ATTICUS

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Our Grand Prix-winning paper in this year's Atticus Awards highlights the potential of voice to become the primary mode of man-machine communication, with all that that implies for brands. Voice assistants like Alexa, Siri and Cortana can take your instruction for everything from playing music to ordering a cab or finding you a pizza. Brands have to develop skills for these assistants, but, more significantly, they have to find their own voice and their own place in this fast-changing world.

AI, in its many forms, is a recurrent theme among this year's winners. Chatbots figure, as do bots that influence political opinion. Autonomous vehicles present a new advertising medium. MediaCom's *The Rise of the Machines* considers a future where computers target their marketing at other computers that make purchase decisions on the consumer's behalf. And Landor takes a look at digital packaging that has potential to interact with your household devices, courtesy of the Internet of Things.

As you would expect, technology is prominent throughout: the rising power of blockchain; how to transform a research firm into a tech business; and the state of the art in video. And social media is still top of mind: from its role in research, to the new wave of entrepreneurialism in Saudi Arabia which harnesses social platforms. Add in effectiveness, marketing to GenZ, China's lower tiers and neuro-pricing and you have a compelling snapshot of what's testing the best minds of the industry in the second decade of the Millennium.

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Front cover image
by Chris Baker, prizewinner of the annual WPP-sponsored Central Saint Martins' illustration competition

I think it was Arnold Palmer who said, "The more I practice, the luckier I get." I've always thought that much the same truth applies to that elusive entity called creativity.

In our world, the only worthwhile creativity is strictly functional. It achieves a desired and measurable objective – more efficiently, more cost-effectively, than a more mundane communication could ever have delivered.

The actual moment of creation – the first emergence of An Idea – happily continues to defy analysis. But that's not to say that all creativity is in the hands of isolated creative people who – through some unformulated and intuitive process – come up with a uniquely imaginative solution.

In the solving of any marketing problem, the more that is understood about that problem, the greater the likelihood that a relevant creative solution will be found.

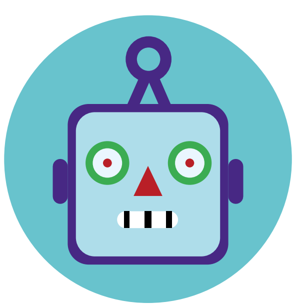
The Atticus Awards programme encourages WPP people in all disciplines to think beneath the surface, to formulate hypotheses, to identify trends, to follow hunches; and to share their new knowledge with others in published form.

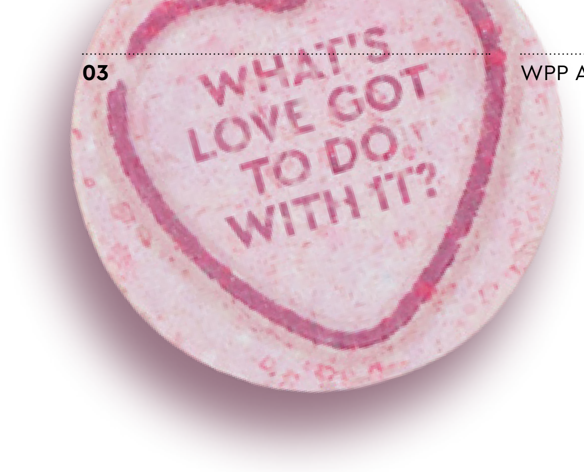
This Journal contains the best of an impressive year's output.

The more we think, the more we know, the more we share, the more often we'll be able to present our clients with that apparently happy accident of creativity.

Mark Read
CEO, WPP

Editor's note
The articles published in this *Atticus Journal* are mostly edited versions of longer pieces and the Abstracts are summaries.




WHAT'S LOVE GOT TO DO WITH IT?

THE POWER OF SPEECH

GRAND PRIX

This year's Grand Prix-winning paper looks at how voice is set to transform the way humans interact with technology. In this section, authors Jeremy Pounder and Elizabeth Cherian identify five key themes brands will need to consider, in order to thrive in a voice-activated world.

Jeremy Pounder and Elizabeth Cherian
Mindshare, London; Wunderman Thompson, London
Speak Easy

Grappling with the voice gatekeepers

Advertisers will need to reappraise relationships with voice assistant providers as voice user interfaces (VUIs) strengthen their role as consumer gatekeepers.

It seems unlikely that the interruptive model of paid advertising will translate easily to voice, as users demand a more streamlined experience. Google Home customers in the United States kicked up a fuss when Google Assistant gave out unsolicited information about a new Disney film.[i] Google quickly removed the ad.

"I think the reality is that we're just not interested in advertising – it's a very different world. I don't want to talk to my device and then it gives me an advert for five minutes. That's just never going to work."
Duncan Anderson, former chief technology officer, IBM Watson Europe

With the future of traditional advertising in doubt, brands can reach consumers over a VUI by building services for Echo, Home or DingDong. While these services offer companies the opportunity to create a branded experience over the platform, they hold limited promise for direct consumer engagement in the future.

There has been limited uptake by users thus far. According to a 2017 report from VoiceLabs, there are more than 7,000 skills on the Alexa platform but only 31% of these have more than one customer review, suggesting the majority of applications aren't being downloaded.[ii] Users dislike the particular commands required to make the skills function properly. What's more, the technology is currently not able to deliver a unique voice that's also interactive, giving brands little scope to differentiate themselves from the voice assistant (as well as from their competitors).

$2 billion of sales were forecast to be driven by digital assistants in 2016 alone.[iii]

Some skills stand out, such as the Uber skill, which allows Alexa users in the United States, United Kingdom and Germany to order and cancel rides or to check a request status. Uber has a loyal following and those using voice want to order from Uber particularly, rather than any taxi service the voice assistant might choose.

But many situations don't require a branded solution, nor do users think in these terms. Instead, they have a problem, such as a grease stain on their clothes, and they want the voice assistant to tell them how to remove it before going back out to their dinner party. No one has the time or inclination to follow the steps to activate the Tide stain-removal skill specifically, for example. Any dependable advice will do.

Joseph Evans, senior research analyst at Enders Analysis, predicts, "You'll have a layer of skills by developers and they will present themselves to the Alexa central level, saying, "I can do X, I can do Y, I can do Z." And then when you have a user request, Alexa will do some kind of machine learning and say, "Okay, what they said means that they want Y," right?" The user will not interact with the brand directly.

"There's a pretty good argument… that the people who put these devices in your home seek to own the market because they own the habit."
Nir Eyal, bestselling author and lecturer at Stanford University

With these services likely to recede into the background of the overall voice assistant experience, and with the interruptive ad model being questioned, brands face a future in which a few key VUI providers act as gatekeepers to consumers, who rely on their voice assistant to deliver solutions to their problems and to purchase products on their behalf.

AS THE MARKET FOR VOICE TECHNOLOGY MATURES, BRANDS MAY HAVE TO PURSUE A NUMBER OF STRATEGIES TO ENSURE THAT VOICE ASSISTANTS SURFACE THEIR BRAND AS THAT SINGLE RESULT. CURRENTLY, THERE'S STILL MUCH DEBATE ABOUT HOW THIS MAY PLAY OUT.

Recommendation and algorithm optimization

Recommendation and algorithm optimization

A key challenge in a world intermediated by voice assistants will be ensuring your brand or content is chosen by the assistant. Algorithm optimization will become the new SEO.

While we have seen many smart speakers with integrated visual interfaces, voice technology works best when there's only one answer, according to 80% of global regular voice technology users. As the market for voice technology matures, brands may have to pursue a number of strategies to ensure that voice assistants surface their brand as that single result. Currently, there's still much debate about how this may play out.

Here we consider three possibilities: paid recommendations, the affiliate model and algorithm optimization. In some circumstances it may be possible for a voice assistant to offer a "paid recommendation" to a user. For instance, asking Alexa to buy more washing powder could lead to the (paid) suggestion of an alternative offer. The key to this model's success will be user trust that the suggestion is right for them and not just lucrative for the voice assistant provider.

"When we have so many [options], you don't want to hear them all, nor can you remember."
Female 34-year-old focus group respondent, China

An alternative might be an affiliate model, similar to price comparison services today. The voice assistant could deliver a single recommendation in response to a query and then take a commission on a subsequent lead or sale. As of now, this approach does appear to be palatable, with 57% of regular voice users saying, "I don't mind if [a local voice assistant] takes a commission from a purchase made by voice as long as the deal is good for me."
In this scenario, brands that are positively reviewed by journalists and other social influencers will improve their chances of being recommended by the VA. A third option gaining traction is "assistant optimization," also known as "algorithm optimization." Much as with search engine optimization (SEO), businesses will be able to affect the likelihood of the voice assistant recommending their brands through the structure of their digital content assets. In a voice-enabled world, ensuring your content is chosen by the assistant will become ever more critical.

Join the Internet of Things

Brands should consider adding voice interactivity as and when these capabilities expand to new devices.

Voice technology is moving rapidly beyond mobile phones and smart speakers. Alexa has already been built into dozens of smart devices. Social robots around the world such as Olly, Jibo, RoBoHoN and Musio are an alternative to smart speakers. Voice-activated products such as the kids' digital storybook *The Snow Fox* or the controversial My Friend Cayla doll offer a more interactive and enriching experience than their basic equivalents. Meanwhile, the number of commercial settings that integrate voice-activated services is growing. In hospitality, a team of robots at the Henn-na hotel in Japan checks in guests and offers concierge services, while the JW Marriott San Antonio in the United States is piloting the Echo Dot in its hotel rooms. The Dot will provide guests with information about restaurants, room service and directions.

Brands need to think about how they can make their own physical assets voice-enabled, whether through the integration of a voice assistant like Alexa, or their own voice technology. For retailers, this could include embedding voice assistants in display units or changing rooms. We found that 52% of global smartphone users already want a voice assistant that can communicate with the store, for example to help them to navigate and to find products more easily.

Connected packaging also presents an opportunity. Two thirds (67%) of global smartphone users agree with the statement "I like the idea of being able to ask my products questions about their provenance." At CES 2017, we saw the launch of talking packaging in the form of Cambridge Consultants' AudioPack concept for drugs and medical devices. Media themselves are increasingly likely to become voice-enabled. Using voice, consumers will be able to engage as and when they want with services such as Instreamatic.AI, which is an interactive

AS BRANDS TURN TO VOICE, THEY WILL START TO AMASS AN AUDIO DATASET THAT WILL PRESENT OPPORTUNITIES TO GLEAN CONSIDERABLE INSIGHT VIA VOICE ANALYTICS. WHAT CAN YOU LEARN ABOUT YOUR CUSTOMERS FROM THEIR TONE OF VOICE AND HOW THEY TALK TO YOU?

audio platform that allows advertisers to create voice-enabled audio ads. Audio is also being made searchable. Israeli company Audioburst records radio shows and transcribes soundbites called "bursts." This content can then be tagged with keywords and discovered online and via Alexa.

As the TV becomes voice-enabled (Alexa is now built into the latest Amazon Fire stick; Google Home allows users to play video on their TVs through Chromecast using voice command), viewers may also use their voice assistants to interact with TV advertisers. Sky has also recently integrated voice recognition into its remote. Deutsche Telekom and Orange are collaborating on a smart assistant called Djingo, which will allow people to use voice to control their Orange TVs throughout Europe, the Middle East and Africa when it launches in 2018.

As brands turn to voice, they will start to amass an audio dataset that will present opportunities to glean considerable insight via voice analytics. What can you learn about your customers from their tone of voice and how they talk to you? Can you apply sentiment analysis to the voice recordings to understand how customers feel? What's more, brands that build their own voice-enabled products and content can position themselves outside the voice gatekeeper ecosystem and take one step closer to winning back control of consumer engagement.

"You have to be able to offer people something which makes it worth their while to actually interact with you... and those who are able to do that will actually do it well."
Joseph Evans, senior research analyst, Enders Analysis

Are you being served?

Brands that develop useful content can meaningfully engage with their consumers via a new channel.

"The question for brands should be: if tomorrow you had a seamless way to talk to your product... would that save the customer steps?"
Nir Eyal, bestselling author and lecturer at Stanford University

There are two routes a brand can take when developing a one-to-one experience. One is to build a chatbot for a messaging platform such as Facebook Messenger, WeChat, Line or Kik. Brands should be thinking about the circumstances in which chatbots can be voice-enabled. It is possible to envisage successful text-based chatbots delivering an even more flexible experience for customers by adding voice capabilities. Already Microsoft's Xiaoice, which has more than 40 million users in China and Japan, has launched as a voice-enabled chatbot on WeChat.[iv]

The second route to consider is creating a skill, Conversation Action, or DingDong service. When contemplating this investment, brands must first decide what the software will accomplish. The characteristics of some of the early examples of successful skills for Alexa are rooted in their simplicity and ability to offer real value in a natural, straightforward way. A user who activates the BMW skill can ask Alexa about a scheduled trip, find out what time to leave, and send the destination to the vehicle. Amsterdam-based Triggi's Alexa skill allows users to control Nest, Netatmo, Philips Hue and other smart devices, intending to "make smart things smarter."

Services that reduce friction in people's lives are likely to appeal to the 52% of regular voice users globally who cite convenience as one of the main reasons for using voice technology. Ultimately, voice platforms must understand the needs of the user and deliver on these through a process that is simple and intuitive.

Find your voice

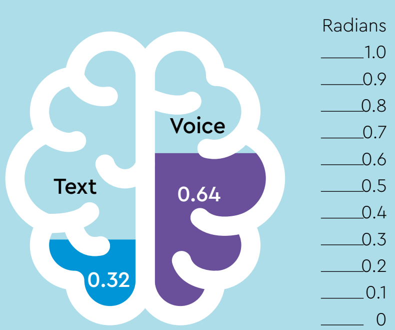
Brands can strengthen consumer relationships by defining their (literal) voices.

Our neuroscience research gives an early indication that speaking to a brand delivers a deeper emotional connection than interacting with it through type or touch. When people asked a question involving a brand name, their brain activity showed a significantly stronger emotional response compared to people typing that same brand question (see Figure 1).

The act of saying a brand name appears to strengthen the pre-existing emotional associations to a greater degree than typing it. This emphasizes the need for brands to craft the sound of their own voices.

Fig.1

Emotional response to branded questions



Source: Neuro-Insight study Feb 2017; n = 102 UK smartphone users. Brain activity measured using SST headsets; unit of measurement is radians, which equates to the positivity of brain response to specific* requests for brands

"Companies will now need to think about the actual voice of their brand... They have to think about how their brand sounds, and the words and language that their brand uses when communicating with customers... the personality of their brand as it's presented to users."
Martin Reddy, cofounder and chief technology officer, PullString

Consumers are already looking for greater variety in voices. Just under three quarters (74%) of regular voice technology users globally believe brands should have unique voices and personalities for their apps or skills, and not just use the assistant on smartphones.

Some of the early skill pioneers have started to use different voices to reflect the service they offer. The BBC News skill, for example, uses a pre-recorded presenter's voice. Eighth Note, a voice-activated version of the smartphone game Flappy Bird, which originated in China, takes a different approach. The game character's movement is controlled by the volume of the user's voice, illustrating how the brand has considered the player's voice rather than its own, to achieve engagement. Eighth Note has gone viral in Asia, where Chinese YouTube personality Jing Jing has accumulated 6.5 million views on a video of herself playing the game.

