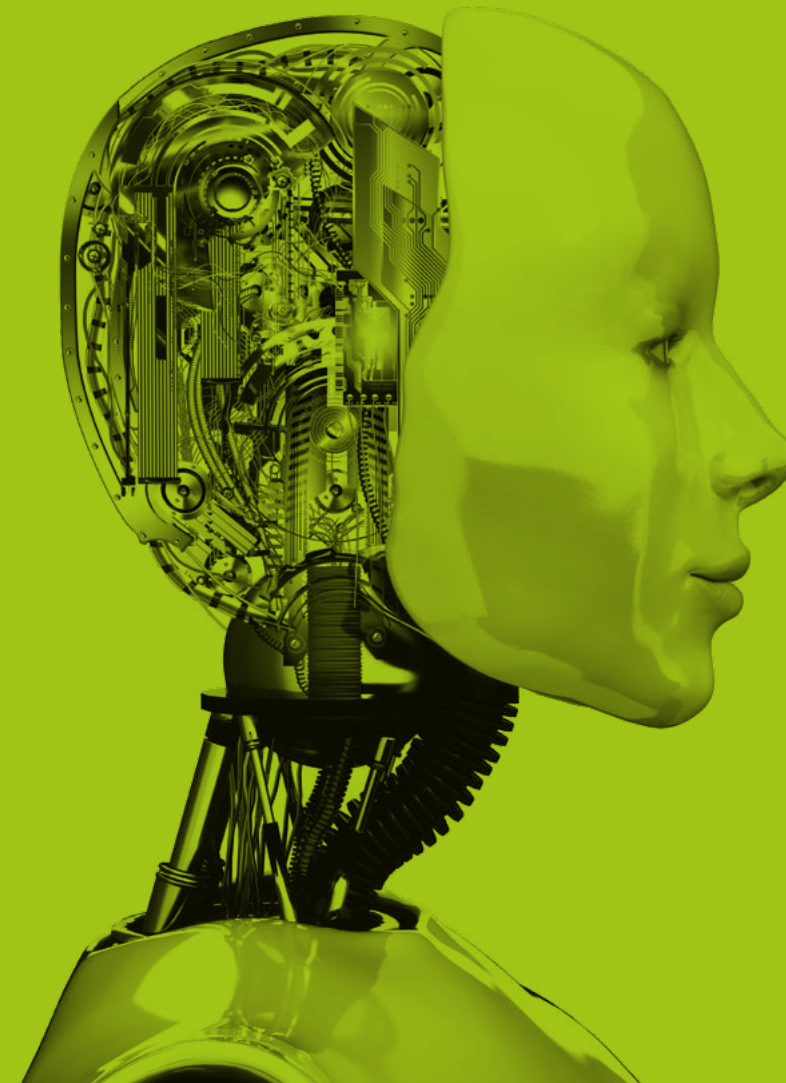


### Comfort / discomfort with decisions being made by machines instead of humans



### First word that comes to mind when we talk about Artificial Intelligence

# Robot







# Touchy Feely

## What is it?

Technology gets intimate by moving further into the realms of measuring, understanding and responding to people's emotional responses.





## Where's it come from?

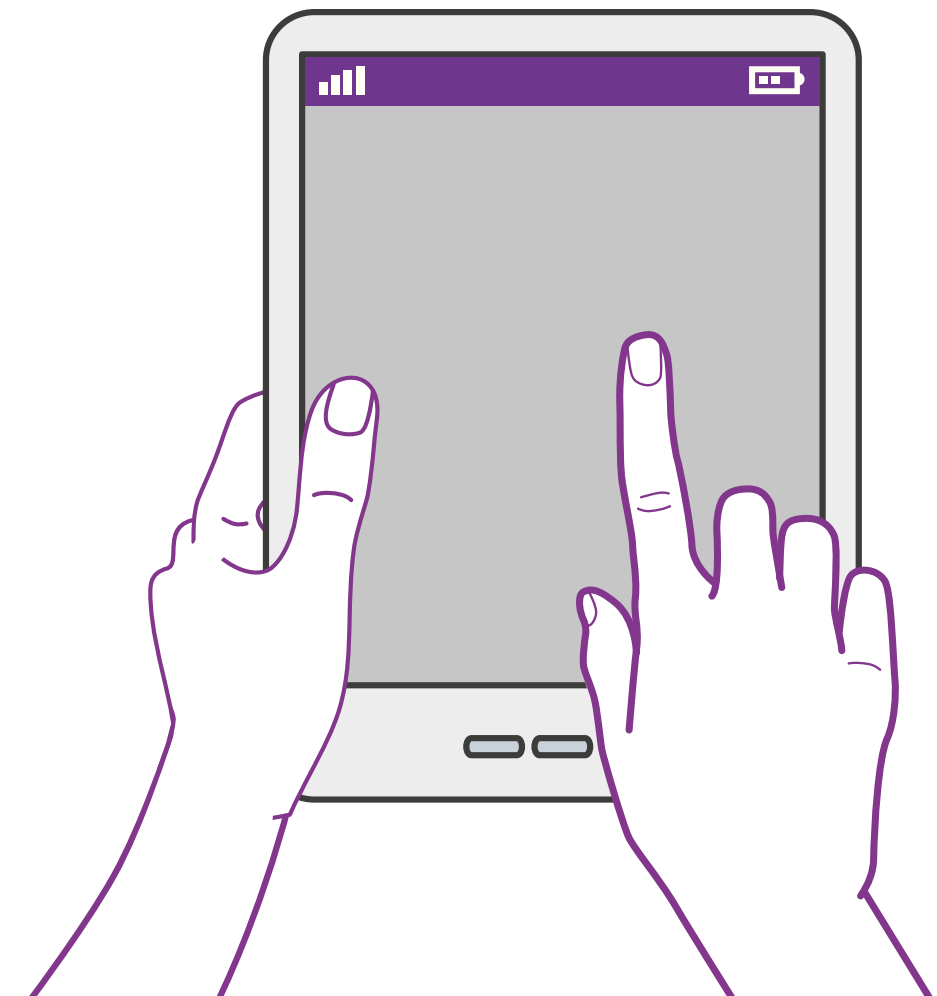
Emotions are at the heart of what it means to be human. They influence every aspect of how we make decisions and live our lives. Humans are irrational. Their OS is driven by emotion. It's a fuzzy and messy process. Computers are rational. Their OS is driven by logic. It's a series of 1s and 0s. Since the Turing machine (or first computers), the interface between humans and computers has had to navigate this divide. We've got better at it. Making the OS more human like, but technology is further evolving to close that gap between emotion and logic. Tech has enabled us to do things quicker, smarter and more efficiently and has been traditionally associated with providing rational and functional solutions for humanity. It will continue to do this, but if technology is to be able to truly serve humanity then it must be able to understand, respond to and even stir our emotions to help us make better decisions and live better lives. Touchy Feely represents the beginnings of this journey.

## How it's developing

Technology is moving into the realms of providing a more emotional experience for people. Immersive technologies such as virtual and augmented reality are doing this via enhancement of our existing senses. There are also forms of technology that are trying to recreate our senses in a digital world. Haptic technology is digital technology that uses stimulation through vibration, small electrical charges or pressurised air to recreate a sense of touch, with the overall aim of evoking an emotional response. Touch is one of our most important senses. Think about how many objects and people we touch in a 24 hour period and how integral this is to our sense of being. To touch is what it means to be human and is completely underutilised when it comes to technology. Other than vibration, our most used devices never really step into this realm. Haptic tech aims to make our virtual interactions more satisfying, more emotionally fulfilling, more human. Inventions already exist like the Hug Shirt which enable people to send hugs over a distance and we could see innovations in the future like greetings cards that vibrate when the sender and recipient touch at the same time.

Our inherent need to understand emotions is now also being covered off by technology via a whole host of tools that measure mood and emotional state of mind. We are seeing growth in emotion detection software that taps into neuroscience techniques including brain monitoring, facial recognition and eye tracking. Systems that process tone and language are also becoming more prevalent and more sophisticated. The jury is out on whether algorithms can or will judge emotions better than humans. However, these developments do help us gain further understanding and interpretation of emotions so that we, or the technology itself, can respond accordingly and in a more timely way. From an advertising perspective, it enables us to tailor our communications - from emotion detecting billboards that tailor responses through to live streamed digital content based on mood. Mindshare experienced this first hand when we created the Feel Wimbledon campaign for Jaguar in 2015. This campaign captured, emotional responses to the live tennis by reading the emotional state of individual fans with bespoke wearable devices, recording crowd energy levels with thermal imaging and audio sensors on the courts, and detecting the national and global mood with live sentiment feeds from social media. We generated an incredible 45m

data points every day. Wearables are an interesting hybrid. They are capable of measuring and monitoring emotions through a combination of data outputs - pulse, sweat, etc, but in addition we are also seeing wearables that off the back of this data, communicate or attempt to alter mood state via haptic means. Doppel for example is a wristband that measures pulse but can also deliver a tactile beat which users can control to alter how energised or calm they are.



# For Example... Touchy Feely

## 1 EMOTIVE BILLBOARDS

Billboards are currently being tested with hidden Microsoft Kinect cameras that read viewers' emotions and react according to a person's facial expression.

## 2 HUGGIES HAPTIC WAISTBAND

A waistband for the partners of expectant mothers, enabling them to feel the movements of their baby in real time.

## 3 OLIVE STRESS WRISTBAND

A bracelet that tracks the wearer's heartbeat, skin temperature and other external factors to monitor stress levels. Users are prompted with LED lights or haptic feedback to prompt stress-managing exercises.

## 4 TACTONICS

An app used to send and receive emotions through physical sensations. Messages such as heartbeat are sent as vibrations to a Tactpuck.

## 5 AFFDEX

Software that can measure facial 'micro expressions' to construct a detailed representation of a person's emotions. Currently being used to test audience reactions to ads and TV shows.

## 6 UNIQLO'S UMOOD

Suggests products by reading brainwaves that determine customer's mood.

## 7 EMOTUIT

A programme with built-in camera that captures students' facial expressions in response to elearning content and adapts further content accordingly.

## 8 HAPTIC GAMING GLOVES

A glove that can be hooked up to a video game so that when you grab an object in the game, you actually feel its touch.

## 9 KITKAT MASSAGE BILLBOARD

Billboards that give free massages via tiny motors that transfer vibrations to the back of the user leaning against the advertising.

## 10 MICROSOFT'S PROJECT OXFORD

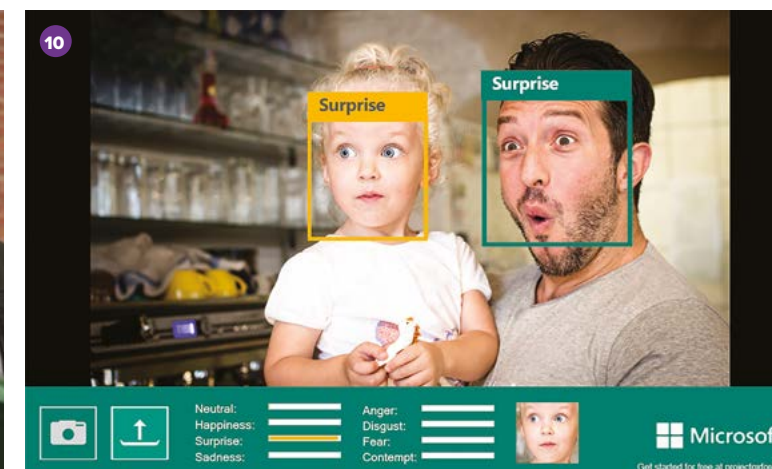
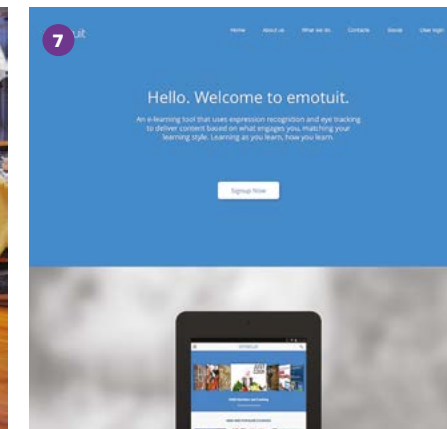
An artificially intelligent system with the ability to detect mood in photos using updated facial recognition capabilities.

## 11 WATSON'S TONE ANALYSER

Cognitive computing platform that can now tell how tone comes across in written communication.

## 12 HUG SHIRT

A piece of wearable clothing that allows people to send hugs over distance. Embedded sensors feel and recreate the strength, duration, and location of the touch, the skin warmth and the heartbeat rate.





# Companies to watch

## Touchy Feely

### 1 REALEYES

A platform used to measure how people are feeling when watching video content. Webcams initiate facial coding and eye tracking to determine mood.

### 2 MYNDPLAY

A multi platform media player that allows you to control and interact with video and movies with your mind using your NeuroSky Headset.

### 3 UMOOVE

Company providing face and eye tracking for mobile. Primarily focus on diagnosing and tracking brain activity for the medical industry.

### 4 ADLUDIO

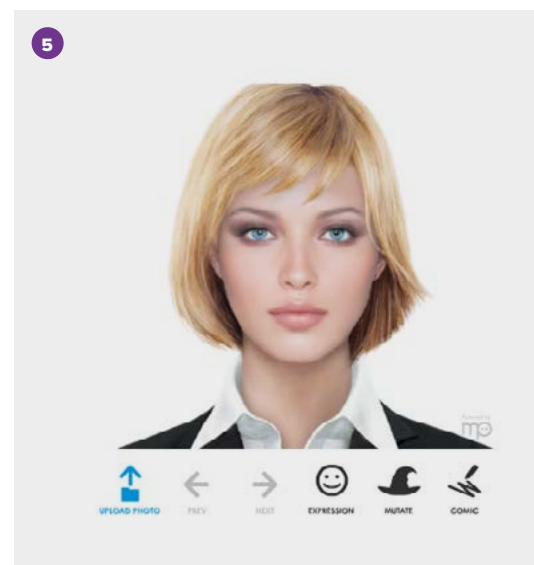
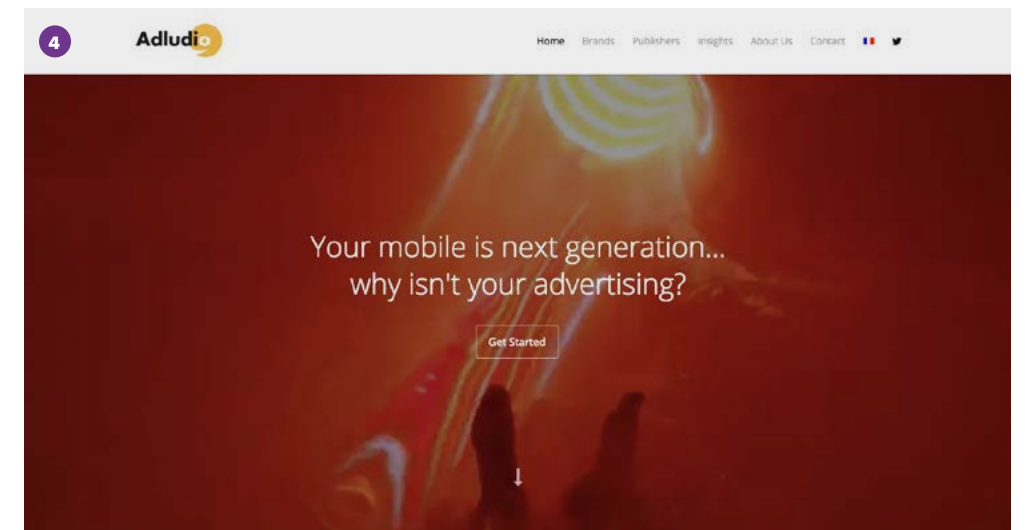
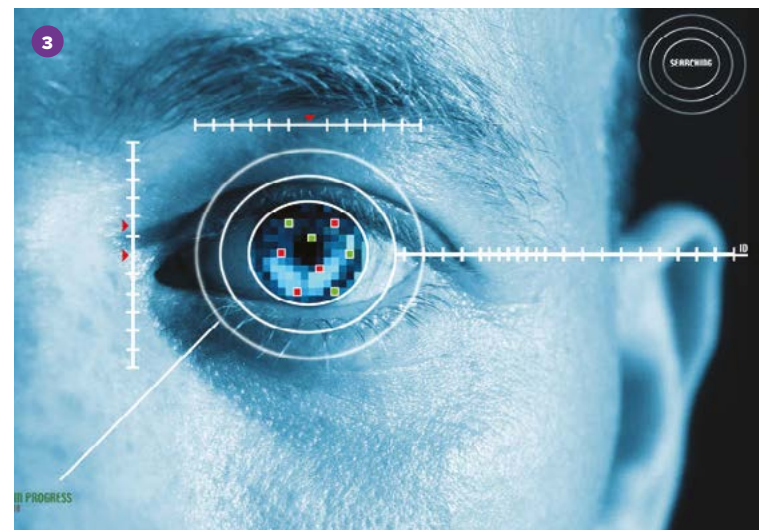
Company that creates engaging digital ad formats for mobile, using their 'Sensory Ad Science' technique that creates positive and enjoyable visitor experiences optimized for touch-screen devices.

### 5 MOTION PORTRAIT

Creates a 3D face-model out of a single photo and applies animation. Together with its own facial expression engine and texture mapping, it can create a variety of expressions and human emotions.

### 6 BEYOND VERBAL

Extracts, decodes and measures human moods, attitudes and decision-making profiles based on their raw voices in real time. Has analysed over 1.5 million voices, using tonal variations to identify over 300 mood varieties with 80% accuracy.





## Where next?

It is still early days for all of these ‘touchy feely’ technologies but it won’t be long before they become more mainstream. We expect to see huge growth in the area of understanding emotions. Crone consulting predict that the market for emotion analysing software will jump from \$20million in 2015 to \$10billion globally in five years time. This will be fuelled by the growth in artificially intelligent computing systems, all looking to add a more human touch by interpreting and conveying emotions more successfully. In the next 5 years we will start to see ‘AI with a heart’.

Disney are making headway in this area, with integrated cinema and gaming experiences in mind, they are working on touchscreens that allow us to feel bumps, ridges and edges. If haptic technology takes off, it could revolutionise the online retail world, offering consumers the opportunity to digitally ‘touch’ materials such as satin or leather. Haptic technology will likely extend beyond touchscreens to gaming chairs, cinema seats, vehicles and vests. Sound and visual effects will become ‘feel effects’ and we might well be able to feel

## The market for emotion analysing software will jump from \$20million in 2015 to \$10billion globally in five years time.

Wearables will also be a real area to watch. They can measure emotion and even communicate haptically but their real strength is the whole host of other data they collect which could be applied to the overall picture. Elements like location and browsing history could tell a great deal more about where people are, what they are doing in the context of how they are feeling and responses tailored accordingly.

different types of weather for example. Haptic technology seems a little primitive at the moment and a little far-fetched beyond what exists currently, but we are in the beginnings of what could develop into a whole new form of much more personal, human communication.



When it comes to haptic technology we will see touchscreens being a big part of the growth. Brands such as

## What this means for brands

We’ve always strived to create close emotional connections between brands and consumers, and emerging technologies mean that we are now able to do that, quite literally. A better understanding of emotions will mean the ability for more tailored and powerful communications that tap into the emotive part of our brain, creating more lasting associations and memories. We will need to be even more adaptive, collaborative and reactive to truly create successful communications in this space.

Haptic could be a big opportunity for brands. It will provide fresh, unique and memorable experiences – a good way to get noticed. Haptic campaigns will come in all shapes and forms but initially adding tactile effects to everyday devices could produce a point of difference and raise levels of engagement with a brand.

When it comes to people’s emotions, there will always be a ‘treat with caution’ caveat. Many will be concerned with privacy and ceding their personal information about something as intimate as how they feel might be a step too far for some. There are also moral issues to be considered. Just because we know consumers are feeling a little bit anxious, is now the right time to contact

them about financial advice? Or if they are feeling a bit down, should we be encouraging them to click on ads for chocolate? With that knowledge comes great responsibility.

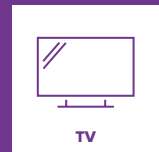


## We will need to be even more adaptive, collaborative and reactive to truly create successful communications in this space.



## Platforms

# Touchy Feely



The latest TV sets already have eye tracking and facial recognition tech built in. As this technology connects up, and viewers move

away from just watching the linear feed, there will be increased opportunity to serve advertising that is based on both their current mood and their reaction to previous exposures. The narrative of the content they are viewing could dynamically change based on the viewers' emotional reaction, with brands highlighting specific elements of their products to viewers depending on how they react. We can also expect to see parallel developments in programming content with increased use of biometric data to test and enhance viewer response.

With the amount of devices connected to the web growing into the tens of billions, the variety of data, and volume of data points that can be captured, is becoming increasingly varied - from skin conductance to heart rate, from EEG to eye-tracking, from facial coding to implicit measurement

This is creating an endless sea of information about our audiences. However, the reality is that not all data is

useful, and not everything measured is important. The growing challenge for us all is how we now navigate through this ocean, to get to what is truly useful and actionable.

Respecting consumer privacy as we go down this path is an important consideration. As more data gets added to the mix, particularly in this passive monitoring space, we need to be much more mindful of the unspoken value exchange that is taking place. Getting it wrong will have consequences. People are becoming much more privacy aware, with services like Data lockers and Data vaults popping up to help consumers gain more control over their data. If we intrude too much, consumers may begin to deny access to their data, or restrict how it will be used, resulting in gaps and inconsistencies in our understanding.



The bigger technology eco-systems are taking very careful strides along this path. A prime example is Google Now, who despite

having access to android users' app behavior, and search behaviour over years and years, have been cautious in how they add features to their Now product. Every new feature they

introduce is based on billions of data points, with carefully planned test and learn strategies in place to measure response. They recognise just how fine the line is between data people are okay with sharing, and data people view as private. Or to put it another way, they are careful not to cross over the creepy line. It's even more important for advertisers and brands, with a slower and smaller data set, to show the same amount of respect.



The proliferation of technological advances in the world of media has revolutionised the capabilities of experiential

marketing. In the digital age, the intimacy of 'touchy feely' tech marks an authentic alternative to one dimensional communications, that will cut through the clutter. Virtual reality headset Oculus Rift exhibits a clear example of how experiential marketing capabilities have been reshaped by new technology. Opposed to traditional above and below the line marketing strategy, it is experiential marketing that will capitalise most from new tech, offering consumers the most personal and innovative of brand experiences.





# Touchy Feely

## What real people think

This was the trend in our survey that people were most uncomfortable with and as a result, was the least popular. 59% believed that emotion and technology don't naturally belong together. Relevance was also a real sticking point with this trend – at 53% 'not relevant' this was the trend people could not envisage having a place in their everyday lives.

Some parts of haptic technology element felt a bit gimmicky and not borne out of genuine need, whereas they could see other parts working well in the

entertainment space for example. What really got people talking however was the emotion reading technology. People don't believe the technology will exist to read their emotions accurately, with 68% thinking that technology can't accurately measure how they are feeling.

What's more, they found it difficult to see a genuine need for it in society. They started to come around when we talked about serving the right product or message, but most were still not convinced. Only a quarter like the idea of advertising that is more personal

and reflective of how they feel at the time. As with our other trends, there's a careful trade off people think they make between allowing brands access to their data and the value they get back. But with this trend, people clearly felt the data is far more personal. Sharing location is one thing but sharing emotions is on another level of intimacy, that not all people are ready to share with brands.

“Emotion is a really complex thing. I know computers are really sophisticated but I just think, like, understanding that or the nuances of that, there's, like, an intuitive thing about that, I just don't think a machine could ever do as well as a person.”



### How do you feel about where Touchy Feely could go in the future?



**25%**  
Indifferent



**23%**  
Uncomfortable



**19%**  
Apprehensive



**16%**  
Worried

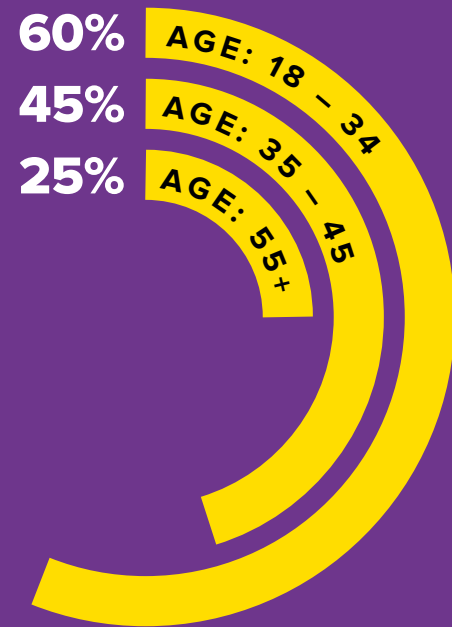
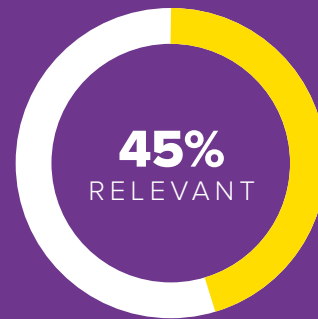
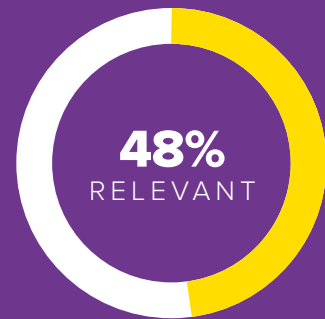


**16%**  
Nervous





## How relevant to you is Touchy Feely?



“You almost, kind of, feel you’re always being under surveillance, being assessed, being evaluated or monitored and, you know, where’s the cut-off point?”

**“I’ve got a smartwatch, and it does the tracking and the heart thing, but that’s for me. That’s not to go anywhere else, and if I’m then finding that somebody else has been able to access that information and they can tell me this and they can tell me that, well, that smartwatch is in the bin. That’s just going too far.”**

Right now, only 31% could see how it would be useful for brands to know more about their mood. The younger audiences were slightly more open to this trend and would certainly be the best place to start but Touchy Feely will take a bit of getting used to for most. It’s an intimate act to understand and act on emotion, for brands to be successful, and overcome these concerns, they need to show how the technology provides genuinely engaging and useful experiences.





# Proximity 2.0

## What is it?

How consumers interact around a location, and how brands make use of that connection to market to them, is set to become more sophisticated. Proximity 2.0 will allow us to profile and interact with consumers in many new and exciting ways. Not only will 2016 be a make or break year for beacons, opening up a host of new retail based opportunities, but also we can expect to see wearables adding new layers of complexity and refinement to the geo-intelligence toolkit.





## Where's it come from?

The concept of proximity marketing is obviously not a new one. For several years now, Mindshare have utilised tactical mobile messaging and geo-targeted mobile display activity to nudge a consumer in-store at the point of purchase, or to amplify the impact of an out of home placement. However, a number of recent advances are moving this area into a new space – Proximity 2.0.

The proliferation of public WiFi, and advances in mobile network technology are key drivers. From a marketing perspective these developments allow us to become more sophisticated in the ways in which we profile and target consumers on mobile devices. Similarly, from the consumer angle, users are now much more familiar with what their mobiles can actually do centred around their physical location, and this is opening up new types of behaviour that can be tapped into, analysed and responded to.