In time, we will see more personality, beyond the sound and tone of the voice, once AI capabilities allow responses to be truly interactive and adaptable. Our research has shown that people have strong preconceived notions about what a brand should sound like – globally 62% of smartphone users say their voices and personalities should be unique. Hit the right notes and you can be music to your customers' ears.

"A voice assistant would be like a friend, with a voice that's male, like [Taiwanese singer, actor and racing driver] Jimmy Lin's: friendly and gentle. This would be better than a calm, computerised voice."
Male 29-year-old focus group respondent, China

Short-term brand implications

What marketers can do to prepare for a voice-activated world in the short term

1

Consider how voice could genuinely augment the touchpoints on your consumer journey. How could a voice interaction add value to or remove friction from the consumer experience?

2

Learn the rules of engagement in conversational commerce. Build a chatbot and deepen your exposure to the types of conversations consumers want to have.

3

Identify your consumers' Deciding Factors. What are the cultural and technological sticking points in your market that must be handled carefully in order to launch your voice proposition successfully?

4

Experiment with voice-user interfaces. Test and learn, for example through an Alexa skill or a DingDong trial. Explore how you can provide utility to your customers or drive new behaviors.

5

Review whether your search activity is optimized for voice. Does your keyword strategy capitalize on the long tail of conversational search terms?

Long-term brand implications

What marketers can do to prepare for a voice-activated world in the medium to long term

1

Enhance your privacy credentials. Review and develop your personal data privacy policies to reflect local market concerns, as attitudes to privacy in relation to voice vary considerably by market. Position yourself as the brand to trust wherever you do business.

2

Use radio or interactive audio ads to develop your brand's voice. What do people want to hear when they speak directly to your brand?

3

See what you can learn from how customers talk to your brand. Try using voice-analytics software to detect how your customers really feel.

4

Re-evaluate your PR efforts. Getting your brands recommended by respected journalists and other thought leaders could be your best bet for staying relevant in the era of voice and the affiliate model.

5

Forge strategic partnerships for voice integration. Work with retailers and service businesses to distribute your voice-activated products and services into their environments. ●

i. Chris Welch, "Google Home is Playing Audio Ads for Beauty and the Beast," *The Verge*, March 16, 2017, bit.ly/2rL0iAy

ii. VoiceLabs, "The 2017 Voice Report," January 15, 2017, bit.ly/2jJlyk7

iii. Finbarr Toesland, "Voice Search and Chatbots Are Transforming Commerce", *Raconteur*, September 8, 2016, bit.ly/2mIu4iT

iv. Jerry Salandra, "China, WeChat and the Origins of Chatbots," *Chatbots Magazine*, March 12, 2017, bit.ly/2qTEQK9

ATTICUS ABSTRACTS

Andrew Van Aken
Ogilvy, New York
Cars – The End of Driving

THE ROAD TO THE FUTURE

If autonomous cars deliver on their promise, they could be the most important advertising medium of the next decade. That's the eyecatching claim made at the start of this article, first published on the author's website, which examines the implications of the coming self-driving revolution for marketers. Cars are undergoing a "trifecta of change", says the author, comprising autonomy; the availability of "mobility on demand" with services such as Uber and Lyft; and the shift to electric power.

The introduction of Artificial Intelligence – which enables autonomy – poses the first challenge for marketers: to help consumers overcome their anxieties about the new technology. Loyalty within the new driving paradigm will be another area for marketing to address; Uber has already made strides with its Uber credit card. But advertising is probably the most exciting opportunity opening up. "If cars drive themselves, marketers may now have someone's full attention." Put a TV in the car and you have a captive audience for your advertising, with the further possibility to use location-based targeting, for example to show promotions at the nearby DIY store. In terms of downside, if people begin to use cars as a service, there will be less opportunity to sell car insurance and even cars themselves – one estimate is that sales will reduce by 40 per cent. One conclusion is clear: marketers need to get abreast of the revolution quickly – or they'll be left standing at the kerb.

Ajinkya Pawar
Phoenix Ogilvy, Colombo
Advertising Industry's New 'Pivot'

PIVOTAL CHOICE

The valuation of platforms such as Amazon, Facebook and Google is being driven by their ever stronger position in the advertising space, says Ajinkya Pawar in this thinkpiece published on his blog truthaboutbranding.com. New technologies such as blockchain, AI and big data also pose a challenge to the traditional agency model. Legacy agencies are ill-equipped to provide the business transformation expertise required, and if they don't adapt to the situation, a new breed of transformation agencies and consultancies will take their place – and their "privileged partnership" status with clients. Overall, the requirement is to become more specialist and less generalist, says Pawar. Client needs become more and more specific and they have an unprecedented opportunity to search for – and find – someone who can fulfil those needs. So agencies face an imperative – to pivot – which is at the heart of this paper.

Pivoting means going after a bigger and sustainable growth opportunity that can ensure your prospects for the near future. It means "changing the direction of your enterprise if need be, while staying grounded in certain aspects". Analysing further, Pawar says that agencies have two fundamental variables: Purpose and Core Competency. The pivot consists in keeping one the same and changing the other. So the agency that decides to focus on its Core Competency and reassess its Purpose may find it is looking for new business opportunities to exploit with its existing creative talent.

That could manifest in a number of ways: moving into new creative channels, choosing a set of issues to focus on, expanding an existing creative idea beyond advertising. In the second type of pivot, focusing on Purpose and reassessing Core Competency, you are effectively deciding to keep your client base or target market constant, but to look at how you can evolve your expertise to meet the changing needs of clients. That could mean developing new expertise in data, for example. Either way, the message is clear: "Grow by either adroitly adapting to emerging client needs or by investing in ideas you believe in." Standing still is not an option.


A MANIFESTO FOR
LONG-TERM THINKING

Investors' demand for quick returns jeopardises brands' ability to deliver long-term growth, writes Gareth Price. Here is a plan for collective action to address one of marketing's most pressing challenges.

Gareth Price
Wunderman Thompson, London
Thinklong

Despite all the evidence for how brands deliver profit growth in the long term, companies are increasingly sacrificing larger future gains for smaller, more immediate returns.

I believe a consortium of marketing bodies – with backing from the Investment Association – can help achieve this. In addition to providing credibility to the project within the investment community, the two have a shared agenda, with the IA recently launching a "Productivity Action Plan" to "catalyse the provision of long-term finance".

Thinklong's ambition is to encourage long-term investment with the secondary goal of growing brand communications expenditure. I, therefore, propose a seven-point manifesto to support these aims.

1

Lobby for practices that encourage long-term investment

Professor Kay's government review concluded that the quality, rather than the amount, of engagement among shareholders determines whether the influence of equity markets on corporate decisions is beneficial or damaging to the long-term interests of companies.

At present, markets "encourage exit (the sale of shares) over voice (the exchange of views with the company) as a means of engagement, replacing the concerned investor with the anonymous trader".

In France, under the Florange Act, investors who have owned shares in a company for more than two years are automatically entitled to double voting rights. This provides greater stability to boards to set company strategy prioritising long-term interests.

Similarly, encouraging active ownership by limiting the practice of proxy voting would result in institutional investors – who account for two-thirds of equity in publicly listed companies – holding shares longer.

Increasing transaction costs would further reduce day trading, dampening short-term volatility. Subrahmanyam (1998) suggests transaction taxes "reduce short-termism in information acquisition by increasing traders' incentives to acquire fundamental information, thereby enhancing long-term discovery".

These measures should form part of a sustained lobbying plan that would indirectly support increased investment in activities focused on delivering continued profit growth.

2

Enhance company reporting by detailing future marketing expenditure

Companies may fear that detailing future marketing expenditure at the brand level provides competitors with too much information, but it represents a powerful signal that the company is invested in the long term.

A Harvard Business School analysis of 70,000 earnings calls found companies using words and phrases suggesting a short-term emphasis had "higher absolute discretionary accruals, were apt to have very small positive earnings and barely beat analyst forecasts". Their cost of capital was also 0.42% higher than average.

The language used in company reports primes the market: a short-term orientation attracts like-minded investors. The predominance of short-termism in the financial markets means the potential rewards from long-term investing are underexploited.

Detailing future spend, and highlighting it more prominently in presentations to institutional investors, emphasises the company plans to deliver long-term profit growth, attracting the attention of investors with long-term horizons.

Thinklong should encourage executives to adopt this approach by highlighting its benefits. Indeed, the Kay review recommends "communicat[ing] information to shareholders which aids understanding of the future prospects of the company, even if this means going beyond the strict requirements of accounting standards".

Like Ulysses tying himself to a mast to resist the call of the sirens, a public commitment to investment will ensure marketers face less pressure to cut costs to hit quarterly targets.

3

Link long-term strategy to brand valuation

The IA reports that portfolio managers believe companies provide too little meaningful information concerning future expenditure and how it will improve the business.

A review of 100 annual reports found just nine made a clear link between strategy and KPIs. Too often, planning was merely an exercise in "spreadsheet manipulation".

The economic-use approach to brand valuation is based on the discounted cash flow of future earnings and the strength of the brand. It requires a diagnostic analysis of where and how the business can generate future profit.

By connecting brand drivers to a valuation model, Joanna Seddon says it can "serve as a tool to identify strategies most likely to increase it".

Seddon suggests it can help management understand:

- what makes the brand valuable;
- how it has an impact on the business;
- what justifies investing in it.

Linking current marketing decisions to future performance ensures the long-term impact of brand campaigns is weighted against short-term activations.

A transparent brand valuation process can help to reveal where the largest gains can be made from future investments, ensuring planning becomes more rigorous and strategy is linked to KPIs.

Rather than using it to create ranking tables of questionable worth, its value lies in determining a course of action to maximise brand growth, and demonstrating those plans to CFOs and investors in a language they understand.

As Seddon highlights, this puts brand decisions on "a different, more robust footing". The establishment of ISO 10668 firmly opens marketing's door to the boardroom in that respect.

Tracking the rise in value delivered by the brand further ensures boardrooms are less addicted to immediate metrics, resulting in marketing plans that aren't dictated by quarterly cycles.

David Haigh, for example, reports that an international cigarette company monitored the growth and decline of brand value in regular management reports.

Research by an investment bank also discovered that advertising's capacity to boost Orange's share value equated to an increased market capitalisation of £3bn on a budget of just £44m.

It remains a neglected way of credibly demonstrating the value of long-term brand communications in creating shareholder value, however.

Collaborating with brand valuation firms and investment banks for this type of evaluation will more robustly highlight its role in achieving financial success, helping to justify future expenditure, and put the focus on longer-term strategy.

4

Remove measures that don't relate to long-term value creation

The rise of zero-based budgeting and performance-based agency remuneration attest to the importance of measuring the impact of marketing.

But if the only way to demonstrate its value back to the business is through the immediate sales achieved, it will inevitably push marketers towards doing more short-term activations that harm the brand in the long run.

As the government's review into equity markets highlights, no single metric or model can provide a sure guide to long-term value in companies.

However, reducing noise in information and removing measures that don't relate to long-term value creation are important first steps.

Rather than attempt to incorporate short-term metrics into balanced scorecards, Thinklong should encourage marketers to remove them entirely from the measurement of long-term brand campaigns.

Instead, the focus should be on evaluating, after a period of at least 12 months, the impact on price elasticity and the change in market value share, in addition to the total payback, rather than the immediate ROI.

Marketers should also measure the subsequent buying behaviour of people recruited via activation spend vs those who purchased following brand campaigns.

This will further validate the evidence to support the latter and ensure investors are less enamoured with short-term metrics like cost per acquisition.

5

Reposition brand communications as a capital investment

We face the considerable challenge of a century of stagnant communications expenditure.

Since the 1920s, the US advertising industry has averaged 1.29% of GDP, falling between a narrow range of 1 and 1.4%. A similar pattern occurs globally.

New media has never increased budgets, merely shifting how existing money is split, with the ratio of sales to adspend remaining "stubbornly flat" at 3.5% for nearly 100 years.

In contrast, other components of company spending have fluctuated greatly. This suggests we must be more aggressive in stealing share from elsewhere. A zero-sum game requires us to not only position brand communications as the safest path to growth, but to question other costs.

Yale economist William Nordhaus, for instance, demonstrates that "only a minuscule fraction of the social returns from technological advances was captured by producers (just under 4%)".

In other words, the beneficiaries of innovation are nearly always consumers rather than companies and their investors.

As the late Andrew Ehrenberg stated: "Successful product innovations tend to benefit the consumer. The producer may hang on to some early-mover gains but innovation is not the stuff of effective long-term competition, except defensively."

Uncertain times entitle investors to call for reduced capital spending in costs that are unlikely to deliver a return. By demonstrating that communications is a safer investment, budgets will be less likely to face the axe.

Besides being plagued by ignorant quotes about half of adspend being wasted – an oft-repeated statement that fails to understand the financial value of making the brand more famous – the fundamental problem of being a creative endeavour is that it's perceived as inherently risky.

More broadly, marketing is still seen as a cost rather than an investment by business leaders, according to more than half of marketers.

Given the rising economic uncertainty, we must be prepared to embrace a new way of thinking that positions advertising as the most conservative of investments: effectively enabling companies to purchase growth.

As Bullmore said: "If the medium you've chosen reaches the people you want to reach, and if your medium clearly carries the name of your brand, your money will not have been wasted."

Thinklong's ambition must be to reposition long-term advertising expense as a capital investment, integral to profit growth.

Marketers should also be prepared to question management as to whether other expenditures are riskier undertakings, less likely to result in a profit.

6

Prioritise media that carries brand value

One of the main advantages of TV is that it's a costly signal. A company that didn't believe in what it was selling, or who planned to cheat consumers in any way, would never waste so much money communicating a brand name to so many. As Rory Sutherland highlights, "As Seen on TV" conveys something that "As Seen on Facebook" does not.

People have never trusted advertising but they have always trusted brands that advertise through mass media. Few brands have found fame without it.

Having started attracting small communications budgets in the mid-90s, the internet's share of total adspend rapidly grew to 32% by 2015 (Fig. 1). ComScore estimates that direct response accounted for 80% of that spend.

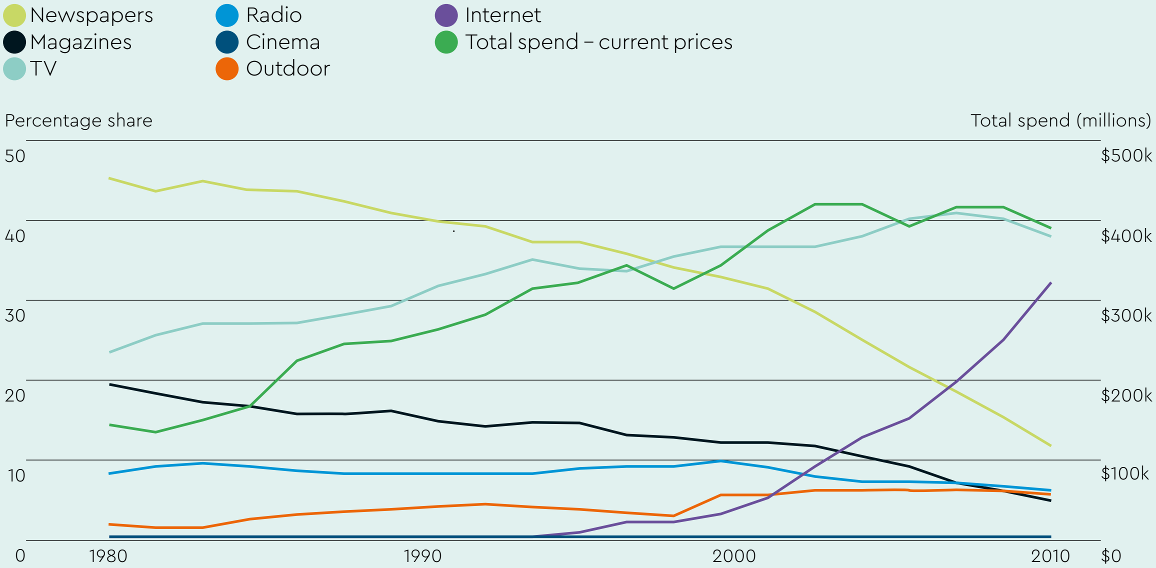
Across that same period, total spend in current prices remained relatively flat. Print media suffered most, with newspapers' share falling from 36% to 12% and magazines down from 13% to 5%.