Recent changes to the beacon ecosystem will also help, with opportunities becoming available to us that will finally make Bluetooth Low Energy technology a viable proposition for marketers. And finally, as the Internet of Things moves mainstream, location data from non-mobile connected objects will be applied in new ways, facilitating the addition of new layers of intelligence to location targeting.

## How it's developing

We expect this trend to manifest across a range of opportunities.

### On my doorstep

“Allow mobile to use location” has made consumers much more aware of the GPS functionality they now carry with them everywhere they go, and as a result they are increasingly using their phones to help them take control of their location – particularly when looking for the best local providers and prices. Shopping apps such as Boodl for example, notifies users if they are near a shop selling an item on their smart shopping list, meanwhile Bookindy, a browser plugin, helps customers bypass Amazon and find the best prices on books at bookstores close to them.

And GPS, when combined with growing public WiFi networks will become increasingly useful to marketers as well, helping to create increasingly precise and sophisticated geo location tools. We will be able to profile consumers based on their real-world geographical behaviours such as where they are in a store, and how long they have been there, target them both on the move, and at home, with display advertising, and then directly attribute any uplift in store footfall that our advertising has driven.

### 2016 – The make or break year for beacons?

Many column inches have been written about beacons over the last few years, but apart from a few tests, beacons have failed to gain traction in the UK market to date. However, recent developments have breathed new life into beacon technology, making it much more of a viable proposition to businesses in 2016. The need to run a beacon via a native App has now been removed by both Apple (where a passbook pass now works) and Google (through Eddystone – a new open multiplatform packet format). Also the proliferation of connected devices (smartwatches, fitness trackers etc.) means that more and more people will have Bluetooth active at all times. It is now estimated that 30% of UK Smartphone users have their Bluetooth switched on at all times, and this figure continues to grow.

As a result of this, we see several use cases for beacon technology emerging in 2016. These include real time information delivery, improved customer service, personalised discounting and the creation of immersive or added value experiences.

### Location, wearables and the Internet of Things

The digital universe (the amount of information stored on the internet) is growing exponentially. Between now and 2020, we anticipate a ten-fold increase in its size, from 4.4 to 44 zettabytes. To

date, the growth of the digital universe has been powered by the growth of mobile technology. Mobile will continue to contribute to this growth, however over the next 5 years, it will be the growth in wearable technology and non-hubbed (Internet of Things) objects that contributes most.

Biometric data from Smartwatches will monitor your emotional state at any given time and in any given location. Smart thermostats will know when you're heading home and switch on your central heating. And smart vehicles will know where you're driving, when, and how fast.

The potential media applications of this haven't been lost on GAFA, who are rushing to monetise the Internet of Things. Google's acquisition of Nest for \$3.2bn in 2014 is a case in point. We expect to see insight gleaned from Nest devices, and from Nest's partnership with

Automatic (a connected car device) used to power Google's advertising products moving forward.

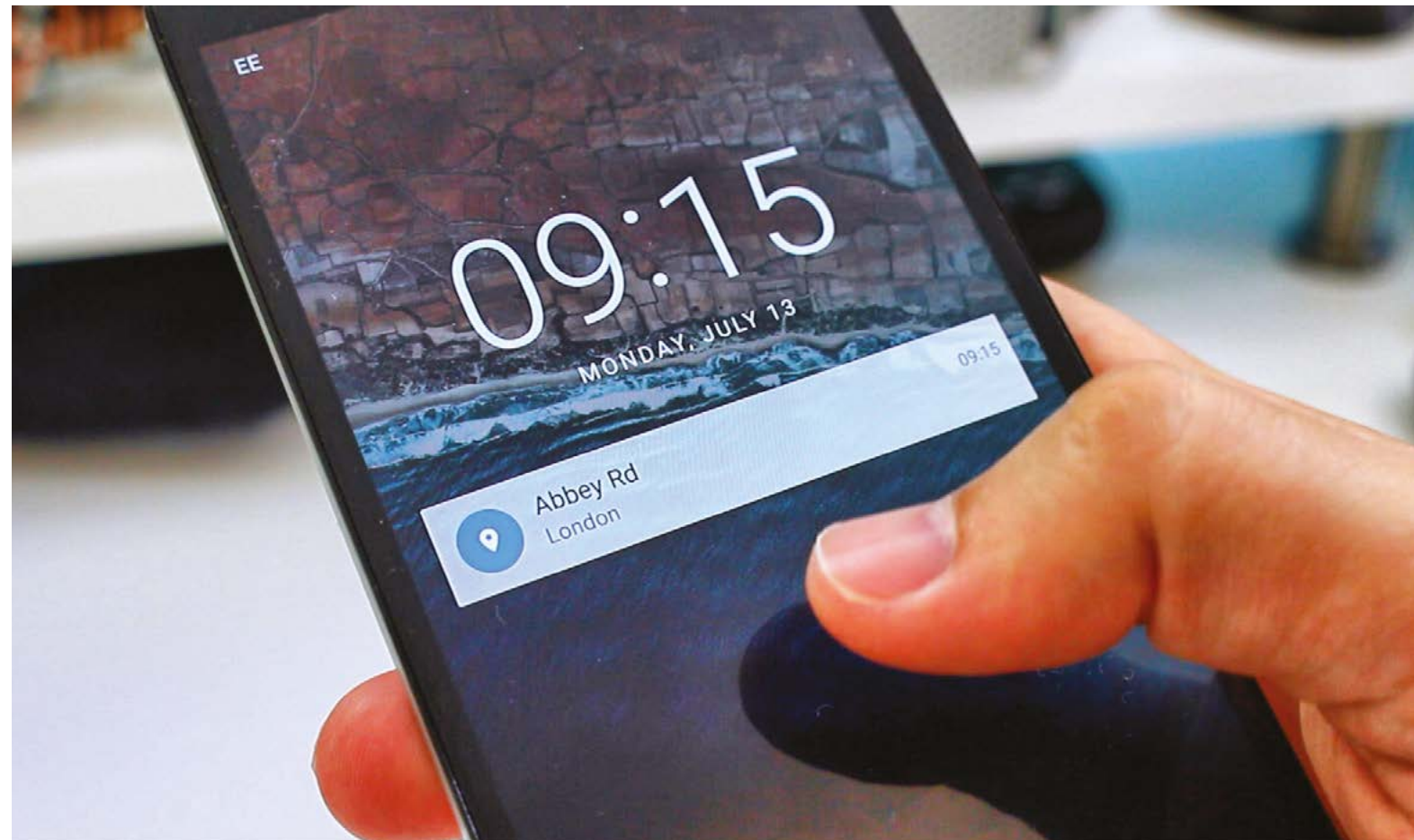
Wearable technology also provides an interesting angle for brands experimenting with location targeting. One of the most

interesting cases for wearable technology is the biometric data that it produces. During the 2015 Wimbledon tennis championships, Jaguar supplied crowd members with bespoke wristbands which captured their heartbeat, location and the ambient noise on each court – enabling Jaguar to pinpoint the moments of excitement, tension and heartbreak throughout the tournament. It is likely that in 2016, biometric data from wearable technology will become more readily available, meaning that brands could follow in Jaguar's footsteps and target wearers in certain moods and locations.



## Where next?

There are many more ways in which mobile and wearable technology will continue to evolve over the next 12-24 months, and we can expect to see constantly evolving solutions around the area of location marketing. In a utopian world, we would be able to switch on and off our digital out of home activity in real time as relevant prospects pass by. This would require a large amount of work, but signals the direction in which we need to take our location based marketing efforts moving forward. Exciting, if slightly Orwellian, times ahead...



## What this means for brands

Proximity 2.0 opens up a number of opportunities and implications for brands.



### Delivering useful, real time information

Beacon technology can be combined with data to deliver real time updates to people's mobiles. For example: A finance brand could let a prospective homebuyer know what the mortgage rate would be on a property they're viewing.



### Creating immersive experiences

Using the mobile as a way of notifying when an individual shopper is present in store, and then deliver an experience via other channels. For example: If a brand has sponsored a festival or event, a personalised welcome message can be projected onto a screen.



### Personalising customer service

When a customer comes into store, beacon technology could send pertinent information to a member of staff's Smartphone or Tablet notifying them of their purchase history, or store website activity. For example: if a customer has a click and collect item on hold, the member of staff will be alerted as they enter the store, and have the item ready for collection when the customer reaches the desk.



### Up close and personal

The opportunity for tailored, personalised communication delivered in the right place at the right time, is an appealing opportunity. However, it is crucial that we treat location and mood data with respect. Put simply, consumers do not want to be stalked.



# For Example...

## Proximity 2.0

**1 BOOODL**

Smart shopping app that allows shoppers to create lists and notifies them when items on their list are available at nearby stores.

**2 DENSITY**

A sensor connected to an app that alerts people to quiet periods in desired locations.

**3 BROWSING YOUTUBE VIDEOS BY LOCATION**

New tool Map Explorer allows you to drop a pin anywhere on the map to see a video uploaded from that place.

**4 PHILIPS GEOLOCATION LIGHTS**

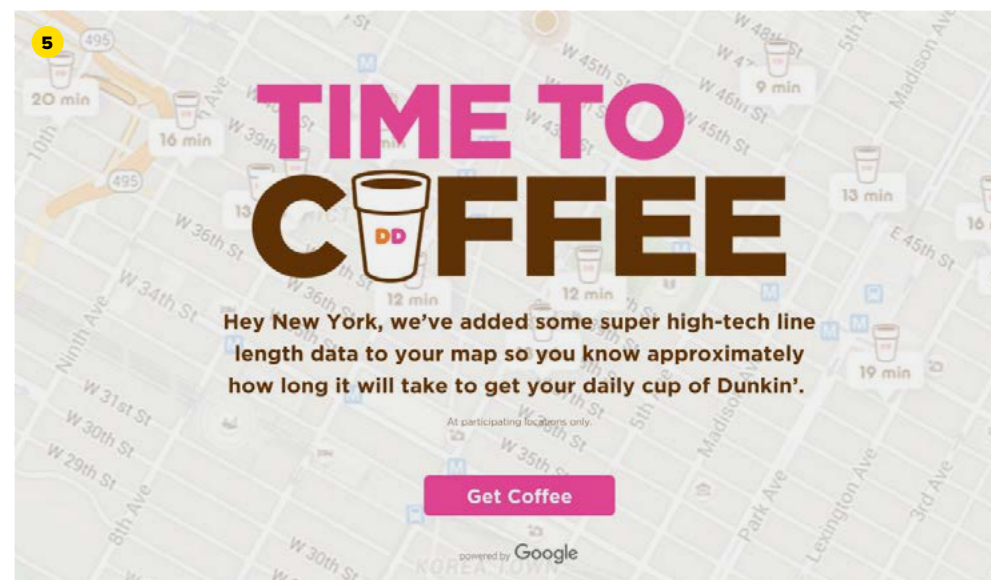
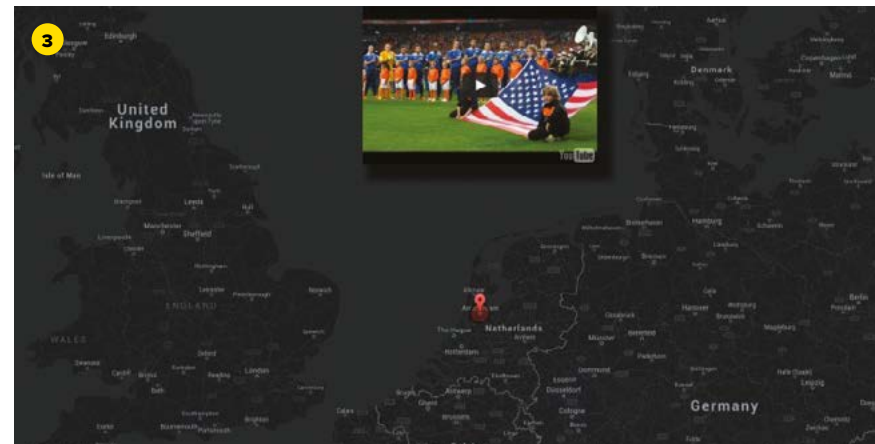
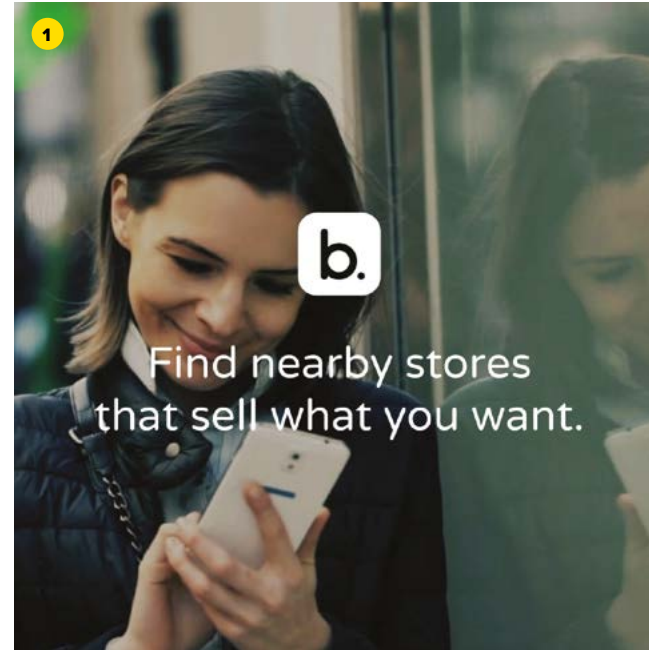
Beacon enabled LED lighting that can track and communicate with people, navigating them through a store or sending personalised offers for example.

**5 DUNKIN 'TIMETOCOFFEE.COM'**

Users who Google searched for 'coffee near me' were served an ad that chose which Dunkin was closest in walking distance and then factored in waiting times at those Dunkin branches.

**6 CURBSIDE**

App where customers can purchase a product and it tracks their location to alert store staff they are on their way to collect. Staff can then bring the product straight to their car with no need to park.



# Companies to watch

## Proximity 2.0

### 1 LOCOMIZER

Uses its Audience Discovery Engine to segment audiences' interests and preferences through analysing their local footprint and behaviour.

### 2 BLOCKFEED

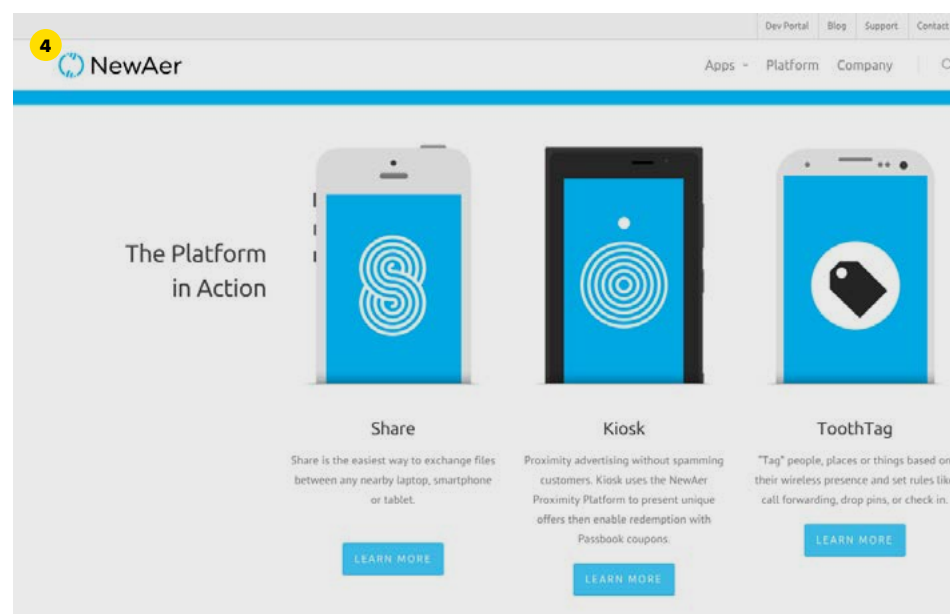
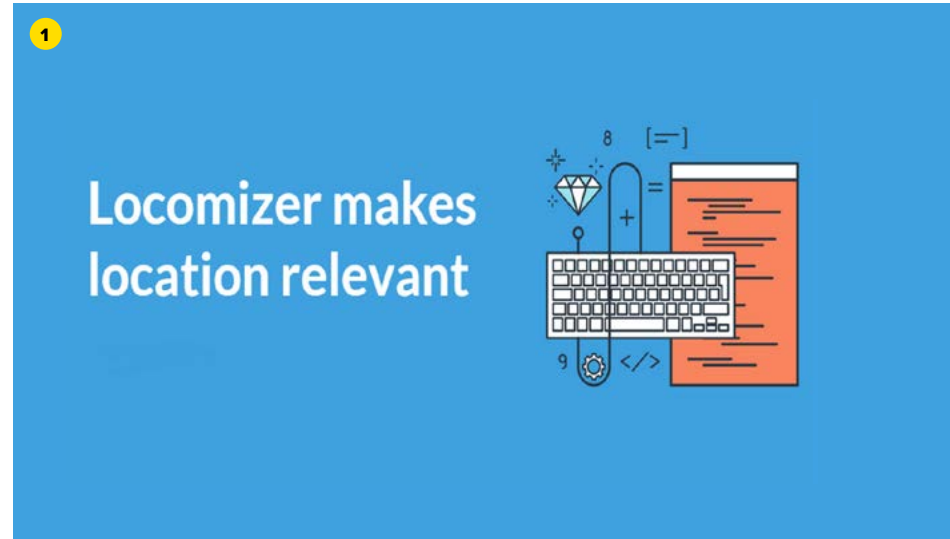
Local news app that aggregates an array of local news sources and presents them to readers based on their location.

### 3 SYNCSPOT

App that drives footfall by unlocking free content when a consumer enters a geo fenced area.

### 4 NEWAER

Enables proximity platforms using existing wireless infrastructure making beacons redundant.





## Platforms

# Proximity 2.0



SEARCH

Local-based searches are a major focus for Google, as signalled by their Pigeon and Venice algorithm updates, which build in

location-sensitive data to search and rank results. Imagine the scenario: Unlock phone, swipe right, bam! Pizza is en route, will reach you in 30 minutes.

The significance of this area for them, can be seen clearly when you explore the trends around “near me” related searches. Levels have increased 34 times since 2011 and doubled in the past year, with 80% of those searches coming from mobile based activity.



SOCIAL

Geo-location is finally here. In a high-demand-consumerist-society where we increasingly speed through (and rip up the

traditional) path to purchase, geo-location data emitted from our devices, from phones to tablets to wearables, means that our needs can be met, serviced and moved to fruition within hours, especially as the last-mile-challenge is now being addressed by services such as Amazon Prime Now and Deliveroo.

And with a self-broadcasting attitude and the platforms to do so at our fingertips, our experiences – be they positive or negative – can be documented as they happen. Either way, this is a huge opportunity for brands as they can start to identify, analyse and measure the success at a granular level of their businesses. Take retail as an example - if a customer can use social to aid the research of their intended purchase whilst in-store, and price-match, purchase and review their experience all within minutes, then a loop room style monitoring system could help organisations to recognise, acknowledge and reward the staff involved within that customer’s experience, instantly.

**Greater incentivised staff =  
happier customers =  
greater organisational success**



EXPERIENTIAL

The physical and digital worlds are closer entwined than ever before. The layering in of location based data, which enables us

to understand exactly where people, and what they are doing, means that a through the line understanding of the consumer journey is now increasingly achievable.

Precision instore data will lead to store mapping, geo targeting through behaviour and buying profiles, resulting in a much more personalised, immersive in store experience. Smart shelves and store mapping will also alter the physical act of shopping and ‘Big Data’ processing will analyse trends and patterns in shopping habits leading to a more seamless and efficient spending experience.



# Proximity 2.0

## What real people think

This trend was another one in our survey that divided opinion. Only half of those we spoke to felt comfortable with brands having access to their location data and we saw a clear generational gap. Under 35s were more aware of and comfortable with the trend, probably driven by the fact that they were over 3 times more likely to be using their phones whilst out shopping than the over 55's.

**“I love the idea of, when you're shopping and you get the messages of the discounts. Looking at things like Groupon and stuff, you have to book it in advance, but having the deals come**

**to you when you're there, would be a really good idea.”**

In general, people expressed the view that if their location data is being collected anyway, they might as well benefit from revealing their whereabouts by getting relevant information back in return. But the message we heard was clear. Brands need to tread carefully. People said they wanted to see a genuine benefit from revealing their location. Otherwise they'll hide their whereabouts. 49% disable their 'location based' settings for some apps on their phone.

The opportunities for people and brands are promising but to gain widespread acceptance, people said they wanted transparency and to be able to trust the brands.

**“I keep my locations off. I never have it on, unless I have to find somewhere to go. Then, I'll turn my maps on just turn it off straight after. I'm not doing anything wrong, but I'd just rather not have something knowing where I am all the time.”**



**Which of these things would get you using a branded app whilst in store?**

**64%**  
loyalty points for 'checking in'

**46%**  
personalised offers

**32%**  
being able to access further information on products eg stock levels

**24%**  
directions to products around the store

### How do you feel about where Proximity 2.0 could go in the future?



**25%**  
Indifferent



**19%**  
Apprehensive



**17%**  
Uncomfortable

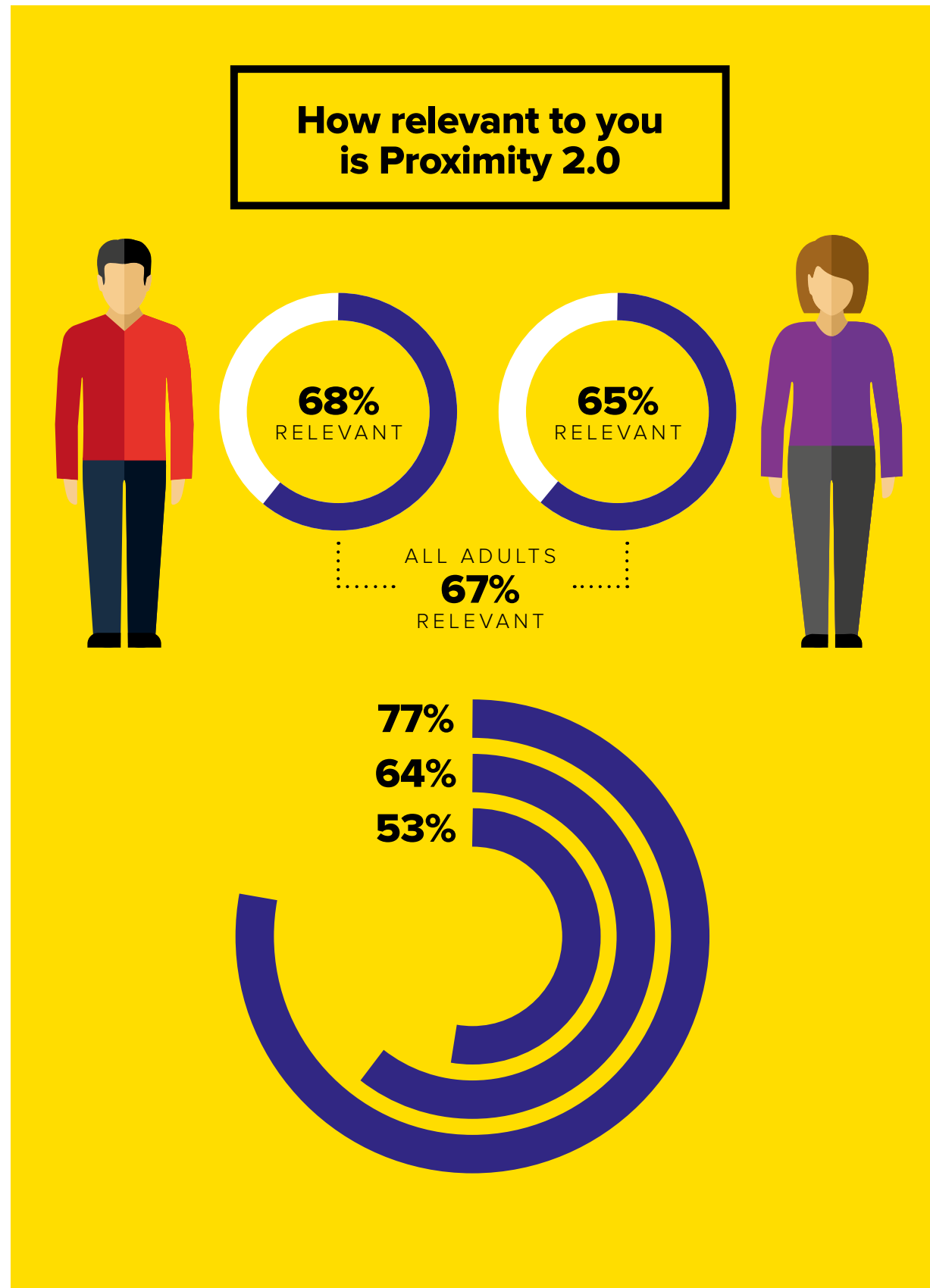


**14%**  
Happy



**12%**  
Enthusiastic





“I’d actually get quite involved with that if I could opt in and just switch it on when I was in Boots. I wouldn’t find that really intrusive, that Boots know when I’m there, because they do anyway, because I use my Boots card.”

**“You can see that it’s done to benefit brands, not for the users or society in general.”**

Brands need to show that they are genuinely meeting a need and that by people revealing their location, that the value exchange is not all one way. People told us they would much prefer to be rewarded with loyalty points (64%) over being shown the right way to the product in the store (24%).

The main take out was that people are seeking a sense of control over the situation. If they could be made aware that the tracking is happening and have the ability to opt-in, they felt this would allay some of the anxiety that they expressed around brands pushing their location relevant messages.

“I think there’s somebody benefitting much more than us knowing our location.”

**“I think you have to invite those kinds of communications.”**

With over a third either feeling apprehensive or uncomfortable with the direction of this trend, there is a lot of work for brands to do to gain people’s trust.





# Adblockalypse Now

## What is it?

With slow-loading mobiles, data-hungry ad content, and ads that stalk people round the internet, consumers are signing up in their droves for ad blocking apps. The “free to all” internet model is under threat. 2016 will see growth in premium closed eco systems, walled gardens and native advertising as publishers have to seek out new sustainable business models.



## Where's it come from?

There's a phrase that's become increasingly popular in technology and marketing circles over recent years; "If you are not paying for it, you're not the customer; you're the product being sold". Originally coined to explain commercial television, it's now more likely to be used as an explanation for how the internet works - why the services we use on a daily basis such as Facebook, Google, YouTube, Twitter et al are free. The idea behind it is that we make a trade off when we use those services - we effectively trade the data that we exude on those platforms, for a service that we don't have to pay for. The problem is that somewhere along the line, we seem to have forgotten to tell the consumer that this was the deal they had signed up for.

## "Advertising does perform a useful economic function – it reduces the cost of content."

The "free to all" internet model is now under threat. Consumers have been embracing ad blocking apps as they finally lose patience with a stilted mobile experience and bad, invasive advertising that has crossed too many privacy boundaries. The subject hit the headlines back in September 2015 when, in a power

grab for internet supremacy against Google, Apple used their IOS 9 update to allow ad blocking on iPhones for the first time, resulting in blockers shooting straight up to the top of the apps charts worldwide. Attitudes reflect similar concerns – according to TGI a third of consumers think advertising is a waste of time, up 20% year on year, and avoidance behaviours are following the same route. Estimates suggest just under 20% of the UK online population now use ad blocking software (October 2015), rising more worryingly to over a third amongst 18-24s.