With Zenith predicting digital will surpass TV in global adspend for the first time this year, we must remain alert to the implications of that shift in spend.

Field (2015) has discovered a strong relationship between the level of digital channel usage and campaigns designed to achieve rapid sales effects. Indeed, across that period of steepest growth in digital expenditure, Enders Analysis found the share of advertising spent on activation climbed from 39%

Fig.1

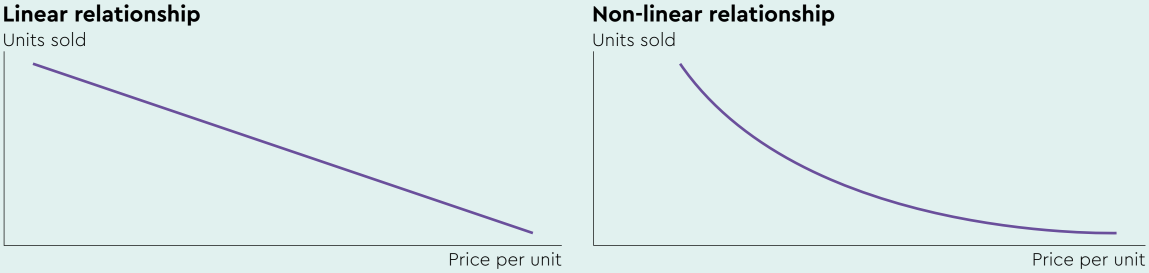
Trend in adspend by media type and total spend – current prices



Source: Via Ware data

Fig.2

The relationship between price, sales volume and profit



We imagine the relationship between volume and price in delivering profit to be linear (the chart above indicating the imagined profit relationship between units sold and price per unit) but in fact it is non-linear (the chart above right indicating the actual profit relationship between the two).

Large volume increases are required simply to cancel out a small reduction in price. Conversely, small increases in price can deliver disproportionate profit growth.

Author's charts

(in 2000) to 49% (by 2016). Despite this, the latest research from Binet and Field (2017) demonstrates the 60:40 brand/activation budget spilt continues to deliver the biggest financial payback.

The pursuit of more cost-efficient and targeted reach is evidence of our own short-termism in action.

While Thinklong should never favour one medium over another – effective strategies are inherently media neutral – I believe it should support the principle that brands are built through trusted media.

This requires it to support media that invests in quality entertainment and/or journalism. While it's not for Thinklong to determine what qualifies as such, I believe we must tackle the rise of websites that use cookies to, in effect, steal traffic from established publications. This becomes particularly important as more spend moves towards digital and more traditional media becomes digital in format.

7

Encourage non-linear thinking

In an article in *Harvard Business Review*, de Langhe et al. (2017) reference several research studies in cognitive psychology that demonstrate how the human mind struggles to understand non-linear relationships.

Despite the evidence for price having the biggest effect on profit, managers still focus more effort on driving volume by reducing prices; believing profit to be a linear function of sales (Fig. 2).

As the authors highlight, the thrill of seeing immediate volume gains clouds their judgement and leads them to underestimate just how large those increases must be simply to maintain profits.

Researchers at the Ehrenberg-Bass Institute recently conducted in-depth interviews with managers to explore the factors behind price-promotion decisions. They discovered that intuition and untested assumptions were the main inputs, often being made in "stark contrast with academic knowledge about the effectiveness of price promotions".

The failure to account for non-linear patterns is a significant factor in why managers focus on immediate returns at the expense of more profitable gains in the long run.

Thinklong should plan training courses to educate agency employees and their clients in understanding linear bias.

Data visualisation also helps people make better decisions by making the threshold points at which outcomes change easier to grasp. Including an interactive tool on Thinklong's website is one way to illustrate and apply this.

This will ensure agencies and marketers better recognise and reflect on whether their actions are conducive to the long-term interests of the brands they work for. ●

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ATTICUS ABSTRACTS

Ajinkya Pawar
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Radical Mutations for the 21st Century Brands

BRANDS AFTER GLOBALISM

In the 21st century, the cultural role of brands has fundamentally changed, says the author in an article first published on his blog truthaboutbranding.com. "In the last century, global brands were at the forefront of propagating western values of individualism, freedom to enjoy and dreams of building personal wealth, accessing ever more-exclusive lifestyles. The globalist philosophy of brands marginalised national, cultural, tribal identities and associations." Individualistic consumption shaped the global culture.

Today, with President Trump's America First ideology, with China and India seeking to regain former glories, and populism on the march, globalism is among the targets. Two walls are compared: the Berlin Wall which crumbled in November 1989; and Trump's wall, the barrier the US President promised to build along the Mexican border, during his election campaign. The fall of the Berlin Wall ushered in a new era of liberty, when new democratic freedoms were conflated with freedom to choose between brands and consumer goods. Trump's "beautiful wall" on the other hand, symbolizes a need to scapegoat someone else for aspirations that have been disappointed.

Some consumers, meanwhile are "beginning to believe that the very act of consumption is ensnaring him/her in a vicious cycle of debt, instead of setting him/her free". Now, brands need to be more cautious, abandon the old certainties, look for local context and seek true authenticity – discover "native mutations". And all while leveraging the growing power of technology. Welcome to the brave new world.

Kyle Findlay
Kantar, Cape Town
Holistic Strategies Require a Bird's Eye View: Four Tips for Using TV with Social

MAKING CONVERSATION

Turning your TV campaign into a social media conversation has become something of a holy grail for marketers as they pursue the goal of effective omnichannel marketing. This essay, which won the prestigious *Admap* Silver Award at Cannes 2017, proposes four simple tips for achieving that – and successfully amplifying the campaign.

The first may seem obvious: to treat TV as a conversation starter rather than a broadcasting medium for static messages. Effectiveness in doing this can be measured through creating "network maps" of connected Twitter users commenting on the campaign. In the more successful cases, such as UK retailer John Lewis's 2016 Christmas campaign, the map reveals a mesh of interconnections as consumers take the conversation forward and talk to each other. In less successful executions such as Budweiser's 2015 "Lost Puppy" commercial, the map has a "hub and spoke" shape as most activity simply involves re-tweeting the ad.

Advertisers need secondly, to learn to shepherd rather than control the conversation. The brand doesn't need to insert itself into every interaction, but it should be "framing, feeding and anchoring" the conversation. A third lesson is to create an ecosystem in advance, then "till the soil... if you want a healthy crop to grow". That means creating accounts and channels on different social media where your community can come to life. And finally, don't give up on the campaign too soon.

The author cites research which shows that "truly successful campaigns benefit from a second wave of sharing after the initial ad launch, and many brands do not plan for, or create, an environment conducive to this second wave emerging." Creating an effective link between social and television is a long-term process, he argues. In social media, it seems, you reap what you sow.

DIGITAL: WALKING THE TALK

Agencies in Latin America are overdue their own digital transformation, says Carlos Pezzani. What would that look like? Here, he sets the scene.

Carlos Pezzani
Grey, Buenos Aires
Not Just Doing Digital: Being Digital

> **EITHER YOU'RE DISRUPTING OR YOU'RE AT RISK OF GETTING DISRUPTED.**
> **Brian Solis**

Creative agencies in Latam keep working like they did fifty years ago. It is a baby-boomer organization that has remained untouched in its basics.

The latest re-engineering occurred around 1999 with the spin-off of the media buying companies. Other than that, we keep doing things the same way. *Mad Men* without media and with computers instead of typing machines.

Every industry has had to go through a full process of change in their business model, production model, provisioning model, logistics model, etc.

We witnessed a full re-engineering in insurance, banking, leisure and travel, software, automotive, music, and many other industries, sometimes more than once in fifty years. But clearly not in our industry.

Some people think that the advent of Digital changed advertising, and, although it has certainly shaken our industry and had the power to reshape some agencies, it cannot be considered as re-engineering. It has just been an incremental improvement in our status quo.

We've seen agencies dividing teams into clusters around the work, trying to enhance collaboration and workflow. It is also change in order not to change.

Meanwhile, in the last twenty years, our income model shifted and we no longer compete just against creative agencies. Digital agencies, boutique agencies, consultant firms, technological companies, Google, Facebook, and garage start-ups; all of them are taking their bite from our business. Traditional partners and suppliers, too, in a model called "bypassing", jump over agencies to claim their piece of the cake. And, last but not least, in a curious *déjà vu*, media buying companies started developing creative departments in-house.

On the business side, creative agencies suffer what I call a ***"Fatal Trifecta"***: we work against a **fixed budget** (usually fees, or projects), that consists in our clients paying a fixed amount for our services but we have **fixed costs** (people, expenses and infrastructure), and **scope is always variable**, either because it is not clearly stated in the contract or because there is a significant number of revisions, or services the agency delivers without control, that affect the estimated cost of the overall fee or the projects and, therefore, the margin.

> **Ad agencies have long functioned according to the traditional retainer model. Under this approach, firms charge clients a monthly fee that encompasses a set number of service hours. At a surface level, the retainer model makes sense, setting a fixed price for delivery of services. The problem with this model is that it's not functionally suited to handle the changing nature of agency work. While the retainer approach may be simple, it's not adaptable – and that presents a challenge for firms hoping to provide competitive services to prospective clients.**
>
> **In recent years, client needs – and, consequently, the nature of service delivery – have dramatically evolved. Whereas clients once signed creative agencies to deliver "big bang" campaigns, today they're looking to these same firms to deliver a more collaborative and continuous relationship. If creative firms used to be seen as outsourced project developers, today they're increasingly viewed as strategic partners. This shift is largely a function of evolving needs: instead of requesting high impact ad campaigns, clients are recruiting creative firms to help them better foster ongoing relationships with their customers.**
> **As a creative agency, your ability to deliver attention-grabbing TV ads is becoming less important than your proven results building consistent customer engagement on social platforms, through apps and at industry events.[i]**

DIGITAL TRANSFORMATION IS NO LONGER AN OPTION FOR COMPANIES BUT AN OBLIGATION TO SURVIVE IN A WORLD WHERE TECHNOLOGY HAS MADE ITS PRESENCE EVERYWHERE AND SPREAD ITS INFLUENCE IN EVERY ACTIVITY.

Starting to do Digital for their clients has been a painful process for creative agencies in Latam. Agencies strived and a few succeeded but, as of today, Digital is still a nuisance, mostly confined to adaptation of ATL to digital channels and social media. We are not providing consistent quality of service, a broad Digital offering, or truly professional Digital services. Hiring some gurus and building a Digital department around some of these new functions (of which still many executives do not know exactly what they do) has proved it is not the way forward.

And that is mainly because we brought a new discipline into an outdated industry without developing true Digital DNA.

We are just doing digital, not being digital. Digital demands a different approach starting with Strategic Planning, Creative, Client Services, Production, processes and even organizational structure and management. Creative agencies, therefore, need to start the process for digital transformation of our business right away. IDC states that organizations either will adopt digital transformation and will prosper, or won't be able to embrace the digital disciplines and will battle for survival: *"Digital transformation is no longer an option for companies but an obligation to survive in a world where technology has made its presence everywhere and spread its influence in every activity".*[ii]

We are late and, to make things worse, in five years' time, Digital will not be a differentiator anymore: *"The digitization of everything is a step change even greater than the invention and adoption of the internet, primarily because of its scale and pace of change. What we describe today as "digital," in a few years' time will have no need for the descriptive word. A "digital camera" is already a mere "camera" to those who know no different. In the same way, a "digital" strategy will become business as usual strategy. This is why it is so important to get a head start and learn while there is still time".*[iii]

From my point of view, our business should acknowledge that there is something we are not seeing. As a start: how do we think we are going to be able to thrive in the digital economy if we insist in keeping our traditional organization model, outdated technology, and legacy processes that barely let us survive?

Our income model has changed, our competitors have changed, media has changed, advertisers have changed, consumers have changed, everything in our ecosystem has already changed but us.

Amazingly, we are still able to keep doing business as usual, in an outdated fashion, although results show how revenue and operating profit are going down for almost every advertising group. Meaning: we are doing worse. Several articles written in 2017 show how advertising groups are struggling to cut costs, streamline structures, find synergy opportunities, and consolidate.[iv]

Investment in advertising is being funneled from traditional media towards digital, but doesn't grow significantly because the effectiveness of digital advertising, due to fraud and other issues, has dampened the appetites of advertisers. Hence, the cake remains the same but there are more invitees into the party. Alberto Brea, in a LinkedIn post, made a simple but precise definition of the industry and its consumers: *"If someone can pay for Hulu, Netflix, YouTube, HBO, Spotify, Twitch or a newspaper or magazine digital subscription, that will get rid of advertising, meaning we're in trouble. Consumers don't hate advertising, they hate bad experiences".*[v]

It is time to accept that our traditional business, although empowered by digital, is not sustainable in the future as it is.

Although there are substantial differences between creative agencies, depending on the country and/or the advertising network they belong to, they all share the same issues and face similar challenges. Not being digital, as I will develop further, encompasses multiple problems that do not belong to the realm of the digital world only.

Creative agencies in Latam need urgently to start the path of true digital transformation to keep pace with the changes required to outperform in advertising.

Digital transformation is not analytics with steroids; it is not just a transformation for the sake of our marketing strategy; it is a deep revolution in the business and a permanent condition with no end because it is a continuous process of change. It is not about seeking new digital answers to old business enquiries; but of asking new questions to find unexplored needs.
We can no longer survive doing the same

OBJECTIVE AND MEASURABLE RESULTS ARE ACHIEVABLE IF AGENCIES VENTURE TO CHANGE IMMEDIATELY THEIR BABY-BOOMER MINDSET, CULTURE, PROCESS AND MANAGEMENT PRINCIPLES TO START DEVELOPING TRUE DIGITAL DNA.

Digital transformation

There are several definitions for digital transformation:

- *"Digital transformation is a strategic opportunity to incorporate new technologies, but above all, new business logic in order to make the business more efficient to create new opportunities".*[vi]
- *"The investment in and development of new technologies, mindsets, and business and operational models to improve work and competitiveness and deliver new and relevant value for customers and employees in an ever-evolving digital economy".* [vii]
- *"... means changing the ways they interact with customers, partners, and suppliers, and dramatically rethinking their internal practices, behaviors, and processes to accomplish this".* [viii]
- *"Digital transformation will fundamentally change your company's mission-critical processes and operations. Done right, it changes the way your company, works, thinks and addresses challenges".* [ix]

and just adopting a digital environment. Not anymore.

Digital transformation is not just another bubble, a trend or a new theory. Acceleration of technology has extended its influence on all society and the economy. All the changes in digital behaviour and business models that rule the digital economy are well established in the market, consumers, organizations and government. There is plenty of information about digital transformation, and many articles and books were written tackling the subject, each with its own perspective and recipe for success.