Meanwhile awareness of how the internet funding actually works remains largely elusive to consumers.

## How it's developing

"The genie is out of the bottle" according to Johnny Ryan, head of ecosystem at PageFair, a Dublin start up who specialise in finding alternative solutions to ad blocking. In 2016 the story will start to be less about the numbers of consumers resorting to ad blocking – that it is high and climbing will become a given – and begin to focus finally on how the industry will respond to this challenge.

Initial solutions to the issue have concentrated on how the existing experience can be improved, tinged with the occasional moment of uncomfortable clarity that we only have ourselves to blame. Sue Elms of Millward Brown sums it up, "Consumer receptivity to advertising is our most precious asset - it's like our oxygen, but our behaviours as an industry have been more bad than good and we're turning people off. It's like we're pumping out our own version of CO2 into the atmosphere and we're destroying the environment. People are becoming less receptive to advertising and it's our fault - and that's the inconvenient truth."

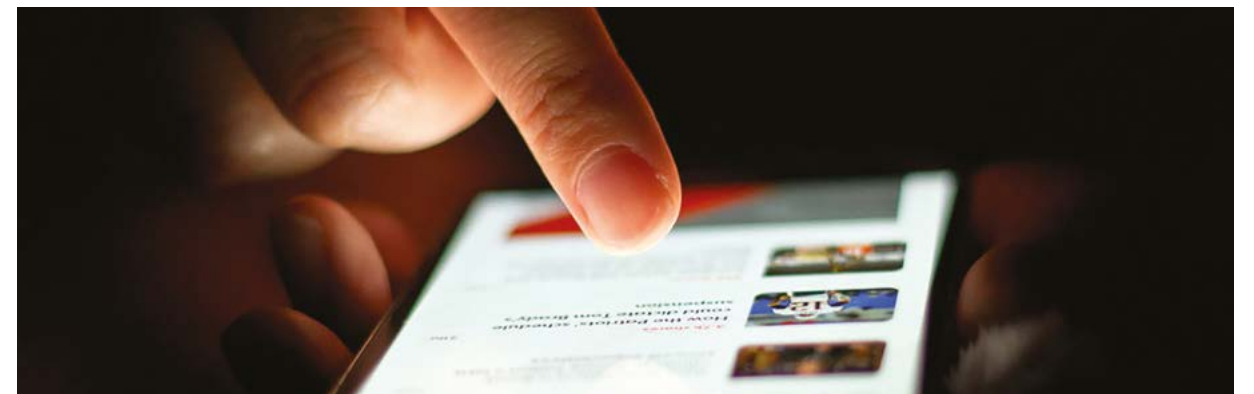
Advertising technology has enabled us to be a lot more specific about how we place advertising. This, however, brings with it a responsibility from advertisers, and advertising and media agencies that at best has not been fully recognised, and more often has been ignored. 2016

will start to see a recognition of this responsibility, and a move by some, towards using data to deliver better, more interesting and relevant advertising, to the people who want it, where and when they find it most appropriate. Quite simply, advertisers have to put more effort into ensuring that they find the right person, at the right time, in the right place, with the right message, rather than the 'pay and spray' approach of old. The IAB are now trying to promote this change in behaviour with the worldwide launch of its LEAN principles – arguing for light, encrypted, ad choice supported and non-invasive advertising - as the way forward to promote a better user experience.

But what happens if this change is insufficient? If ad blocking behaviour becomes yet more prevalent? Sir Martin Sorrell, in a recent interview gets straight to the heart of the issue "Advertising does perform a useful economic function - it reduces the cost of content". For him "... paywalls are the way to go. If you have content that has value, consumers will pay for it." Our recent consumer study suggests this behaviour still has some

distance to travel before this is widely accepted as an alternative - we have all become very used to getting content for "free" and many see little reason to have to start paying. However younger consumers, particularly when thinking about content related to passion points, were certainly more open to this as an alternative model. And Dutch pay models such as Blendle – a type of Spotify for newspapers – in which consumers can pay to view individual articles they are interested in, may also offer new routes for revenue.

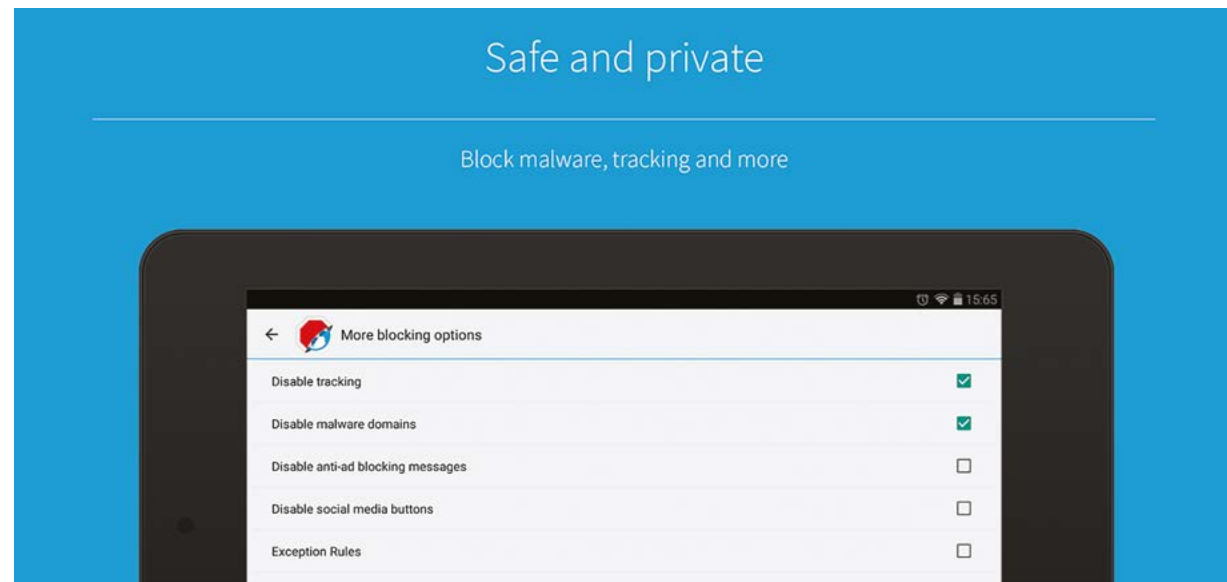
Some of the bigger players have been trying to remind consumers of the importance of this value equation. The Guardian has gone down more of an educational route inviting readers with ad blockers installed to "support the Guardian in another way". Germany's top selling tabloid Bild now offers its ad blocking readers a clear choice – they either have to watch a digital ad, or pay a subscription to access content. Meanwhile City AM is moving in the same direction, becoming the first UK newspaper to ban readers who have ad blockers enabled. ▶



A final dimension will be in the area of experimentation – both in terms of content production, and collaboration. Increased levels in sponsored content, such as branded and native, which are currently immune to ad blockers, are almost certain. Learning from companies such as BuzzFeed, traditional publishers are now increasingly investing in content production, blurring the boundaries between editorial and advertising. Nick Hewat, commercial director of The Guardian, recently described it as a “significant and growing” revenue stream for them. Meanwhile, Trinity Mirror’s content team has expanded from 10 to 40 in a year. And collaboration across titles is looking increasingly likely as well, with The Pangaea Alliance which brings together the likes of The Guardian, FT, Reuters, CNN and The Economist into a premium advertising network, likely to be the first example of many, as old rivals recognise the need to work together in such challenging times.

## Where next?

Unless the advertising industry reforms its practices, and begins to rebuild trust with consumers fast, a new pay model will be required. For some smaller sites this may simply be too difficult, and they will be unable to fund content creation with reduced ad revenues. For the bigger players new revenue streams will be needed – whether through joining forces to buy back control of their environment and the ad content that users can then choose to opt into, or through extending their brands in different directions and new platforms. For the consumer, we may see the development of split behaviours – with those who can afford to subscribe to an ad free environment doing so, and those who can’t, or won’t selling their data, and possible attention for content access.



## What this means for brands

1

**Although the industry is thinking about Adblockaypse Now as a digital issue, it is indicative of a much bigger, broader problem. Consumer trust in advertising is in decline, and avoidance behaviours are high. Whether it’s because we have more to do with our attention, or whether it’s because we genuinely don’t like it anymore, advertising needs to find a way to rebuild meaning, connection and value for consumers.**

2

**Privacy was one of the central concerns for our consumer panel, and an overriding implication for many of our trends. We need to tread a fine line between serving relevant, user centric content at the right moment, whilst still respecting privacy and not feeling intrusive. A difficult balancing act!**

3

**Can brands start to help balance the value equation better? Providing access to enriched, premium content as a trade for attention and data.**

4

**If right time, right place, right message will make it work better, which data sources can be used to enrich the mix, and provide the highest quality targeting factors? Geo location, for example may be one dimension that is currently underutilised helping to refine the “place” dimension of the equation, similarly finding ways to genuinely understand consumer message and creative requirements will also be beneficial.**



# For Example... Adblockalypse Now

## 1 ADNAUSEAM

A browser extension that works with ad blockers that clicks every blocked ad.

## 2 PEACE

Developer pulls their most popular ad blocker from iOS app store. "I don't feel good making one and being the arbiter of what's blocked".

## 3 ADBLOCK PLUS

Most downloaded ad blocker plug-in.

## 4 THE DECK

Boutique ad network that only sell ads they believe are relevant to their audiences.

## 5 BEEN CHOICE

App that gives users choice between blocking or letting ads through for points.

## 6 ADIEU

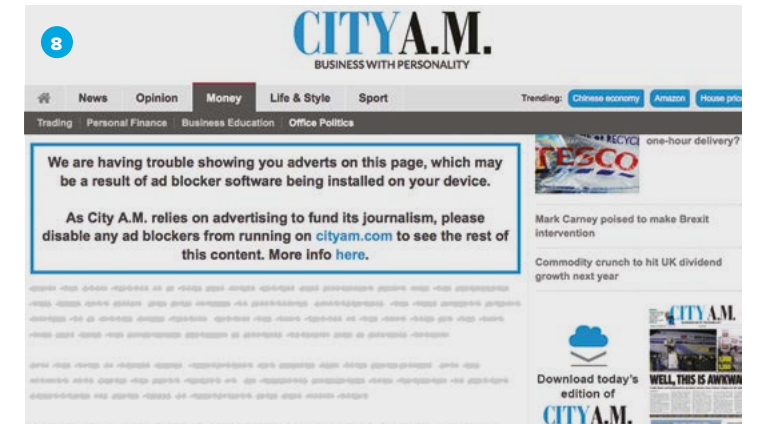
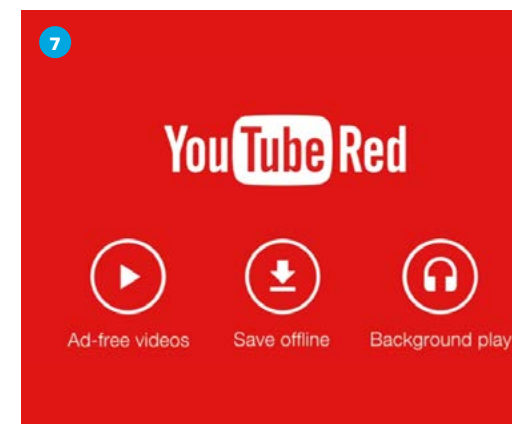
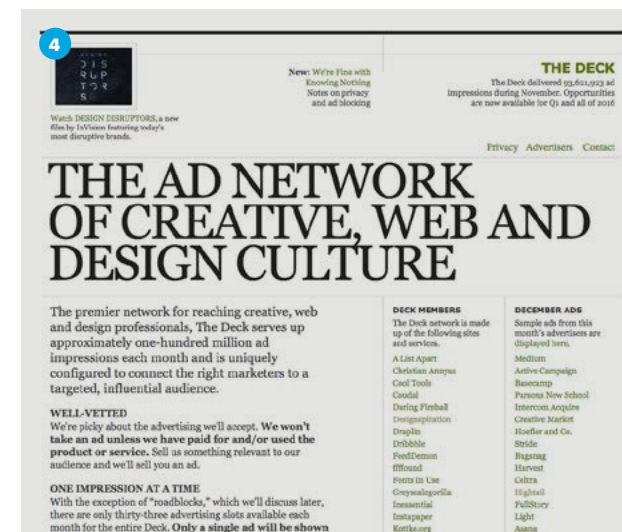
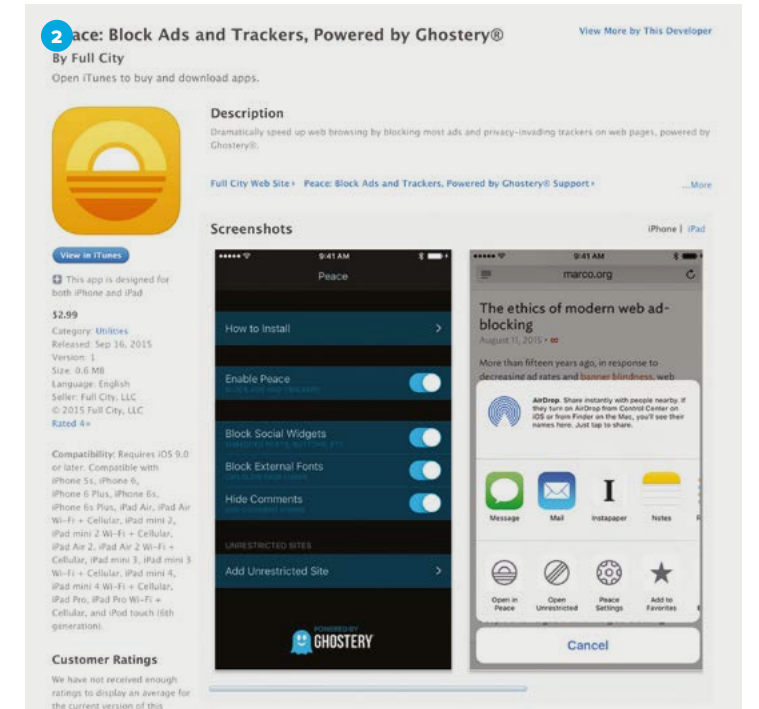
Blocks ads and then lets the user choose what to see in those "boxes" instead. They could upload their own photos for example.