I have designed a proprietary framework tailored for our advertising industry that includes five pillars: **business, people, process, technology** and **culture**. For the purpose of this manifesto, each pillar includes different digital paradigms, along with some traditional principles. Both digital paradigms and traditional principles need to be implemented urgently by creative agencies in Latam, in order to become truly digital organizations and recover competitiveness and profitability.

Each pillar tackles current missed opportunities for our creative agencies in the digital economy. This framework is a comprehensive approach. Nevertheless, not every digital paradigm may be applicable to every agency, nor they be all applied at once.

Scalability and feasibility are the concepts that rule this vision; therefore, objective and measurable results are achievable if agencies venture to change immediately their baby-boomer mindset, culture, process and management principles to start developing true digital DNA.

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DISRUPTION IN THE ERA OF BUTTON BUYING

When bots call the shots, your brand will need to stand out to achieve a place in the consumer's repertoire, argues Phil Sutcliffe.

Phil Sutcliffe
Kantar TNS, London
From Mental and Physical Availability to Mental and Physical Disruption

We are entering an era where the Internet of Things means that people will increasingly delegate buying decisions to AI-powered bots. Amazon Dash buttons already allow people to buy a range of brands, from toilet roll to instant coffee, at the push of a button. There are now more than four Amazon Dash orders placed per minute in the US, with Dash sales increasing 650% year on year to July 2016, and more than half the sales on Amazon.com for brands such as Folgers Coffee, Pepperidge Farm and Ziploc are being placed via Dash buttons.[i] Amazon Dash Replenishment takes this a step further, incorporating sensors into connected devices such as Brother printers, Oral-B electric toothbrushes and GE dishwashers to order new printer cartridges, toothbrush heads or dishwasher detergent automatically when supplies are running low.

Fig.1

UK Supermarket sales mirror conversion model predictions

In 2012, we found the main retailers to potentially gain and lose share in the supermarket category would be Waitrose and Tesco, respectively.

Waitrose
As a result of the brand's strong Power in the Mind, Kantar TNS predicted that Waitrose could potentially increase its market share by up to 4.9%.

Potential gains were evident by addressing the needs of consumers for whom Waitrose had high Power in the Mind but who were unable to shop there due to a lack of stores located conveniently near them or a perception that Waitrose was unaffordable.

Since then, Waitrose invested behind its Essentials range and Brand Price Match activity to build association on affordability. It is also embarked on its biggest period of expansion, with a total of 18 new supermarkets and eight "Little Waitrose" convenience shops.

Result: Market share for Waitrose has consistently strengthened since 2012 and now stands at an all-time high of 5.2%.*
*Kantar Worldpanel sales data

Tesco
Kantar TNS revealed that Tesco was under extreme pressure from competitors due to its Power in the Mind share being lower than the market share – and we highlighted high potential share loss.

Although Tesco held strong market factor strengths of convenience, easy to get to and affordability, it needed to build stronger Power in the Mind to win back the hearts of customers if it was to protect market share and prevent shoppers shifting more spend to other stores.

Result: Tesco had its largest year-on-year sales drop following our findings and continued to lose share – decreasing by 3.6 by end of year 2014.

Waitrose
Power in Mind
2.5%
Growth Opportunity
+4.5%

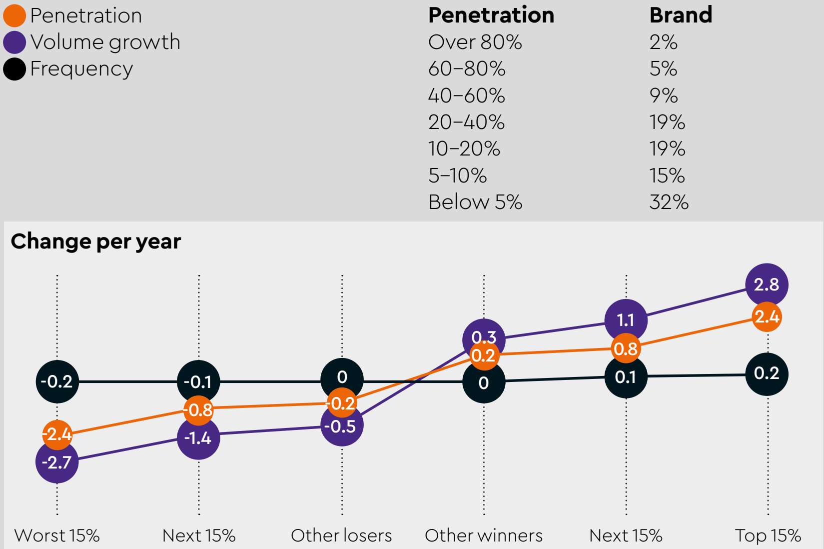
Tesco
Power in Mind
26.5%
Share risk
-8.3%

Fig.2

Penetration is the key to growth

Penetration	Brand
Over 80%	2%
60–80%	5%
40–60%	9%
20–40%	19%
10–20%	19%
5–10%	15%
Below 5%	32%

Change per year



Source: Brand Footprint 2015

Fig.3

A guide to building Mental and Physical Disruption to combat automated purchasing

Which brands are most at risk?
Brands in low-risk involvement categories where there is low consumer engagement in the purchase decision. Examples include cleaning products, laundry detergents, paper products such as toilet paper and kitchen towel, toothpaste, tea and bottled water.

Building mental disruption
- Start with a clear sense of purpose that connects with people and things in life they care about. Make sure the purpose is something that can unify people rather than strongly divide opinion.
- Ensure your brand lives it purpose – make it central to your marketing and communications activities.
- Demonstrate purpose through brand activism and community-based activities to show that the brand is sincere about making a difference.

Physical disruption
- Build strong direct-to-consumer platforms to get your brand into people's homes.
- Ensure your brand is highly visible and used as part of your brand activism activities.
- Invest in sampling to get your brand into people's hands and homes. This will be especially important for innovation in low-involvement categories.

POWER IN THE MIND MEASURES THE DEGREE TO WHICH A BRAND MEETS CONSUMER NEEDS, ENGAGES THEM EMOTIONALLY AND IS CONSIDERED MORE ATTRACTIVE THAN ALTERNATIVES.

From a consumer perspective, the attraction of such technology is clear – why waste time on shopping in a low-involvement category when my connected home devices can do it all for me? However, an obvious barrier to widespread adoption of these sensor-driven connected devices is mistrust among consumers that they will be ripped off. For example, I may be happy for my dishwasher to automatically re-order detergent for me but I don't want it to buy Finish if Fairy is on offer.

So a key enabler of the success of these connected devices will be when they move beyond single-brand choices to be programmed with AI algorithms to buy a brand from a repertoire of the consumer's acceptable choices. The choice algorithm would include price, but may also include other criteria that the consumer has specified, such as format, pack size or their degree of preference for one brand over another. Once these initial criteria have been set by the consumer, the buying decision is left to the bot, allowing it to shop around and find the best choice from within the consumer's acceptable repertoire.

What then is the role of the marketer in this world where buying decisions are delegated to algorithms embedded in connected devices? In an excellent *McKinsey Quarterly* article from January this year[ii], the authors make a strong case for how marketers will need to employ processes akin to search engine optimisation. This will effectively be about optimising your brand offer so that it presents the criteria that will best meet the requirements in the decision-making algorithm for a particular buying situation.

However, while I think this is correct, my view is that the successful marketer of the future will need to do more than just develop and deploy algorithms effectively. There will be a need for a new approach to brand building; building "mental availability" to be considered in more buying situations won't be as relevant when those buying decisions have been delegated to bots.

In this scenario, brands will need to find a way to disrupt consumers sufficiently so that they deem it worthwhile to make the effort to insert new decision criteria into the bots' consideration set. This will require a way of jolting consumers to sit up and take notice of your brand, making the brand meaningful enough to people that they move from a passive choice (via the bot) to an active brand choice. This is about moving from building mental availability to creating "mental disruption".

Is purpose enough to create mental disruption?

So how will brand marketing be able to disrupt consumers to this extent? Even today where the consumer rather than a bot makes the buying decision, I would contend that building mental availability is about more than the Byron Sharp view of salience and distinctiveness (though they are undoubtedly important). Brands also need to engage the consumer in a way that connects with them and the things in life they care about to drive mental availability.

The proof can be found in the "Power in the Mind" measure we use at Kantar TNS to understand brand affinity. Power in the Mind measures the degree to which a brand meets consumer needs, engages them emotionally and is considered more attractive than alternatives. We find that if a brand has higher Power in the Mind share than its market share, then the brand has opportunity to leverage this Power in the Mind and build share if it can strengthen on market factors such as distribution and pricing. A good example of this in recent years has been Waitrose while, conversely, Tesco has suffered due to its Power in the Mind being behind market share (Figure 1).

This need to connect with consumers emotionally and the things they care about is reflected in the importance that many businesses have attached to brand purpose in recent years. Dove has integrated its purpose of improving female self-esteem into every aspect of the brand. Unilever has stated that its brands, such as Dove, Hellmann's and Ben and Jerry's, which have integrated sustainability into their purpose and products, are collectively growing 30% faster than the rest of the business. Nike is another example of a brand that has strengthened its emotional connection with consumers through activities that make real its purpose of "bringing inspiration and innovation to every athlete in the world" such as Nike Run Club and the Nike 10k.

So will a strong sense of brand purpose be enough to create the mental disruption that will cause consumers to sit up, take notice and go to the effort of entering new consideration criteria into their connected devices' AI algorithms? I think there is going to be a requirement for brands to revisit their brand purpose and decide if the conviction behind it is sufficiently motivating enough to disrupt consumers, and whether as a brand they really deliver against it strongly enough to convince consumers to take action.

Adding brand activism to brand purpose

What this is likely to mean is that brands will need to move beyond brand purpose to brand activism. Purpose should not be vague or anodyne but will need to be cause- and conviction-led. Think of brand purpose as the change your brand wants to make in the world. Think of brand activism as how your brand lives and delivers against its purpose in a way that convinces consumers you are driving meaningful change. Only then will your brand have enough mental disruption to cause consumers to sit up, take notice and think about whether the cause resonates with them strongly enough to insert your brand into their bot's consideration set.

There are several examples of brands that have moved beyond purpose to activism. The most famous example is probably Procter & Gamble's Always and its

BRANDS ALSO NEED TO ENGAGE THE CONSUMER IN A WAY THAT CONNECTS WITH THEM AND THE THINGS IN LIFE THEY CARE ABOUT TO DRIVE MENTAL AVAILABILITY.

Only
2%
of brands reach more than
+80%
of households

#LikeAGirl campaign that sought to empower young women through turning a negative phrase into an inspiring message. Other examples include Ben & Jerry's and Patagonia. Ben & Jerry's states that "our social mission compels us to use our company in innovative ways to make the world a better place", and the brand takes an activist stand on issues ranging from democracy to climate justice, to Fairtrade. Patagonia, with its Common Threads and Worn Wear initiatives, has focused on working with consumers to help them repair, pass on or recycle their products to keep them out of landfill.

However, brand activism can bring with it the risk of polarising opinion. We live in a world, at least in the West, where there has been a massive and ongoing political shift over the past 12 months. People have become more politicised: Trump in the US, Brexit in the UK, Le Pen in France and Wilders in the Netherlands have all forced people to have a point of view. You are on one side or the other. So what does this mean for purpose-driven, activist brand strategies such as climate change or celebrating racial and religious diversity, for example? These are issues on which people are taking sides and brands need to consider whether they want to align on one side or the other or not.

The fashion brand Diesel has taken sides with an activist campaign called "Make Love Not Walls", with more than a passing nod to US President Trump's plan to build a wall separating Mexico from the States. Diesel's artistic director, Nicola Formichetti, said: "At Diesel, we have a strong position against hate and more than ever we want the world to know that." Clearly, this is a message that can be expected to appeal strongly to a young, urban, liberal demographic that is anti-Trump and anti-Brexit – but it will just as equally enrage others.

Fashion is not a category where many purchases are likely to be delegated to bots. However, in lower-involvement categories where the purchase decision will be delegated, the need for brand activism will arguably be stronger as mental disruption will be essential.

The question then becomes, how should brands pursue a more activist agenda? If brands do this in a way that is political, then they will naturally polarise. In doing so they will be rejecting the idea of going for broad reach, instead focusing on trying to build a strong relationship with a narrower target based on shared beliefs and values.

As a strategy, this may bring some growth to smaller brands but there will be limits: essentially, being polarising will result in being niche.

The importance of increasing penetration to drive growth, put forward by Sharp, has been proven many times. For example, Europanel analysis of purchasing behaviour across 16 countries, 79 categories and more than 10,000 brands demonstrated that brands grow fastest by attracting more buyers, not by getting buyers to buy more often. Kantar Worldpanel's Brand Footprint analysis (Figure 2) also clearly shows the strong relationship between penetration growth and brand volume growth.

So if brand activism is to be used to create mental disruption in a way that will drive penetration, the challenge for brands is going to be how to do so in a way that doesn't polarise in the new political climate. In doing so, brands will have to think about the causes that unite rather than divide. And they will need to deliver actions that demonstrate to people that they are really making a difference in support of the cause.

A good example of a brand whose purpose has been extended in a more activist way is OMO/Persil.[iii] The brand's purpose, expressed through its "Dirt is Good" agenda, is about how children learn and develop from playing outside. The brand campaign centred on the insight that, on average, children spend less time outside than maximum security prisoners. Taking an activist stand in support of the agenda of getting children to spend more time playing outside has led to OMO working on a range of activities. These range from building playgrounds to working with legislators and experts in different countries to encourage children to play and learn outside through initiatives such as an outdoor classroom day.

The brand seeks to get parents involved in these activities, which is a great way to spark mental disruption. For example, Persil created the Wild Explorers app, with 100 ideas to get kids outside. One of the interesting things about the OMO work is that a lot of the activism is local at a community level.

Another example of a brand doing this is the paint brand Dulux with its "Let's Colour"

SO IF BRAND ACTIVISM IS TO BE USED TO CREATE MENTAL DISRUPTION IN A WAY THAT WILL DRIVE PENETRATION, THE CHALLENGE FOR BRANDS IS GOING TO BE HOW TO DO SO IN A WAY THAT DOESN'T POLARISE IN THE NEW POLITICAL CLIMATE.

32%
of brands reach less than
5%
of households

project, which donates paint to communities to help them transform a local space with colour. In 2013, Dulux estimated it had added colour to the lives of more than 200,000 people in the UK in their schools and nurseries, community centres and sports clubs. With locally based activism, it is arguably easier to focus on bringing people together in a common cause. The results are also very clear, so making an impact is easier to demonstrate.

Physical disruption as well as mental disruption

As well as encouraging brands to take on a more activist, disruptive brand purpose, another consequence of buying decisions being delegated to bots is likely to be the re-emergence of sampling as a key marketing tactic. J. Walker Smith from Kantar Futures has described the shift to algorithms being in control as the "pivot to passive". Walker says that "the algorithm may be able to buy stuff, but it can't use it. That's where brands can have an unmediated connection with consumers."[iv]

So, in my view, this will mean moving beyond physical availability, making your brand available in as many places as possible, to also focusing on physical disruption – essentially, "forcing" your brand onto people by dropping it through their letter box (Figure 3). We can expect to see sampling being used particularly strongly for new-product innovation, where it will be even harder by brand messaging alone to disrupt the delegation of buying decisions to bots.