## 7 YOUTUBE AD FREE SUBSCRIPTION SERVICE

YouTube Red will be launched imminently, initially only in the US. The \$10 monthly subscription service will be providing original, exclusive ad free content.

## 8 CITY AM

First UK newspaper to ban readers with adblockers from their site.





# Companies to watch

## Adblockalypse Now

### 1 SOURCEPOINT

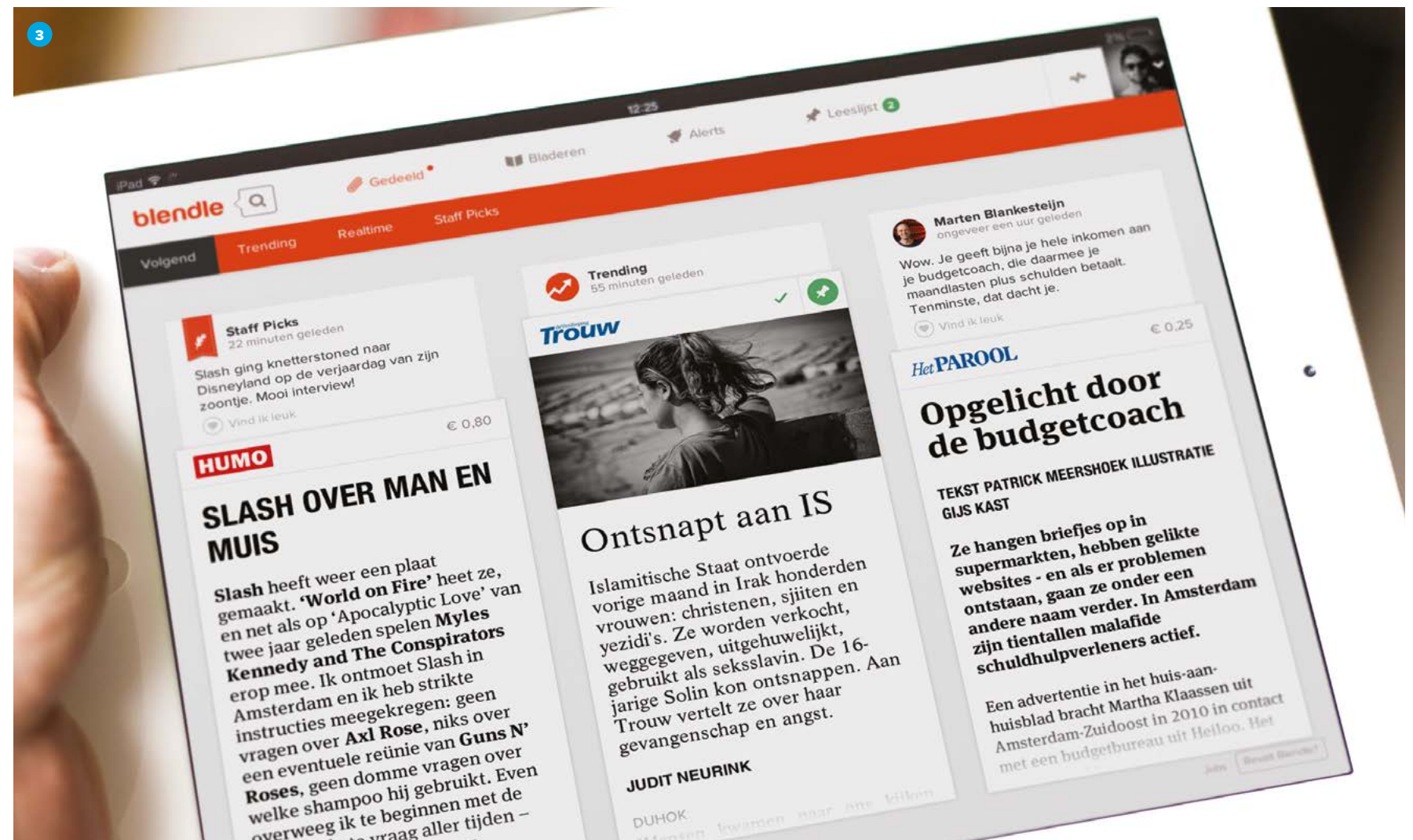
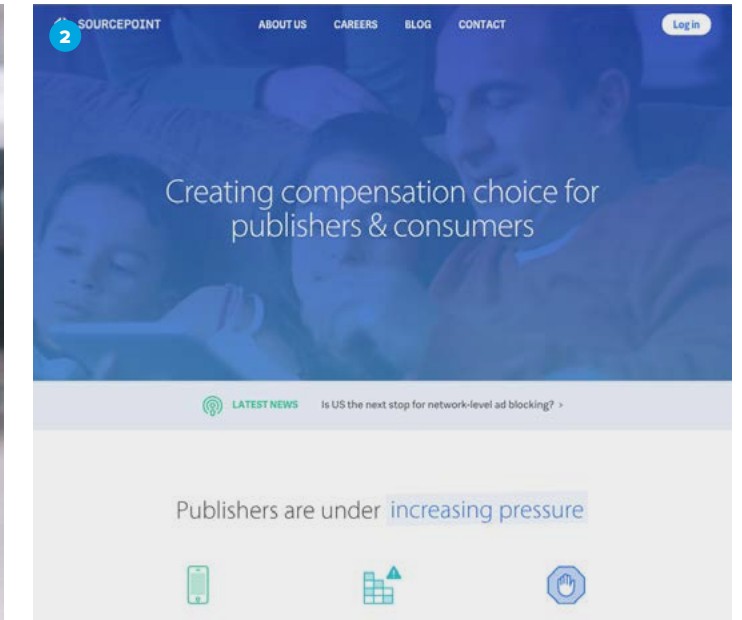
A content compensation platform that supports a sustainable media ecosystem for consumers and publishers.

### 2 PAGEFAIR

Helps publishers see which adverts are being blocked and then serves non-intrusive ads for consumers with ad blockers.

### 3 BLENDLE

A Spotify type service for newspapers where consumers can buy access to an article at a time.





## Platforms

# Adblockalypse Now



Will the growth in ad blockers act as a wake-up call for online video platforms? With too many high frequency ads, and saturated breaks, we are in danger of turning the viewer off for good. This consumer challenge may finally encourage the industry to improve the quality of service it offers – recognizing the value of offering fewer ads, of a better quality, in a longer content environment, rather than running the real risk of driving away yet more viewers.



Ad blocking isn't a new phenomenon and signs of user disgruntlement have been heard for some time – particularly in the US. What was originally an industry in denial, has led to a very recent acceptance from the IAB that they have a role to play in the future of ad blockers and user experience.

And it is user experience that is the core focal point for how online content is consumed in the future. At its very core the interest in ad blocking has come from intrusive ads and malpractice from retargeting companies leading users to question the value of advertising. But it's the inherent nature of an all-out ban

that could potentially create a further vacuum for users on the value they get from well targeted and informative ads. Data is at the heart of this and as ad blockers threaten to create reduced cookie visibility, that enable advertisers to build the right profiles of a user's ad exposure level, we slowly remove the ability for advanced algorithms to manage this. Reverting back to 3rd parties, in this case the ad blockers or closed eco systems such as Apple as those that dictate what is seen and what isn't brings less flexibility for brands to talk to their customers across the whole web and not just selected channels. Many small publishers rely on advertising to fund free content and they look to lose out as this gains more momentum. Companies like CNet have been quick to set a standard and block content where ad blockers are present. The value exchange for any consumer of free content has always come at the cost of advertising but allowing the control of a few companies managing this experience proves to damage more brands data they retain on their advertising campaigns and less they can effectively target.



Adblocking is going mainstream, thanks in no small part to Apple, whose ongoing beef with Google had absolutely no part in their decision to endorse ad blocking apps.

The adblockalypse won't kill online publishers, the big ones at least, but it will force them to look more closely at their revenue models. Paywalls will continue to work for publications like the NYT, FT and The Economist with smaller, high value - read 'super rich' - audiences. Others, like the Guardian, have invested heavily in app platforms that they can monetize. Native content will become ever more important to media owners and agencies alike. Then there are the anti-blockers, like Germany's Bilde, who bar ad-blocker enabled browsers from their site – 'turn off your ad blocker, or pay 2.99€ to browse the site ad free' and the UK's City AM encouraging users to disable their ad blocker in order for them to receive the full content. Or will micro payments platforms, long touted as the saviour of publishing, finally become a viable reality? Dutch company Blendle certainly seem to think this is likely.



The rise of ad blocking software gathered traction in the mobile space in June 2015, when Apple released documentation that showed that they were giving users the option to block ads on iPhones and iPads as part of the iOS 9 operating system. Notably, this will only impact the mobile web and not in-app advertising – since Apple's iAd offering only delivers ads in-app and they wouldn't want to cannibalise this revenue stream.

As well as Apple, other big mobile players have been plotting to block advertising across their networks. In Europe, a number of TELCO operators are rumoured to have been in conversations with Israeli start-up Shine who claim that '[...] tens of millions of mobile subscribers around the world will be opting in to ad blocking by the end of 2015'. Shine also stated that consumers are paying for this because delivering a mobile ad experience and video eats into data plans.

Although 80+% of mobile content is consumed in an in-App environment, the growing uptake of mobile ad blockers is forcing digital media owners and publishers to reconsider their commercial ad models or negotiate new relationships

with the ad blockers themselves. AdBlockPlus, for example, has forged relationships with advertising companies such as Google, who agree to run 'acceptable' ad formats. From a mobile perspective, this is ironic, because these formats are actually among the most intrusive to Smartphone users.

Several media businesses have been experimenting with the idea of implementing an 'ad-block wall' which forces users to pay for content (ad-free) or whitelist the site in the user's ad-blocker (enabling ads to be shown).

Similarly, the rise of the ad blocker has created another potential channel for mobile advertisers. Companies such as Aquato, a North American company, are working with major American carriers to provide free data if consumers engage with a brand - for example: watch a video and receive an additional 50MB of data on your plan.

# Adblockalypse Now

What real people think

Our research showed ad blocking is becoming an increasingly common behaviour. 37% of those we spoke to have used software to block internet ads and a further 20% say they plan to do so.

People did not consider the value of the labour and resource that's required to make the digital content they consume. 43% said they had never really thought about who funds online content.

Some mentioned that they had recently been blocked from accessing content until they disabled their ad blocker.

This got them discussing a 'value exchange'. They came to the conclusion that there was the potential for there to be some kind of transaction between them and online publishers and if it's a choice between adverts and paying a subscription, most will put up with the ads. Whether they get ad free content or not, paying for content seems a step too far, when they are used to getting it for free. Only 20% pay or would pay to subscribe to newspaper/magazine content online. Interestingly, under 35s were more likely to pay for content

and for some others it was very much dependent on the content itself. If the content related to a passion point, such as a hobby or sport, they were much more likely to consider paying.

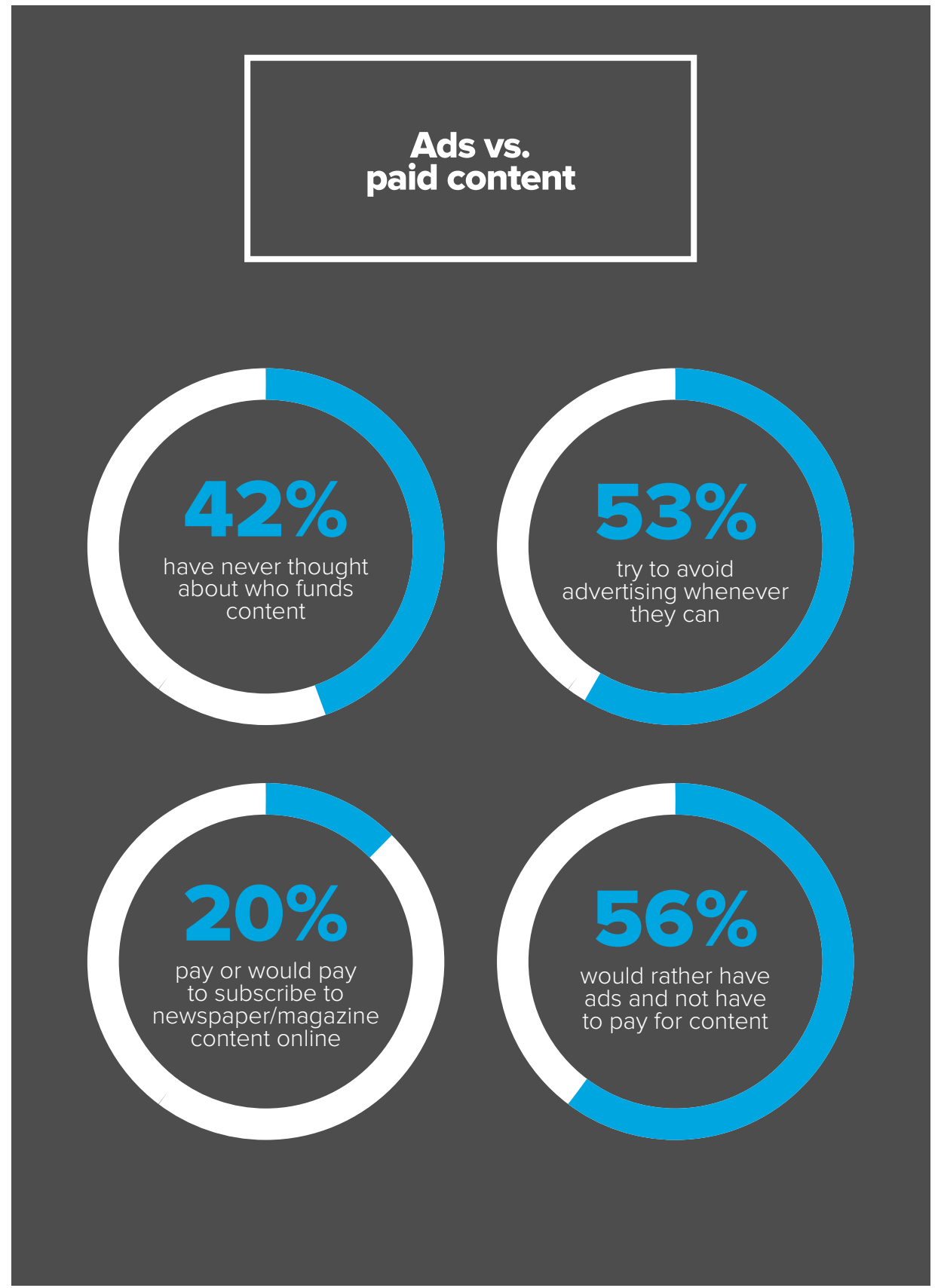
When presented with the concept of 'walled gardens', people were not keen. Not only did they not want to pay for content but they also did not like being restricted on the web – it did not fit in

**“It happened to me the other day, when I was trying to watch The X Factor on ITV Player, and it wouldn't let me start it, because the ad-blocker was on, so I couldn't even get to the programme, and I've never noticed it before.”**

with the way that they use the internet. If they were restricted to giving their data to just one media company, the majority chose Amazon.