Direct-to-consumer models by manufacturers will also increasingly be used as a physical disruption tactic. For example, the business model Unilever purchased with its $1bn acquisition of Dollar Shave Club gives it a prime opportunity to introduce other relevant brands in its portfolio to consumers. Dollar Shave Club works via a subscription, with members being sent new razor blades for as little as $3 a month. As well as blades, consumers can now buy other shaving products – shower, hair and skin products. This direct-to-consumer channel will provide a great opportunity for Unilever to introduce brands to consumers in their own homes.

My final thought is that the shift to mental and physical disruption will also result from other prevalent trends that mean consumers are shifting to more automated purchasing. For example, the rise of ecommerce means that more purchases will come from people repurchasing a core basket of items at each buying occasion.

Bryan Gildenberg from Kantar Retail has spoken about how the shift to voice-controlled internet devices, such as Amazon's Alexa, will lead to more "renewal purchases". So marketers should start thinking now about how they will deal with the rise of these forces leading to more automated purchasing. In particular, if your brand operates in a low-involvement category, start to think about how your brand should focus on mental and physical disruption rather than just mental and physical availability.

i. Fortune.com

ii. Jean-Baptiste Coumau, Hiroto Furuhashi and Hugo Sarrazin, McKinsey Quarterly Review, January 2017

iii. Unilever taps brand activism, WARC, September 2016

iv. J. Walker Smith, "Breaking the rules: What to do now the McKinsey model is irrelevant", MMG Blog, May 2016

HOW AI WILL POWER FUTURE BRANDS

MediaCom's transformational pillars identify where artificial intelligence can be leveraged to deliver value for business. Peter Petermann and Christian Solomon explain.

Peter Petermann and Christian Solomon
MediaCom, Shanghai
Rise of the Machines

Artificial intelligence has been the subject of blockbuster movies for a long time, from Stanley Kubrick's *2001: A Space Odyssey* in 1961 to the latest installment of *Transformers*. But whereas these movies are science fiction, today's AI is fact.

In many applications, Artificial Intelligence is already actively improving our lives and making businesses more efficient across the world: whether it is Siri on your iPhone reminding you to pack an umbrella, or a booking engine finding the best price for a trip – AI is already here.

Where today's real AI differs from the movies is that it doesn't generally come in the form of a humanoid robot, or at least not yet. Essentially, AI consists of computer code and algorithms, albeit sophisticated, combined with massive computing power that allows these programs to learn.

Machine learning is both the core and the basis of all AI applications. For example, Deep Learning allows algorithms to become better and better at image and speech recognition, machine vision or natural language processing – all of which are necessary to make human/machine interaction more natural. It sits at the heart of self-driving vehicles and smart robotics because it is impossible to foresee and program all potential situations in which robots and humans might have to interact. And it is the basis for virtual agents such as Siri and Amazon Alexa, which will soon be in a position to make about 30–50% of all of our shopping decisions for us.

Whether this is a good thing is up for debate. Some of the world's most famous minds are hesitant. Nick Bostrom, Director of Oxford's University Future of Humanity Institute, eloquently asked: "Will super intelligence realize one day that the most efficient way for it to increase its intelligence is to end humanity, to make more space for bandwidth?"

And Elon Musk, possibly the world's most prominent entrepreneur, seems to agree, stating that, AI is "potentially more dangerous than nukes". Kevin Kelly, on the other hand, goes as far as saying that "AI will be the next industrial revolution and create things that we can't even dream of". He suggests that AI will be able to develop solutions to things that the human brain is simply not wired to imagine.

What they all agree on, however, is that AI will change our lives forever. Artificial Intelligence is the next major digital disruption and we need to get ready now to make the most of it.

Huge investment is fueling rapid growth of AI

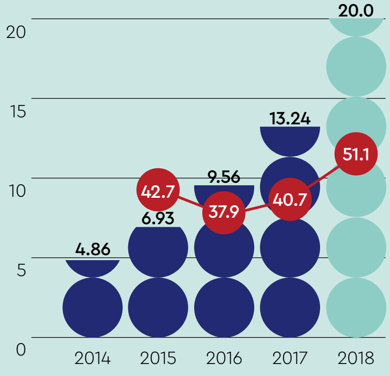
The global technology giants and fast-moving start-ups are the major drivers of investment into Artificial Intelligence.

Estimates of investment rates range from US$20bn to US$40bn for 2016. The figures are significantly higher in 2017. Baidu alone has invested more than US$3bn in the past two years and is focusing on autonomous driving, computer vision and Deep Learning.

Tencent has announced a multi-billion dollar AI Lab in Seattle, USA, and will be concentrating on natural language processing: WeChat generates millions of daily natural language discussions but writing Chinese characters on a mobile phone is approximately 40% slower than typing English text, with a word error rate of around 20% compared to 3% in English.

Fig.1

AI revenues in China 2014–2018
billions of Chinese yuan RMB and % change



Source: Analysis International Enfodesk

Thus, a natural language system that interacts through voice will be hugely beneficial to most Tencent users.

And Alibaba is progressing forward with AI for its e-Commerce business. It is focusing on predictive distribution, predictive sales, machine learning driven product suggestions and even automatic purchase. Founder Jack Ma famously predicted that in 30 years' time "the *Time* magazine cover for the best CEO of the year very likely will be a robot."

China and the US have been leading the AI race and the Chinese government has outlined a path forward for AI and is proactively sponsoring this; setting goals for investment, outlining an approach to talent and encouraging adoption across all industries by giving tax breaks to companies that invest behind AI.

So far, high tech sectors such as telecom, automotive and financial have shown the fastest adoption curves; adoption across retail, media, entertainment and CPG has been mixed; and education, health care and travel and tourism have been slow to adopt AI. But regardless of where your business sits on the adoption curve, AI can demonstrably add value to any value chain.

The AI transformational pillars: how AI adds value for brands

At MediaCom, we are convinced that AI will be transformational for brands in many ways and across all stages in the value chain. To outline the role AI can play across the value chain we have developed four Transformational Pillars for AI.

We have broken the value chain down into four steps – Plan, Create, Advertise and Engage – to indicate how we as your Content & Connections agency can leverage AI for your business.

Machines talking to machines: are you ready?

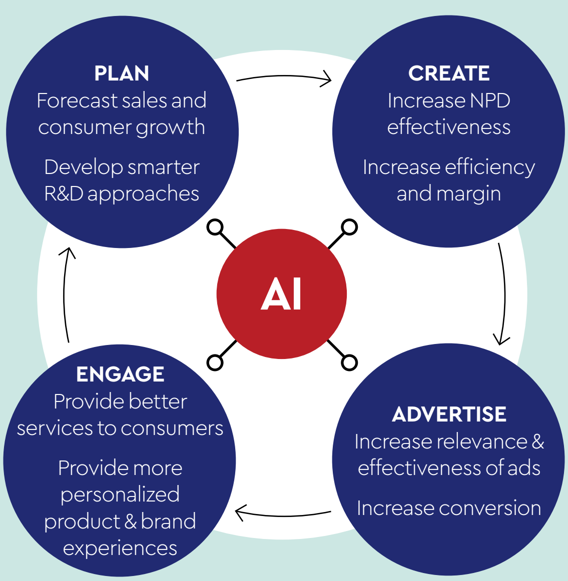
The most obvious area in which Artificial Intelligence will impact your brand is within advertising. The consumer's path to purchase has already gone through a massive transformation since the onset of e-Commerce and Big Data. Now Artificial Intelligence, particularly through the use of virtual agents, will completely disrupt the traditional concept of the consumer journey.

A study from WPP and IBM revealed that 31% of people agreed with the statement "I don't have time to consider which brand I'm

IF, DURING THE PATH TO PURCHASE, MACHINES WILL BE MAKING THE SUGGESTIONS AND BUYING DECISIONS… HOW DO WE ADVERTISE TO MACHINES?

Fig.2

How AI adds value across the chain



The AI transformational pillars: how AI adds value for brands

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buying"; and 33% said "most of the time I'm happy for someone else to make decisions for me." Virtual agents do just that: they already decide which content you see; in the very near future they will be able to do much of your shopping as well.

Tractica, a market intelligence firm, predicts that by 2021 there will be 1.8 billion people using AI-powered personal assistants; these agents will do most of your grocery shopping, book tickets and holidays, buy presents and clothes, and even suggest what kind of car you should consider. Most importantly, they will also make the payments for you. In other words, machines will take over a huge part of the "human" consumer journey. This is what we mean by "rise of the machines".

There is already a long list of such personal assistants in use; and the market is clearly going to grow. Two, in particular, are noteworthy: Mezi, a chatbot that suggests and books trips and restaurants on behalf of a user; and Shoptagr, a personal assistant shopping app that uses AI to find the most relevant products, best prices, and best places to buy products. Both help online shoppers find the best deals, while removing the need to sort through promotions or intrusive ads.

The question marketers need to answer is: "If, during the path to purchase, machines will be making the suggestions and buying decisions … how do we advertise to machines?"

Ad serving tools powered by AI are required to know how the personal assistance algorithms work, how they learn and what impacts their buying decisions in what way. To that end, we are already studying their sources of information and how they display information to the end user.

That means that we will have to adapt and learn as the personal assistant apps learn and evolve. Essentially this is similar to a super-charged version of Search Engine Optimization marketing, where advertisers need to understand what the Google or Baidu organic search results page ranking and listing algorithms are, to give their brand's website the best chance to be ranked high.

This may sound like a highly complex task given the fact that there will be literally thousands of different personal assistant applications. However, as consumer tech gets smarter so does the technology that we have at our disposal: our algorithms are getting better and better at self-learning and adapting to the algorithms of the various different virtual assistants.

NOW ARTIFICIAL INTELLIGENCE, PARTICULARLY THROUGH THE USE OF VIRTUAL AGENTS, WILL COMPLETELY DISRUPT THE TRADITIONAL CONCEPT OF THE CONSUMER JOURNEY.

With the development of our [m]PLATFORM technology suite, GroupM and MediaCom are already well ahead in leveraging AI for our clients: covering consumer analysis at the ID level, hyper targeting, meta-DSP activation, deep understanding analytics and reporting features. And as our system grows we can leverage AI across all the transformational pillars.

Beyond advertising: leveraging all four pillars

Providing personalized targeting, both for machine-to-human as well as machine-to-machine communication is only one area in which we can leverage our huge data capabilities for our clients. As a matter of fact, we can add AI value across all four pillars.

Our social listening platform, for example, helps us to analyze and determine fluctuating consumer demand based on the growing popularity of specific product categories. We can correlate what we learn in social with e-Commerce data as well as key brand metrics to accurately predict a short-term increase or decrease in sales, which helps brands to better plan their production capacities. The MediaCom e-Commerce team is officially accredited as a databank operator by Alibaba; that gives us access to a wealth of valuable e-Commerce data for brands.

Our Social, e-Commerce and Search teams are constantly collecting big data insights based on actual consumer behavior. We can apply these insights to your production and innovation pipeline in real time to make sure the products you create are always in line with current and modeled future needs of consumers. AI and deep learning can help to automate this and thus make the production process much more agile.

To make your advertising AI-powered, we can employ self-learning algorithms that reduce wastage in a fully automated way, making manual optimizations obsolete. Audience modeling, and audience targeting features, coupled with vast industry experience across performance-related approaches, help our programmatic engine to learn how to act on its own: identifying and targeting the most valuable consumers, tailoring messages and media to shoppers in real time, and pre-testing infinite numbers of test and learn placements to determine the best segments and funnels.

Additionally, adaptive pricing for e-Commerce is another AI-powered example of how we can leverage big data analysis in real time for our clients.

And lastly, personalization and customization of your total brand experience will enable you to better engage with your audience and thus increase brand loyalty. Chatbot technology that enables real-time machine-to-human conversations and a completely individual brand experience when it matters most is already in use.

Data-mining your loyalty programs and your live customer interactions will help our algorithms to learn which aspects of your loyalty programs, and which approaches, will work best for different types of consumers.

Five steps to adopting AI

We believe Artificial Intelligence will be transformational for any business. As with digital transformation, adopting AI in your company will require an investment of time and resources. But the size of the prize is well worth it.

However, leveraging AI successfully is only possible when your business and organization is set up in the right way. Your transformation into an AI-ready business will not succeed unless your organization is set up for it.

Fig.3

How AI could impact the consumer journey

PRE-PURCHASE

Ad responsiveness
Tracking responsiveness to messages & click through

Dynamic creative
Dynamic creative for 00H based on geo-profiling

Face tracking
Face tracking d-00H to analyze message responsiveness

Geo-targeting
Geo-tagging & promo messages based on past behaviour

PURCHASE

Face recognition
Computer vision to recognize individual shopers in-store

Personalized promotions
Scanning purchase behavior to recommend bundle promotions

Adaptive pricing
Adaptive pricing based on shopper behavior and competitive activity

Auto-checkout
Computer vision for auto-scan & auto-checkout

POST-PURCHASE

Delivery drones
Autonomous delivery vehicles to geo-track purchases

Purchase cycles
Monitoring usage behavior to understand purchase cycles

Forecasting demand
Tracking brand metrics for real-time demand forecasts

New product development
Monitoring consumer sentiment for real-time promo & NPD

AS WITH DIGITAL TRANSFORMATION, ADOPTING AI IN YOUR COMPANY WILL REQUIRE AN INVESTMENT OF TIME AND RESOURCES. BUT THE SIZE OF THE PRIZE IS WELL WORTH IT.

Below we have summarized our five-step AI adoption framework for your organization:

Fig.4

5-Step AI adoption framework

1. Create a clear business case for AI in your company: clear objectives, investment strategy, KPIs.
2. Build a comprehensive data ecosystem that can facilitate AI learning and application.
3. Set up the right infrastructure: you need tools & techniques but you also need a partner ecosystem.
4. Integration is key: build AI into workplace processes and optimize the human and machine interfaces.
5. Build a talent structure: re-skill your workforce to understand and use AI and integrate AI into the culture of your organization so it is accepted and welcomed.

The path forward: early readiness among advertisers

AI will have a huge and positive effect on the value chain in the coming years and brands need to prepare themselves for this.

Ultimately, brands want to be able to understand their consumers better and make them feel special. Both products and communication need to be better tailored to consumers' current and changing needs, and brands need to stay ahead of the game to ensure they remain relevant. This will become a reality through AI's hyper-understanding and hyper-targeting capability.

China has positioned itself well to drive the AI industry across the globe, with the BAT – Baidu, Alibaba, Tencent – investing huge amounts of R&D budget into the space. The China technology giants have vast amounts of consumer and e-Commerce data and massive computing power; all the elements required to fuel the growth of AI. However, challenges still lie ahead.

To truly succeed, the Chinese government will need to deliver strong support and encouragement for businesses to develop and utilize AI – but from recent official statements it sounds as though they are more than ready to deliver this. China's vision to become the world leader in AI by 2030 is clear. According to a recent article in *China Daily*, it is the government's ambition to make AI a 1 trillion yuan business by 2030.

The impact of AI will affect us all. Billions of dollars are being invested into the space and all major global technology giants have turned their attention to developing their AI offerings. It is time for agencies and brands alike to ready themselves for when the machines will have fully risen.

ATTICUS ABSTRACTS

Peter Knapp
Landor, San Francisco
Why Digital Packaging is a Huge Opportunity, and a Colossal Challenge

MORE THAN A WRAPPER

"In a world where tech can be integrated into everything – from brushes that give you a daily update on hair breakage to interactive beer bottles," says Landor's Peter Knapp, "digitally connected packaging presents both a challenge and an incredible opportunity for companies looking to integrate further into consumers' lives."

In an article first published in Packaging News, Knapp observes that the Internet of Things is becoming reality; in that context leaving your packaging as just that, packaging, is a wasted opportunity. Smart packaging becomes a way to interact with consumers. But don't use it blindly, says Knapp. Connection needs to be meaningful, in line with brand values, and not just bombarding the consumer with pointless features. You need to consider where it's legitimate to step into consumers' lives. An electronic tag appended to the bottle by Johnnie Walker, which allows customers to send personalized digital postcards and VIP invitations, access luxury lifestyle content, and download cocktail recipes, is cited as a good example. Or a coffee brand connected to your alarm clock, which tells the coffee machine to start brewing when you wake up. That's an example of how smart packaging could get past the "zero moment" and maintain a relationship after the brand has been chosen.

Digital packaging has the ability to gather consumer data, that could be used for activities such as customer targeting. As such it will be vital for brands to gain the consumer's permission, says Knapp, as well as the trust to safeguard and use data responsibly.

Gracie Page
VMLY&R, London
Chatbots: The New Subscription Box Business Model

CHATTING UP YOUR CUSTOMERS

"In 2018, bots are set to become the new hot business model," predicts author Gracie Page. "They enjoy wonderfully low barriers to entry, require minimal amounts of personal sharing in the first instance... and afford immediate presumed intimacy with the user like no other interaction model before them." This article – written for *Chatbots Magazine* – starts by pinpointing the appeal of the bot for marketers, namely that they "lower the barriers to continuous user engagement". In support of that points she quotes Facebook's VP of messaging David Marcus, with his assertion that "commerce is conversational".

What this AI spin-off facilitates are "intimate, always-on relationships" with customers, taking place through virtually the same medium that you converse with your nearest and dearest. Among the key advantages of bots, says Page, are that the conversation can be started without the consumer having to download an app – which in many cases represents a significant barrier to interaction. As such, she predicts that "clicking to launch a Facebook Messenger chat with a bot will be the biggest fashion to come to display advertising since programmatic ad serving became mainstream". Some companies – Uber, Lyft, Just East – are already launching bot alternatives to their app-based interactions; while for others going forward the business will be created around the bot. Plum and Cleo are two already doing this in the personal finance space. One final by-product of using bots is their ability to capture data through every interaction, giving the marketer a full picture of their consumer. And that deserves a big smile emoji.


WHAT'S
LOVE GOT
TO DO
WITH IT?

Marketing theorists are divided over whether getting consumers to love your brand, or simply to notice it, is more important to achieving brand growth. The truth is you need both salience and loyalty, says Josh Samuel.

Josh Samuel
Kantar Millward Brown, London
Marketing Strategies and Measurement Approaches to Build Sustainable and Profitable Brand Growth

Brand love has been a hot topic in brand building for decades. And it's a divisive topic. On one side is the concept of "Lovemarks", first publicised by Kevin Roberts, which seeks to build brands that "create loyalty beyond reason, requiring emotional connections that generate the highest levels of love and respect". On the other side, Professor Byron Sharp, author of the book *How Brands Grow*, and his associates at the Ehrenberg-Bass Institute believe seeking brand love or emotional attachment is a waste of time and does not contribute to growth. But as so often is the case, the truth lies somewhere in the middle of these two extremes. Brand growth is certainly not all about love, but building positive feeling towards brands does drive growth.

Central to the Lovemarks philosophy is the idea that if you can get people to truly love your brand, they'll buy it more often, and that increased purchase frequency will deliver market share growth.

However, the Ehrenberg-Bass Institute argues that rather than being dependent on the love of a small segment of loyal buyers, purchase frequency has a law-like relationship with the penetration of a brand (the percentage of people who buy it at all). So the more people that buy a brand, the higher the brand's average frequency of purchase will be. Therefore, the Ehrenberg-Bass Institute claims that it is extremely rare for successful brands to increase purchase frequency among current buyers without also growing penetration by recruiting new buyers.

The implication is that attempting to build a group of fanatical lovers to buy your brand at very high frequency won't deliver significant, sustainable growth. However, this does not mean that consumer feeling towards brands has no role at all in driving growth.

Brand affinity

When it comes to brand attitudes that drive growth, it's not really about true love. It's about affinity. Liking, not loving. Very few people truly love brands in the way they love their families, their dogs, or even their sports teams. But lots of people do "like" brands. Past purchase and usage behaviour certainly feed brand affinity: the more someone uses a brand, the more familiar it becomes, and usually the more they like it. Past usage isn't the only factor, however. If it were, we would expect all brands in a given category to have the same relationship between past frequency of purchase and affinity.

In fact, different brands generate very different levels of affinity per purchase – a measure of how much affinity people have towards the brands they buy, relative to how frequently they buy them. This means that brand affinity is not just an outcome of past purchase, as others have claimed.

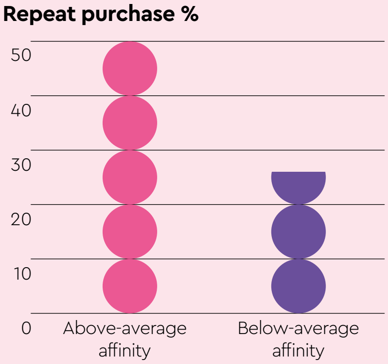
In 2015, Kantar Millward Brown and Kantar Worldpanel teamed up to explore the relationship between brand equity and purchase behaviour, by posing questions about brand attitudes, perceptions and salience, for instance, to shopper panellists for whom we have purchase data. This allows us to quantify the level of affinity consumers have for every brand they purchase. In four pilot studies, covering thirty-four brands, we found that different brands achieve vastly different levels of affinity per purchase, and this variation bears no clear relationship to brand size. This proves that attitudes cannot purely be driven by past purchase behaviour. Some brands successfully build consumer affinity much more effectively than others through a purchase cycle.

This, in itself, doesn't prove that brand affinity is important; it just shows that some brands can inspire affinity more effectively than others. But using that same data, in a category for which we have purchase data for the nine-month period prior to the survey, and nine months after the survey, we are also able to show that brand affinity predicts changes in purchase behaviour.

As illustrated in Figure 1, 50% of pre-wave brand buyers with above-average affinity for the brand repeat their purchase in the nine-month post period. This is nearly twice the repeat purchase rate of pre-wave buyers with below-average affinity, 26% of whom repeat purchase.

Fig.1

Percentage of buyers who repeat purchase in the following 9 months



Source: Combined Kantar Millward Brown survey data with 18 months of Kantar Worldpanel purchase behavioural data

WHEN IT COMES TO BRAND ATTITUDES THAT DRIVE GROWTH, IT'S NOT REALLY ABOUT TRUE LOVE. IT'S ABOUT AFFINITY. LIKING, NOT LOVING.

This result holds true even when you adjust for pre-wave purchase frequency, so we know it isn't just due to an overrepresentation of heavy buyers in the group with high brand affinity.

These two results, taken together, indicate that affinity does influence future purchase behaviour, and some brands build affinity more effectively than others, suggesting it is a reasonable strategy to try to leverage affinity to drive growth.

Brand salience

The ability to predict changes in purchase behaviour is further enhanced by combining affinity with other attitudinal survey measures. Specifically, combining affinity with consumers' evaluation of a brand as meeting their needs and being different to competitors improves the ability to predict changes in purchase behaviour. In fact, this combination of affinity, meeting needs and difference gives an overall measure of attitudinal equity that goes beyond just predicting purchase volumes. Consumers who score brands more favourably on this measure of attitudinal equity pay a higher average price for them, helping those brands to justify a price premium.

But none of this matters much if the brand is not top of mind with consumers in buying situations (salient) – which Ehrenburg-Bass and Byron Sharp would argue is all it needs to grow. We find that as salience grows, so does market share.

Figure 2 shows the relationship between market share growth and salience growth over a five-year period for thousands of brands in the BrandZ database. As can be seen, there is a clear relationship between the two, supporting the idea that salience is the key brand growth lever. However, when we split the brands into those that start the five-year period with strong scores for attitudinal equity (above the level expected given their size) versus those with average or weak scores, we clearly see the role that attitudinal equity – with brand affinity at its core – plays in accelerating the growth that comes from increased salience.

While salience may help to drive growth, brands for which consumers feel an affinity, do grow faster, because people who like a brand are more likely to try to, or actually, repurchase it, and are more likely to pay the requested price. Brand owners should therefore seek to build consumer affinity and differentiate their brands, but in doing so should target all category buyers, not just a small group of hardcore brand "lovers".

Brand enhancement

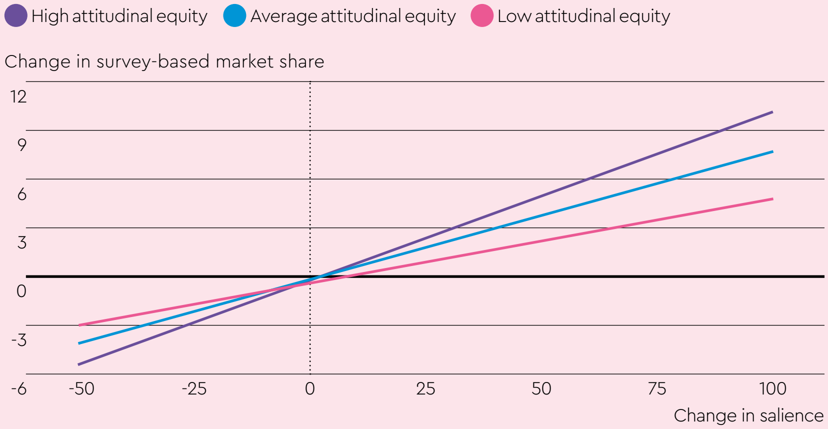
It's all very well to show that how people feel about brands drives their purchase decisions, accelerates growth and supports a price premium, but that counts for little unless the marketer can actually influence brand affinity. As discussed earlier, some brands do achieve markedly greater brand affinity per purchase than others, but not overnight. In fact, brand affinity is quite slow to change, often taking several purchase cycles to shift at all, and several years for substantive movements.

This stands to reason, because while building salience can simply be a case of reminding consumers about the brand, growing affinity means developing emotional connections and changing perceptions. It is unlikely that these changes will come only from watching an ad. Although we do see it happen on occasion, it's much more likely that the effect of advertising on brand affinity works through the "enhancement" mechanism.

Enhancement, first observed experimentally in the 1990s, is a process whereby advertising positively frames consumer expectations of the experience of using the brand. The enhancement effect is one of the few empirically supported theories of how advertising works that can explain the variation we see in how

Fig.2

Relationship between brand market share growth and salience growth



Source: BrandZ data for 2,301 brands 2012/3 compared to 2007/8

effectively different brands generate affinity per purchase, and the role that affinity plays in accelerating long-term growth.

Enhancement in advertising works by emphasising the functional benefits and/or suggesting potential higher-order benefits of using a product or service. The memories of advertising may help nudge the consumer to buy a brand next time but, more importantly, these advertising messages come to mind when the consumer next tries the product or service, framing that usage experience and cementing those strong brand perceptions to feed more strongly into the next purchase decision.

Marketing strategy

The inconvenient truth that this presents for marketers is that they can't just pick one side in the love or salience debate. Building salience and creating a brand positioning that drives affinity are both key to maximising marketing effectiveness.

The good news, though, is that there doesn't need to be a conflict between these two ideas. Sophisticated marketers are already bringing together the ideas of Byron Sharp on how to build salience, with their process for defining brand positioning. Essentially, this means defining brand positioning to act as a foundation for distinctive and engaging advertising that builds salience. Even in these cases though, there is a risk that marketers are still "taking a side", by considering their brand positioning as purely a means to grow salience, while failing to recognise that driving affinity is a desirable goal in and of itself.

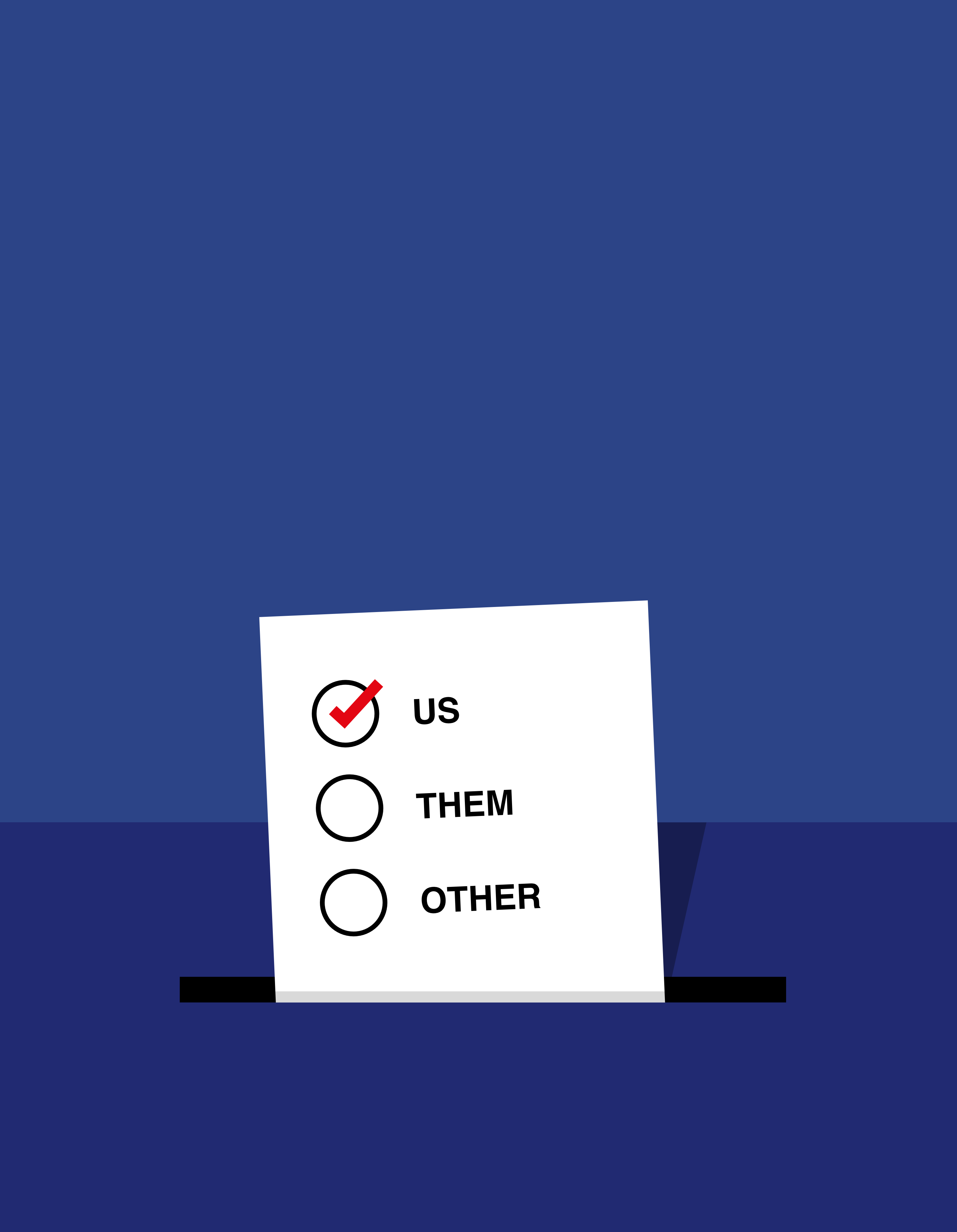
> **BUILDING SALIENCE AND CREATING A BRAND POSITIONING THAT DRIVES AFFINITY ARE BOTH KEY TO MAXIMISING MARKETING EFFECTIVENESS.**

Marketers should aspire to find a positioning that consumers feel positive about and think is different to their competitors. Only then will they also differentiate the brand and build affinity to help optimise the revenue return they get from growing salience.