Back to the ad blockers themselves. Even once people understood that ads fund the content they consume, many still feel they have been driven to downloading

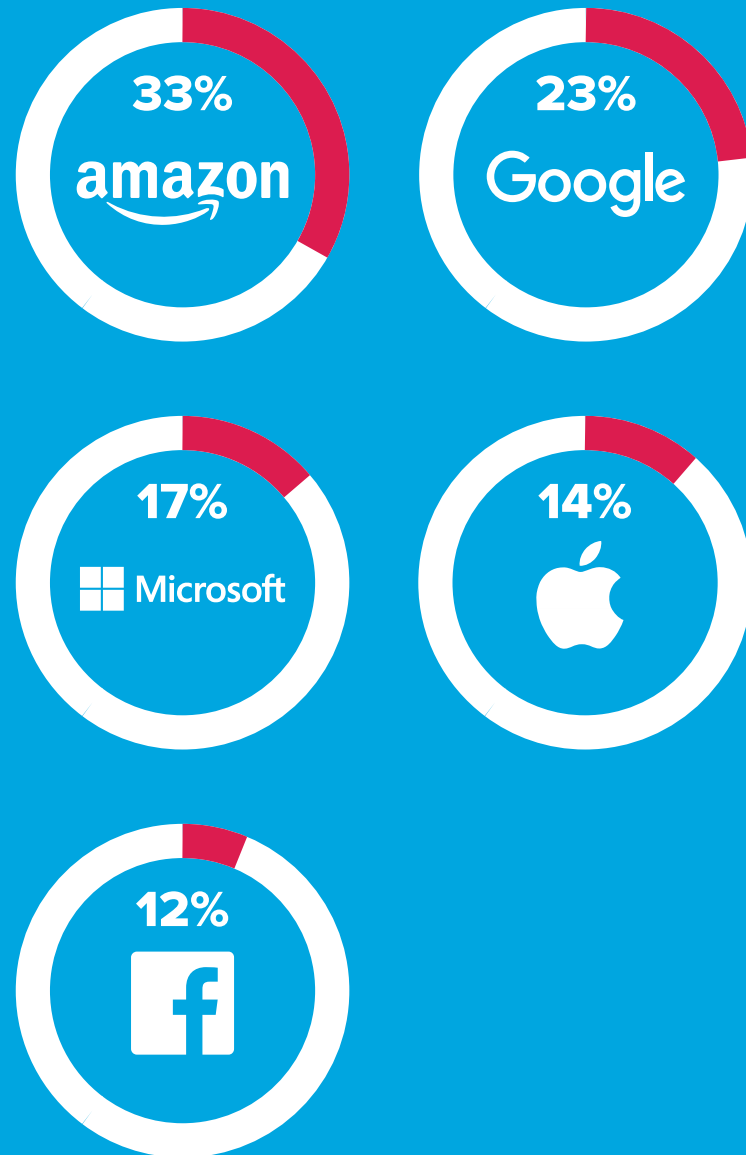
ad blockers, frustrated by the sometimes irrelevant messages and pop-ups that block their screens. Constant interruptions were cited by three quarters as the main reason for blocking ads. This was closely followed by two thirds blocking ads because they felt they were irritating.







**If you could only give your data access to one of these companies, who would it be?**



“Stuff down the sidebars of your email – it distracts away from the content which I know is the purpose, but it’s just too much when you’re trying to check your email and then it’s like flashing ‘you’re the 1,000th visitor’, blah, blah, blah.”

When discussing solutions, people suggested that the answer lied in leaner, less intrusive and relevant ads that didn’t detract from the user experience.

“The reason that I got ad-blocker is because you just have all these pop-ups. I think, sort of, minimal ads working with ad-blocker is kind of the way to go for ad companies.”

“I’ve got a blocker on my laptop because I can’t stand them and there’s so many of them. Yes, if it was something that was more tailored, that they knew what trends I was into then I’d be more interested to read them.”

### Ad Blocking

#### Reasons for blocking ads

- 76%** they interrupt what I am doing
- 46%** they are irritating
- 46%** not relevant to me
- 43%** slows down the webpage
- 35%** annoying design
- 15%** they use up too much of my data allowance

#### Ad Blocking Software adoption stats

- 37%** use
- 31%** don’t use/ plan
- 20%** are planning on using
- 12%** don’t know/ never heard of it



# Content Overload

## What is it?

The realities of an increasingly cluttered internet, combined with the many distractions of the mobile world, are making it harder than ever for content to cut through and get attention.





## Where's it come from?

Content has become the rocket fuel that powers today's web. Increasingly it has the power to transform brands, simply because it's what people go online to find. Whether that be in the form of information on cinema times or how to videos, or entertainment through status updates and trailers for *The Force Awakens* it's at the root of why we love the web so much.

Content marketing is hardly a new thing. Brands have been investing in the likes of advertorials, funded programming and video for many years. However as production opportunities have expanded, both in terms of the range of content available to choose from, and decreased costs around production, our appetite for it has grown.

Two recent statistics demonstrate just how important content is becoming for brands, and the direction it needs to pursue to be successful. Firstly, latest research from the Content Marketing Association indicates content marketing now represents around 25% of total marketing spend. Secondly, this is rapidly on the increase with 64% saying they will increase their spending within the next 12 months.

Meanwhile, a second study – from e-consultancy – published in May 2015, argues that brands should now be spending half of their Content Marketing budget on distribution. Their assertion is that the industry needs to learn from the 'explosion of viral publishers', citing both industry behemoths like BuzzFeed and the growth of others like Upworthy (80m monthly unique users in 18 months), and Lad Bible (40m unique users and a Facebook reach of over 10.5m likes).

## How it's developing

Like it or not, content marketing continues to grow. When done well it has the power to both build and transform brands. IPA studies for the likes of O2 Guru's, Sainsbury's Magazine, and BT Sport, provide evidence of the positive effect that it can have on the bottom line when done with focus, skill and scale.

Similarly brands such as GoPro, Lululemon, AirBnB, and Lego continue to build their brands with minimal to no investment in traditional paid advertising. Done well, content trashes the interruptive paid for advertising model, getting straight to our hearts and minds by simply giving us what we're looking for.

But for many brands, things have got out of control, with teams working in siloes and producing unstructured content with very little coordinating thought. For many, YouTube pages these days increasingly resembling a stockpile of all the content that brand has ever produced. Exploring and engaging in it is less of a user experience, more an archaeological dig.

The net effect of this growing scrapheap, is disorganised brand personalities and a sea of irrelevant content – content that will never be engaged with or shared as our patterns of consumption continue to shift inexorably into feeds; creating obsolescence through changed behaviour. And this overload of material is beginning to alienate the consumer.

The most recent Nielsen study into trust in advertising demonstrated this issue clearly; over the last two years the biggest two areas to experience declining trust levels were editorial content down -8% and opted in emails down -7%.

# For Example... Content Overload

## 1 LEGO YOUTUBE PAGE

Lego produce new stories everyday which amongst a lot of other great content include dozens of instructional videos to help build various Lego kits. Last year, the brand posted more than 1700 videos on YouTube and people spent over 4,850 years and 290 days watching them.

## 2 RED BULL

It hit the big time with Red Bull's Stratos jump from the edge of space in October 2012. Since then we have seen Red Bull TV, Red Bull Bulletin and the Red Bull Content pool. A company with a truly unique and successful approach to content marketing.

## 3 GO PRO

Their entire focus is on visuals and most of their content is created by passionate users. Its website hosts a huge library of videos, its YouTube channel has over 3.5 million subscribers and they have 7.1 million followers on Instagram.

## 4 SAMSUNG SCHOOL OF RUGBY VIDEO SHORTS

Part of the wider build up to the Rugby World Cup, Samsung created a series of 6 films aiming to demystify the rules of the sport with comedian Jack Whitehall and England Rugby legends such as Martin Johnson and Lawrence Dallaglio.

## 5 AMERICAN EXPRESS OPEN FORUM FOR BUSINESSES

Microsite focused on providing ideas and advice for businesses of any size. Posts centre around leadership, customer service, marketing and technology and help position American Express as a true partner to business owners.

## 6 GENERAL MILLS – TABLESPOON

Recipe blog and newsletter that takes contributions from the most popular food bloggers and combines them with coupons to inspire joy in the kitchen.

## 7 UNILEVER'S ALL THINGS HAIR

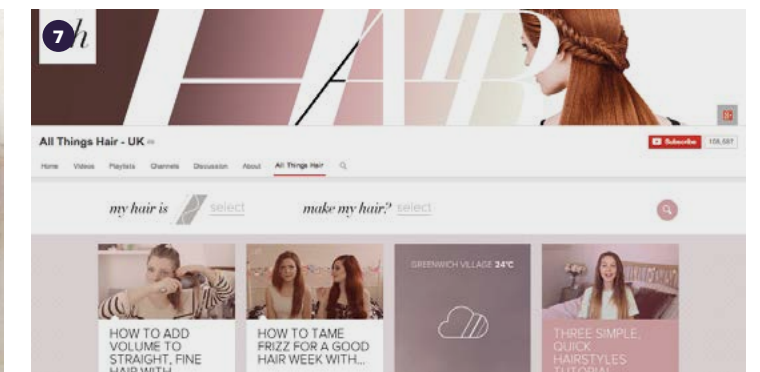
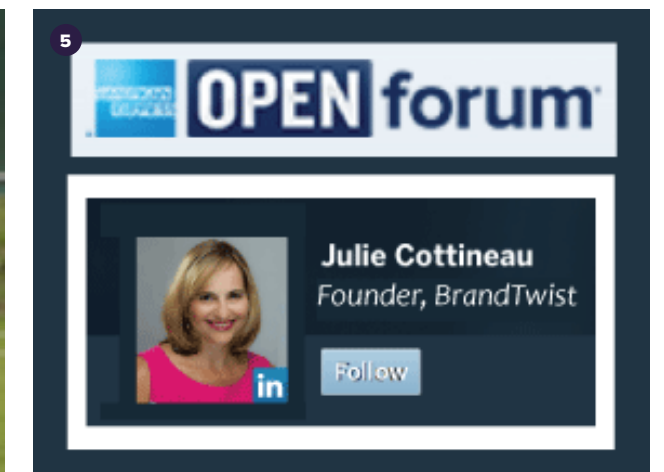
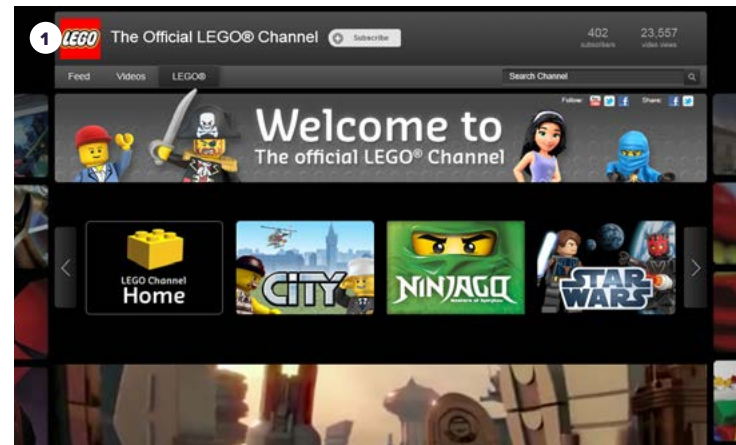
YouTube channel from Unilever filled with hair-styling tutorials from video bloggers. Tutorial content is selected based on Google searches and vloggers are paid by Unilever to create tutorial content accordingly.

## 8 O2 GURU TV

YouTube page with over 750 'O2 tech guru' videos that answer all key questions for mobile users and cover all major phone releases. With nearly 30k subscribers and over 30m total views investment in content has paid off for O2.