Does any of this matter? If you're asking yourself whether there's any difference between a brand positioning that aims to differentiate a brand and make it more likeable, and one that can help drive salience, think of some of the most creative and effective advertising campaigns.

Would these campaigns have been effective if the only marketing goal for the brands had been salience? Would Stella Artois have put investment behind its "Reassuringly expensive" campaign of the late 1990s? Would Guinness have pursued "Good things come to those who wait", and produced the famous surfer ad? Would Red Bull have sent a mad spaceman plummeting to Earth? Would we have the long-running "Mini Adventure" campaign, and the more recent, digitally infused "Not normal" Mini campaign? In fact, would the modern incarnation of the Mini brand exist at all, if consumer affinity were not a brand objective? These great campaigns undoubtedly did make the brands more salient, but they also accelerated growth by shifting perceptions of the brands to be more meaningful to consumers.

The most effective advertising is made when marketers strive to do more than just remind consumers that their brands can be used in different circumstances. Not only does this place the brand front of mind with consumers, it also makes it just a bit more lovable to accelerate growth and support a price premium.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LESSONS FROM THE POLITICS OF UPHEAVAL

Western democracies have experienced a wave of volatility among voters, with the old certainties overtaken. Benedict Pringle and Iain Bundred explain the phenomenon – and what business leaders can learn from the new political battlefield.

PEOPLE STRAYING FROM HISTORIC ALLEGIANCES

SHORT-TERM FACTORS HAVE BIG IMPACT ON ELECTION RESULTS

RECORD TROUGHS IN TURNOUT

NEW PARTIES EMERGING AND GAINING SUDDEN POPULARITY

Benedict Pringle and Iain Bundred
The&Partnership, London; Ogilvy, London
Riding the Wave of Electoral Volatility

The symptoms of volatility

Electoral volatility came as a big surprise to most analysts and commentators, but as early as 2010 a political scientist named Peter Mair warned of a "hollowing out of western democracy" and predicted that elections would become more erratic.

Whilst shock outcomes are the obvious indicator of volatility, he pointed to four other symptoms to look out for:

1. **People straying from historic allegiances**
2. **Short-term factors having a disproportionate impact on voting intention**
3. **Record troughs in elections (not consistently low, but the lows are lower)**
4. **New parties emerging and gaining sudden popularity.**

His predictions came to glaring fruition.

The fact that people are straying from historical allegiances in the UK is clearest to see in the North of England and Scotland where large numbers of people have switched to voting Conservative. Further evidence can be found in the fact that the last two UK general elections – 2015 and 2017 – saw the largest movement of votes between the parties since 1931.

In the US, an example of a short-term factor having a disproportionate impact on voting intention can be found in the fact that FBI Director James Comey's infamous letter to Congress regarding Clinton's email saga led to Trump halving her lead in polls.

Whilst the headlines following the French elections earlier this year were about Macron's success, another surprising subplot was the incredibly low turnout at their parliamentary elections: the lowest ever at 48.7%.

And one is spoilt for choice when looking for examples of new parties emerging and gaining sudden popularity; the two most notable are arguably En Marche (founded in 2016) winning a parliamentary majority in France; and the far-right German AfD (launched in 2013) gaining 13% of seats in the German parliament.

The causes of volatility

The symptoms of volatility are showing in a myriad of ways, but what is causing it?

There are three leading hypotheses.

The first hypothesis for why people are fickler is that the things that bind people together and make them likely to vote in a certain way are changing.

In the past, if you knew where someone lived, knew what they did for work and knew how much they earned, you could be fairly confident about which way they would vote. That is no longer the case.

The top graph in Fig. 1 shows that the proportion of people voting Labour and Conservative in 2017 was roughly equal across all socio-economic grades, whilst the bottom graph shows that if you're under 50, you're more likely to vote Labour than Conservative.

It's not just age. Education, national identity and ethnicity are better predictors of which way someone will vote than income or occupation. The old class cleavages are no longer so resonant.

The second, related, hypothesis is that because the old cleavages have weakened, people feel less connected to the political parties who were founded to cater for those divisions in society.

The top graph in Fig. 2 shows the number of people saying they are "independent" is on the rise in the US.

The bottom graph in Fig. 2 shows an overall downward trend in the number of people being members of political parties in the UK.

Voters are no longer blindly following a party allegiance based on their demography.

And the final hypothesis is that distrust of politicians is making people have a Dr Pepper attitude to elections: "What's the worst that can happen?"

People don't believe politicians will be able to do what they say they will. Nor do they trust that politicians will do the "right thing", as Fig. 3 shows.

Successfully navigating the stormy waters

Using the 2017 UK general election as a case study we have developed five observations on how to run a successful election campaign in an era of unpredictability. Then we have extrapolated from them tips for business leaders whose brands are campaigning daily for election by customers.

A narrative which speaks to a state of mind not a demography

We are at the beginning of an age of identity politics. People are increasingly voting in line with the social groups that they identify with, rather than on the basis of their socio-economic status.

As a result of this, successful political parties don't position themselves on a left-right axis. Instead they look for an idea about the world which is most appealing to the widest spectrum of social groups (or "tribes" as Seth Godin termed them). The idea that has proved most successful in Western democracies thus far in the age of identity politics is "the donut": the belief that there is a small establishment elite in the hole on the inside getting all the benefits from an unfair society, and a large group of ordinary people struggling on the outside ring. This single narrative unites political leaders as diverse as Donald Trump, Bernie Sanders, Marine Le Pen, Emmanuel Macron, Jeremy Corbyn, Beppe Grillo, Nigel Farage and Jacinda Ardern. Theresa May's "donut" campaign failed because she struggled to stick to her original narrative of "defying vested interests for those "just about managing" and resorted to merely reminding people that she wasn't Jeremy Corbyn.

Corbyn stubbornly (and successfully) stuck with his message of being consistently on the side of the marginalised and, in doing so, connected with increasing numbers of social groups.

LESSON #1

Use ideas which resonate with the way in which people identify themselves – computer gamer, new mum, golfer, rebel – rather than ones which speak to a demography (time to delete that chart on Millennials).

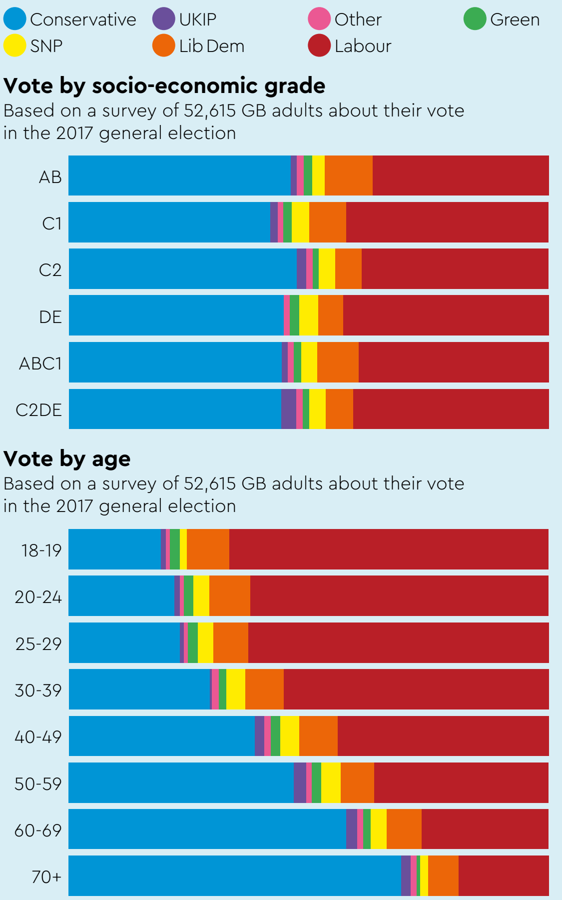
Successful campaigns are run by tight teams who can act nimbly

Elections are living, breathing things. Thousands upon thousands of brains, eyes, thoughts and desires rapidly responding to events.

To react appropriately and control the election narrative, quick decision-making is paramount. The 2017 general election

Fig.1

The things that bind people together are changing



Source: YouGov June 9-13, 2017

was Corbyn's third national election campaign in three years, having competed in Labour leadership elections in both '15 and '16.

That means it was the third time his team had campaigned together. It was their third time running a series of major rallies at locations across the country. And it was their third successful attempt at expanding the electorate to include new voters.

Thanks to the persistent internal challenges of the Labour right, Team Corbyn had gelled and was able to make quick decisions and act nimbly in response to events.

LESSON #2

Stability in your team can help deal with volatility effectively. A hastily assembled team, or one with high levels of churn, is unlikely to move as quickly as one that has had time to gel. And the leadership needs to be intimately involved.

Use a range of voices to advocate on your behalf

A lot has been written about how Labour ran a very positive campaign. And that is true, to an extent. Labour did paint an optimistic picture of the future.

But they were able to do so as they had an army of supporters who did their dirty work for them. There are groups registered with the Electoral Commission as "non-party campaign groups". These are groups who are able to raise and spend up to £400,000.

30 of 54 non-party campaigns were anti-Conservative.

Only one was pro-Conservative. Others were either non-party aligned, single-issue-focused or an individual. Groups like Unite the Union and Momentum did all Labour's dirty work for them. This is very similar to what happens in the USA where outside groups run attacks so that candidates can remain untainted.

As well as having a huge range of advocacy groups raining down attacks on the Tories, Labour used influencers well.

The #grimeforcorbyn movement was a clever tactic for making Corbyn seem relevant to hipsters and young people (or "tastemakers") and helped make Theresa May and the Conservatives seem even more unconnected culturally.

LESSON #3

The internet is a big place with a long tail of "tribes"; to appeal to enough people, you need a wide range of influential people in your corner. Having a clear enemy helps to bond your advocates, something challenger brands are already successfully doing; your antagonist doesn't need to be a competitor, it could be something like "bad customer service" or "boring flavours".

Fig.2

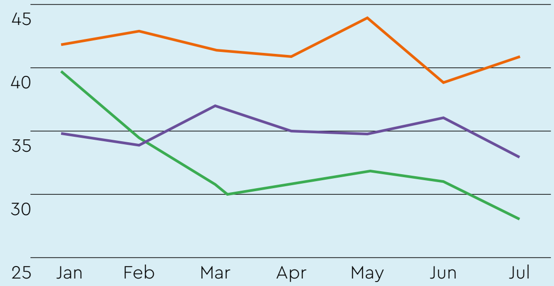
Decline in affiliation to political parties

2004 2008 2012

United States of Apartisans

Do you consider yourself a Republican, a Democrat or an independent?

% saying independent

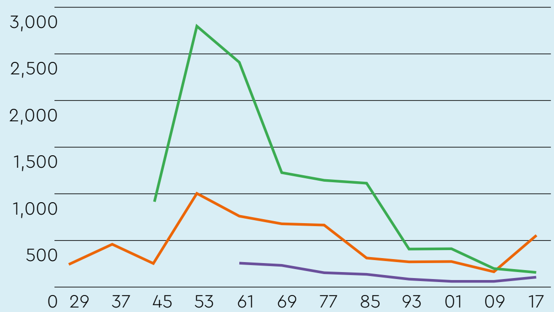


Source: Gallup

Conservative Liberal Democrat Labour

Membership of the Conservative, Labour and Liberal Democrat* party 1929-2017

Membership, thousands



Notes: *Including predecessor parties.
Labour party membership figures for 2015 and 2015 include party members and affiliated supporters, but exclude registered supporters.

Execute for the channel and the tribe

At this election, we saw two distinct philosophies as to how best deliver a message to the electorate. The Conservatives had a single unifying idea – "strong and stable leadership provided by Theresa May" – and executed it using a bank of centrally produced assets that were consistent and uniform.

Labour's campaign also had a single unifying idea – for the many, not for the few – but the executions were hugely varied and the most powerful ads were not by campaign HQ. The varied nature of the execution meant that it was more likely to appeal to the various different tribes that exist online.

And it turns out that having an idea that the official campaign can execute effectively is no longer enough, it needs to be able to inspire other groups to take it and run with it.

LESSON #4

Ideas need to be springboards that a wide range of organisations can easily adopt. Media owners, influencers, regional markets, stakeholders and brand fans need to be able to take ideas and run with them. "Matching luggage" also feels increasingly outdated; making your idea work as well as possible for a given segment and channel is more important than making it look like other executions in the same campaign.

Paid media is now a hygiene factor and earned media matters more

In 2015 the Conservative Party outspent Labour seven-fold on social media advertising and spent 50 times more than the Lib Dems.

That wasn't purely because of different campaign budgets, it was because of resource allocation decisions. In 2017, that discrepancy in digital media spend will likely prove to be much smaller. Micro targeting using Facebook media buys is now a hygiene factor in election campaigns. The main difference in media share was the quality and quantity of earned coverage generated by Corbyn's team vs. that of May's.

On the campaign trail, Theresa May was widely criticised for avoiding the public, a criticism many Prime Ministers before her have faced in general election campaigns. She spoke at carefully managed events with small invitation-only audiences; a tactic that frustrated the journalists that accompanied them. This fact, combined with lacklustre media performances, meant that her earned media share was lower and more negative in tone than the Conservatives would have hoped for at the outset of a campaign, when her personal brand and media support were very high. By contrast, Corbyn made himself seem to be completely available to the public. He spoke at large rallies. He gave journalists things to write about by taking daring decisions, such as turning up at the TV debates unexpectedly. This produced better pictures and more engaging stories for the media.

More regular coverage of Corbyn led to a sense amongst the public that his previous portrayal in the media was unfair and his approval ratings improved as a consequence. Theresa May was fortunate in the fact that she received unwavering support from the majority of print media outlets, but she struggled to thrive online. Her dominance in the mainstream media was neutered by highly opinionated, pro-Labour online publications that reached similar sized audiences as most national news brands; according to analysis by Buzzfeed, 23 of the top 25 most shared articles had a pro-Labour stance or were about traditionally strong left-wing issues and there was not a single pro-Conservative article in the top 25.

LESSON #5

Share of voice is still an important metric and you can't afford to let your opponents outspend you in paid media. But it's possible to gain competitive advantage by engaging with emerging online content giants that may be more sympathetic to your cause than some of the traditional mainstream media.

Summary

Many traditional politicians have been badly bruised and beaten during recent times. They have been trounced in the polls by a new breed of leaders often rated as rank outsiders by the pundits.

These winners have sensed the breakdown in tribal loyalties and the opportunity this has created for non-demographic appeals. These challengers had new narratives, tight, nimble teams, clear enemies, empowered activists, and innovative new media management.