## 9 DOMINOS TINDER ACTIVATION FOR VALENTINE'S DAY

Domino's gave away free pizza and deals for people who matched with them on valentines day.





# Companies to watch

## Content Overload

### 1 THE POOL

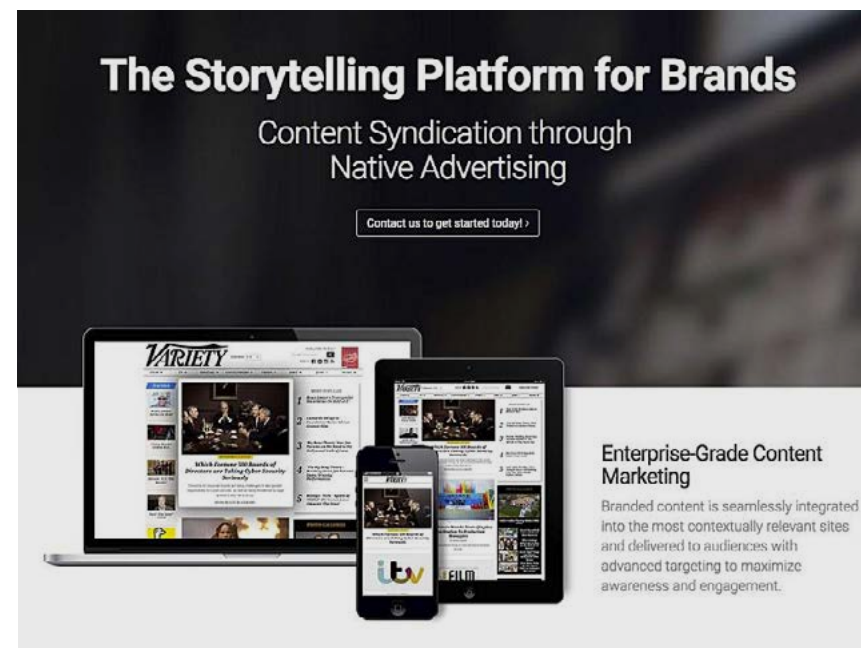
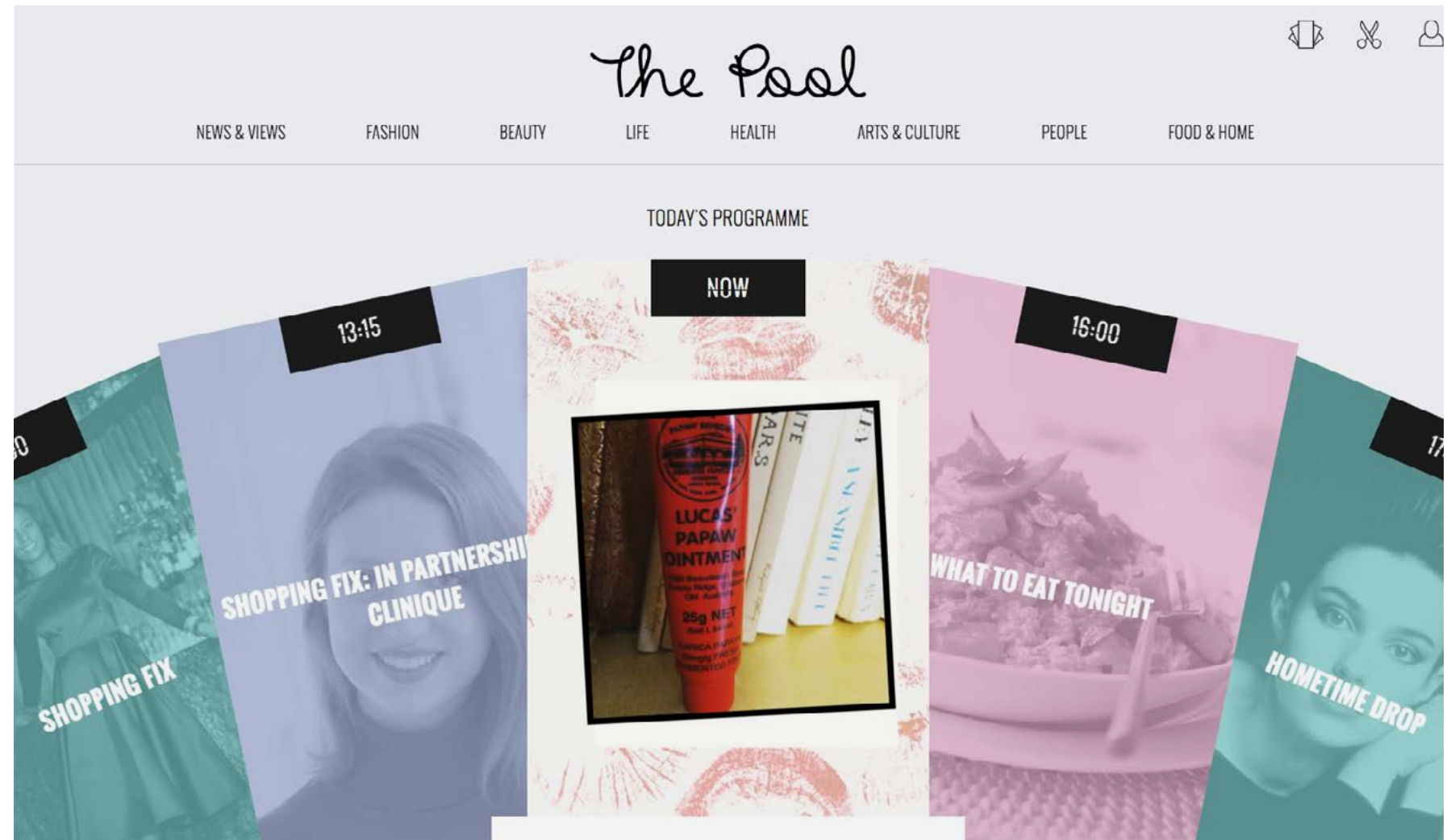
Founded by Lauren Laverne, the BBC radio presenter, and Sam Baker, the former editor of Cosmopolitan, The Pool is an online content platform designed for women who are too busy to browse. Each article is labelled with the time it takes to consume.

### 2 INSTINCTIVE.IO

Working in the native advertising content delivery space, instinctive.io was founded in 2014, described as a storytelling platform for brands, they syndicate brand blog articles in real time to their network of publishers.

### 3 MAKER STUDIOS

Founded in 2009 but sold to Disney in 2014, Maker Studios produces content for a range of channels on YouTube. They have over 55,000 independent creator partners from more than 100 countries and deliver over 10 Billion views a month to over 650 million subscribers.



## Where next?

For content that can truly be considered rocket fuel for the web, rather than just more landfill, brands will need to re-focus and channel their energies in a much more coordinated way, basing their thinking around what we, as users, actually want from them.

For many, this will mean more of an editorial based approach, to help them deal with the sheer volume of content they now produce. To become more effective, brands will need to learn from traditional broadcasters such as the BBC, who have long been experts at curating the sheer volume of content they produce, and more recently, have evolved to acknowledge that their content will be consumed in ways they never imagined.



## What this means for brands

There are five key behaviours that we believe all brands should adopt if they are to become true broadcaster brands:

1

### Accept and adopt

Content has a role to play across the consumer journey, successful brands have a clear, documented strategy for content at each stage.

2

### Content brands not branded content

Consider content over the long term, not campaign by campaign as an adjunct to some TV. Design content that audiences want, not just what suits the business.

3

### Do one thing well

Operate and coordinate at scale so that you become known for something. Doing one thing well means that audiences know what to expect and come to them. Implicit within this, is that less, is often more. The most successful brands will have staffed up to manage the output of disparate teams across the company, seeking to remove, as well as create more.

4

### Create, measure, iterate

Recognise the value of the data that underpins content and have an established measurement platform that allows you to learn and respond fast to what works, and what doesn't.

5

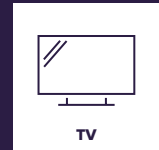
### Think feeds

Consider not just the core content, but where it will go, designing not just the wrapper, but also the content itself, for the medium in mind. Working closely with those who have the best understanding of what works in that channel is clearly a good idea. Create on-going partnerships, with a carefully selected handful of new school publishers and social networks, to produce and adapt content.



## Platforms

# Content Overload



With many more opportunities opening up around video, particularly in the social space, brands now have the chance to act like broadcasters. It will be much easier to distribute video content, in an environment that provides a readymade audience, rather than having to spend time and energy trying to direct viewers to their own website or content hubs. And there will be more opportunities for smart buying – for example, drip feeding sequential videos into viewers' newsfeeds, and then retargeting users with the next piece of content once they have completed viewing of the previous video. However the quality of the content needs to be right – with the strong production values that consumers have come to expect from a TVC, yet tailored to reflect the platform it is being shared on – impacting on factors such as time length, tone of voice, format, and complexity of message delivered.



It's becoming ever more important that we truly understand our audiences as real people, and that we get better at identifying what will genuinely appeal to them, and make them more likely to engage. Data has a powerful part to play in helping to

achieve this. As we get faster at drawing meaning and insight from it, we will be able to move much closer to delivering a content flow which consistently tests, learns and improves.

Data driven content publishers led by BuzzFeed, Vox, and Mashable lead the way in this space and the smartest brands can learn from these disruptive publishers. BuzzFeed, for example, have developed POUND, a new propriety technology that captures how their stories spread on the social web. Their content gets shared by tens of millions of people every month and this scale allows them the unique opportunity to understand about the tree structure of network diffusion, and what makes a piece of content cut through, and go viral. Similarly, Mashable's product Velocity searches the social web, collecting data on how people engage with digital content. Using the velocity curve (speed of content views) means they can then predict the virality of content. This knowledge base helps them to make editorial decisions on whether a piece of content is worth pushing or not.



Never before has it been so difficult to catch the attention of a consumer: attention spans are on the decrease, consumption of content is happening across a much more fragmented media ecosystem, and the volume of information is challenging for anyone to process. Consumers are bombarded with irrelevant messages every day so it is difficult to retain any of them, even those that matter. Programmatic hasn't helped this; it has become synonymous with cheap, remnant inventory, simple banners devoid of creativity, and poor targeting practices. And perhaps this is how it has been predominantly used to-date, but this is changing.

Programmatic is coming out of its infancy days and becoming a much more sophisticated proposition. Access to better quality inventory is becoming more prevalent. Breadth of formats is allowing for more creativity, and improved data collection and application practices are leading to much more thoughtful audience targeting.

But none of the above will translate into a better consumer experience and more effective advertising unless programmatic is approached with a different mind-set.

Advertisers need to look beyond the boundaries of performance and direct response, and start telling stories through content.

In a world where attention deficit is increasing, it is ever more important to catch consumers' attention in that split second when it is available. Technology is finally opening up the opportunity to deliver tailored messages creatively to a more discrete audience at the right time. Let's not waste it.



We're bombarded with content every day.

In 2005 we were reportedly exposed to over 3,500 brand messages per day. Given the rate of acceleration over the last decade that's more likely to be upwards of 10,000.

Brands are utilising social platforms to reach, engage, service, advise and sell to customers, all in a very, very cluttered space. More platforms and apps enter the market, from Instagram, to Vine and most recently Boomerang, giving users and businesses the tools to create even more content.

All are told to become more like publishers, but in such a saturated space, where consumers bombarded with mediocre, run of the mill content turn to curatorial services and rely on platform algorithms to filter and create room to breathe, brands must instead turn their

focus to genuinely adding value to their consumers' lives. By caring more about how they enhance the consumers' life and enjoyment, by using their interests as a bridge, only then can a brand begin to increase the proximity between their business and the consumer.



How do you stand out and make a genuine impact with today's digital-first consumers? Experiential offers a clear solution to

'Content Overload'. Physical, 'touchable' experiences are without a doubt stickier, more impactful and result in higher brand recall than digital, and even native, content. Brands are able to fully control the environment that their content is consumed in and curate a unique, memorable experience. With advanced technology as the centrepiece of many experiential activations, there is also the opportunity to tailor the experience and the content to the individual. Experiential shouldn't mean 'PR stunts', but should be connected experiences that put the consumer at the heart of it. Experiential that is exceptionally well done can even result in user-generated content, which is typically more trusted and engaged with than brand-owned content.

# Content Overload

What real people think

A third of people in our survey said that they trust brands less than they did 5 years ago and the horrific reality for advertisers is that the majority

they consume and content marketing allows just this. The concept is much more pull than push style advertising, which works well for them.

If its a 'Vodafone brings' or 'Kiss presents' because I do a lot of live shows and concerts and things, I am more inclined to notice the brands involved because I am in some of those situations.

(53%) say they will avoid advertising whenever they can. This increases to almost two thirds for the over 55s. We have a real challenge on our hands to make advertising engaging and content marketing could well be the answer.

Most welcome the fact that brands are trying to think of new ways to communicate and over half think it's a good thing that brands are trying to advertise differently. Overall people are pretty warm towards content marketing with half saying it's a more interesting way for brands to communicate. Fundamentally, people told us that they like to have control over the advertising

But as we know there is a lot of content marketing out there, with more and more being added by brands every day. Consumers notice it too. 62% say that they feel like there is a lot more of this type of advertising out there these days. And if it is pull marketing, how do you get people to know about it in the first place. Number one, it has to be engaging and offer stand out. Memorable campaigns like the Ice Bucket Challenge and the Red Bull Stratos Jump were mentioned. Number two, it also has to be in the right places, engaging with the right people. Most told us that they were much more likely to notice and go to advertising if it was more relevant to their needs and interests.

All in all, content marketing feels like a more useful, less intrusive and entertaining form of advertising that over a quarter openly admit to paying more attention to. It ticks off all the boxes that people told us they wanted from advertising, in order not to block or avoid it. The challenge is how to get this noticed and get it right with consumers.





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