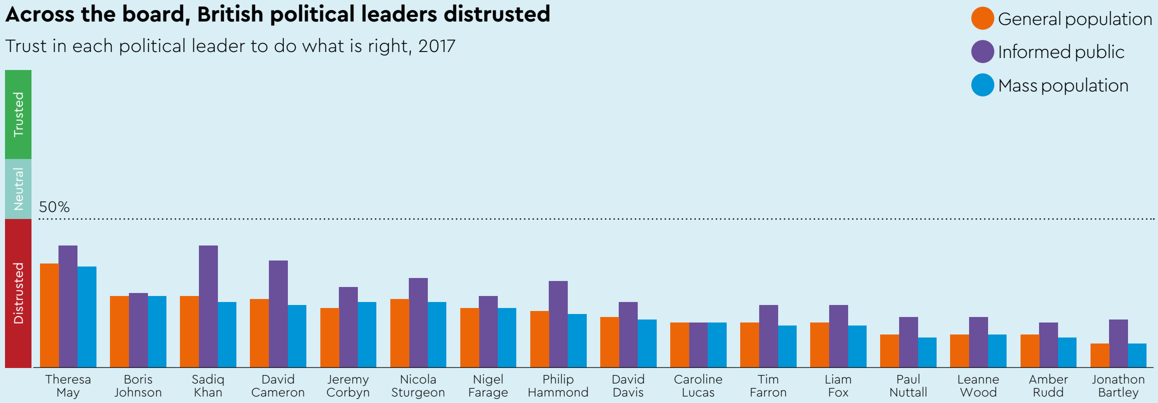
Brands face re-election every day – could yours benefit from some of this outsider thinking?

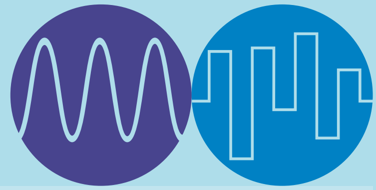
Fig.3

Lower trust in politicians translates into experimenting more freely

Across the board, British political leaders distrusted

Trust in each political leader to do what is right, 2017





Jane Ostler
Kantar, London
Join up the Blurred Lines Between Digital and Analogue Media

MAKING DIGITAL WORK FOR BRANDS

As "digital" segues into becoming just "media", media planning has to adapt to find new models that support the growth of brands, rather than simply providing instant click gratification. This *Admap* article dispenses wisdom on a range of questions that marketers and their agencies are faced with, concluding that the two must share common understandings about the approach to be taken. Specifically, it argues that you have to strike a balance between high reach and targeted media, if you want to be successful in the long term.

Digital proffers a toolbox that still looks exciting to marketers but risks distracting them from what is most important. As the writer puts it: "The ability to monitor clicks, track behavioural data and correlate with sales makes the lure of the short-term immediate highly seductive. This slurry hose of data gives marketers an illusion of control. Look! Numbers! Loads of percentages! Better than last time!" The risk is that marketers are seduced by the lure of instant clicks to the detriment of building brand equity. In the digital-dominated landscape going forward, it will still be important to recognise the role different media play in that process. TV, for example, is strongest on awareness, while online video scores highly on driving motivation. And the issue of salience vs loyalty is touched upon, with the recognition that "what can encourage a seemingly positive short-term response for some brands could also damage future growth prospects from a broader audience".

The format of communications is also significant in delivering brand-building objectives. Gen Z, for example, is averse to advertising and demands to be spoken to in a different way by brands. Shorter formats and branded events are two options for getting through to this group. The stakes are high: while the most effective campaigns deliver an average uplift of 9.6% across key brand metrics, the least effective have a negative impact. A health warning should be issued: "A badly conceived and executed digital campaign can make people think negatively about your brand." ●

BUILDING A DATA MENTALITY

MORE SOPHISTICATED DATA-DRIVEN ORGANIZATIONS THRIVE ON THE "DEMOCRATIZATION" OF DATA. DATA ISN'T JUST THE PROPERTY OF AN ANALYTICS GROUP OR SENIOR MANAGEMENT.

DJ Patil, former US Chief Data Scientist and Head of Data Products at LinkedIn

How does a market research company develop true data science capabilities? Kyle Findlay outlines the key decisions that have to be taken along the way.

Kyle Findlay
Kantar, Cape Town
The Agony and Ecstasy of Teaching an Old Dog New Tricks: From Research Agency to Tech Company

Market researchers know data. We've been trading in data longer than almost anyone else. It is our lifeblood. However, a side effect of this prolonged exposure is the manifestation of a unique paradigm around how we approach data, and we have become set in our ways.

The new world of data necessitates a shift from statistics and marketing science to *data science*. What does this shift involve? It involves many things, but first and foremost is a more technically proficient approach to data.

Rather than using off-the-shelf tools like SPSS and SAS, we need to embrace open-source tools such as R and Python which:

- evolve much faster, giving researchers access to the latest thinking as soon as it is published (innovation used to be possible through survey design; now it requires coding abilities);
- plug into the wider technology ecosystem outside of our industry's borders, allowing anything that is created in these languages to scale quickly using modern web technology.

Given these changes in the way we need to operate in a data-rich, technology-driven ecosystem, let's take a brief tour through some of the ways in which our mindsets need to change.

Data science vs. stats and marketing science

While many traditional researchers have rebranded themselves as data scientists, it takes more than a background in statistics or some exposure to SQL databases to call yourself a data scientist. Chief amongst these differences are:

- getting one's hands dirty with code for manipulating data, such as via R or Python;
- staying up to date with the latest methodologies, which requires embracing the world of open source software where new methodologies are first introduced and shared;
- having a broader exposure to the full data pipeline, including data acquisition, manipulation, processing and scaling through deployment via cloud infrastructure, web applications and continuous integration. In time, the distinction between marketing scientist and data scientist will disappear as marketing scientists leverage the same tools to do their jobs.

Ad hoc vs. repeatable at scale

One of the biggest differences between what marketing scientists and data scientists do is working on ad hoc projects versus focusing on solutions that are repeatable at scale. Multiple types of data scientists emerge in organisations including those that work on ad hoc client engagements and those that work on the tools that others in the organisation use. This second breed "democratises" access to tools and methodologies.

DJ Patil (2011), former U.S. Chief Data Scientist and Head of Data Products at LinkedIn, describes the need for democratising access to data as follows: *"More sophisticated data-driven organizations thrive on the "democratization" of data. Data isn't just the property of an analytics group or senior management. Everyone should have access to as much data as legally possible."*

From a traditional market research perspective though, democratising access to data and methodologies is seldom a priority. Instead, marketing scientists and statisticians are often incorporated into specific projects as specialists. They work on specific client projects and their time is charged at a premium.

In contrast, data scientists, while still potentially concerned with client work, are also concerned with creating a solution that, once working, can be scaled and used in a repeatable way by others within the organisation. No data scientist would be happy starting a new client engagement from scratch, doing the same things that they have done in the past. Instead, they seek to build on what has already been done; anything less is inefficient and a waste of their time. In addition, they will look at ways of deploying what they have already created to make it usable and accessible by others within the organisation.

This is not necessarily done out of altruism. It is done to free themselves of the drudge work that comes from repeatable – and thus redundant – tasks so that they can continue to build the new and the better.

Monolithic vs. agile

Gone are the multi-year development cycles where a centralised team creates platforms, tools and methodologies that are rock solid and support all use cases. We just don't have the time for such approaches in the fast-moving worlds of data and technology. Indeed, one might argue that such a monolithic approach is inefficient anyway (there's an entire world of discussion around agile development that we won't get into here either).

Instead, it's important to adopt an approach where proof of concepts are transformed into minimum viable products (MVP) quickly so that they can be put into the hands of users as soon as possible in order to co-create a lean, fit-for-purpose product as efficiently as possible (or discover that what you are creating doesn't work and quickly move on).

The agile, MVP approach has allowed our team to prototype tools that have quickly gained traction. For example, our Tugboat tool started life as an after hours hacking project. It now gives everyone in the organisation access to some basic level of social media data. The tool currently has over 1,400 registered users and has played a central role in upskilling our teams in the use and value of social media data, better informing them about when they need to move on to more formal sources of social media data and analyses derived there-from.

Centralised vs. decentralized

There is an ongoing debate as to whether it makes more sense to centralise the data function or to embed it within disparate parts of the organisation. LinkedIn has decentralised the function by embedding data scientists within broader teams while AirBnB has centralised their data science team (Novet, 2014). In the case of our company, it is a conglomerate of individual organisations, thus we find many teams with similar skills dotted around the world and the need for a common "language" (i.e. standards and protocols) for collaborating with each other.

With a shift from monolithic to agile development, comes a shift away from centralised control of functions such as operations and development towards a greater variety of players in an organisation. This shift comes about as more teams become technologically advanced through data science experience and thus capable of building their own tools.

Decentralisation means that organisation ecosystems evolve from fragile networks controlled by a single node towards a resilient network of collectives, all speaking the same language at the hand-over, or "handshake", points where their systems need to interact to share data.

Outside of the need for standardisation at key points in the process though, teams need the flexibility to use the best tools for the job given their abilities and experience. Importantly, this flexibility needs to exist within the context of the organisation's technical standards and constraints set out by the operations function.

Ops vs. dev ops

A move towards decentralisation changes the fundamental nature of the operations function (or at least an important part of their function). They move from being primary platform managers and creators towards being mediators and facilitators. Rather than being the only team focusing on platform development and scaling, they need to recognise which parts of the technology stack they are good at handling and empower technical teams (developers, data scientists, etc.) to focus on the parts that those teams are good at working with. This requires a mixture of development and operations, or "dev ops".

DJ Patil (2011) emphasises that modern "data products" introduce new data challenges and that operations need work as an integral co-creator in data initiatives: *"...data products present entirely different stresses on a network and storage infrastructure than traditional sites. They capture much more data: petabytes and even exabytes. They deliver results that mash up data from many sources, some internal, some not. You're unlikely to create a data product that is reliable and that performs reasonably well if the product team doesn't incorporate operations from the start. This isn't a simple matter of pushing the prototype from your laptop to a server farm."*

Ops should focus on greasing the technical wheels to keep things running smoothly through the right mix of *low level standardisation to provide higher order flexibility*. They need to ensure: that systems can talk to each other (e.g. via effective APIs, data schemas, micro-services, etc.); that teams can effectively communicate and collaborate with each other (e.g. Git, VSTS, Slack, MS Teams, etc.); that teams have the environment necessary to explore, test and deploy (cloud sandboxes, sandbox licenses to third party APIs, CI pipelines, etc.)

Silos vs. cross-disciplinary collaboration

Closely related to the issues of centralisation and the changing role of Ops is the tension between working in silos versus across the organisation. The Royal Statistical Society (2017) at least partly attributes this tension to the following: "The cross-functional nature of [data science] becomes apparent when organisations think about where in their structure to put their new team of [data scientists] and how to manage them. For example, should [data science] sit in an IT function or within the main business functions? [Data science's] emphasis on the meaning of data makes them like analysts, but they tend to work more like software developers in building code to be run in production."

THE NEW WORLD OF DATA NECESSITATES A SHIFT FROM STATISTICS AND MARKETING SCIENCE TO DATA SCIENCE.

> **WE DECIDED TO USE AN OPEN SOURCE BASED PLATFORM SO WE CAN PARTICIPATE IN THE DEVELOPMENT AND CONTRIBUTE TO THE FEATURES AND CONCEPTS WE NEED...**
>
> Roger Meier, Siemens' Social Coding Platform

At the heart of the tension created by new breeds of data and technology teams is the anxiety induced by ceding some measure of control, especially if ceding said control could come back to haunt Ops. However, recognising that no one business function has all the answers, nor a monopoly on technology (as previously used to be the case), is a crucial step in dealing with the complexity of the present and the future.

And, as already mentioned, the shift is not so much one of ceding control as of shifting the *locus of control* away from rigid, monolithic processes, towards low levels standards that allow for the flowering of data methods and use cases. Teams need to coalesce around specific solutions from multiple business functions to get things done in a scalable, repeatable way.

Outscourcing vs. building yourself

A perennial issue in our industry (and many others) is whether to build capabilities ourselves or outsource to others and "focus on our core business". The belief that it is better to outsource anything "technical" is at the center of why we do not consider ourselves technology companies (obviously, this belief is not evenly spread and so I am making a sweeping generalisation here for the sake of argument).

All things technology-related tend to get farmed out to other entities, whether it is data management, platform development, advanced analytics or similar areas. In doing so, we've managed to dis-intermediate ourselves from most parts of the data and insight ecosystem except for those that relate directly to surveys... and we all know what happens to the middle man when technological innovation comes along – just ask the post office or music stores (if you can still find one).

Our industry's relative aversion to all things technological is untenable as business is technology. It is not possible to operate in the modern world without leveraging technology; and, those that mould technology to suit their needs, rather than waiting for others to do it for them, have an inherent advantage.

Off-the-shelf vs. open source

We've already argued that it makes sense to build things yourself in many cases but how should you go about doing that? Should you be leveraging only open source software, the benefit of which is that it's often free and up-to-date with the latest innovations; the potential pitfalls of which include its lack of support (although it is possible to get enterprise-level support for many open source projects)?

Roger Meier from Siemens' Social Coding Platform describes the benefits of using open source software as being their ability to tap into, and contribute to, advances in the broader technology ecosystem: *"We decided to use an Open Source based platform so we can participate in the development and contribute to the features and concepts we need such as file size statistics, OpenID Connect, GPG, and Docker Registry."*

Many large companies successfully leverage open source projects such as Jupyter Notebook for code sharing (including Google, Microsoft, IBM and Bloomberg) and GitLab for code collaboration and continuous integration (including Sony, NASA, Bayer, Nasdaq, Comcast).

On the other end of the spectrum, a big player like Microsoft offers a full end-to-end technology platform between its Office 365 packages (which include collaboration, dashboarding and other solutions), Visual Studio Team Services (for code management and continuous integration) and Azure cloud platform (for hosting, machine learning and more).

Similarly, once bought into Amazon's or Googles' cloud platforms, there is often no need to ever look outside of them.

In terms of machine learning and AI, IBM is making a big play with their Watson platform and most cloud platforms offer similar services. This doesn't even include more specialised players that focus on text, image, video or audio/voice processing nor data integration, data visualisation, and so on.

There is a case to be made for all of these suppliers. The important thing to remember is that whatever they offer needs to plug into your plumbing (such as via API). Using them as standalone solutions more often than not introduces friction to the data pipeline as previously discussed, ensuring that they do not land within your organisation. ●

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WELCOME TO THE INTERNET OF VALUE

Blockchain has the potential to revolutionise the way we do transactions and build brands. Laura Masse introduces the technology and some key areas of application.

Laura Masse
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UNBLOCKED: The Power of Blockchain Technology to Establish Trust, Build Brands & Transform Business

Blockchain technology and its most prominent application, the digital currency Bitcoin, were introduced in 2009 when cryptographer and computer scientist Satoshi Nakamoto published technical protocols that enable peer-to-peer transfer of digital assets. As the internet allows us to digitally transfer information, so the blockchain allows us to digitally transfer items of worth. Some have christened it "The Internet of Value".[i]

At its most basic, the blockchain is a decentralized digital ledger. The protocols that govern it guarantee security, transparency, authenticity, and credibility. Trust is built into this "machine".

Satoshi Nakamoto Solves the Problem of Double Spending

The internet allows us to share documents, video, and photos but not items of value. When a document is shared over the internet it is a copy; the originator retains the original. Obviously, this won't work with money because if I owe you ten dollars it's really important that the ten dollars transfers from me to you and that I don't have the ten dollars to send to someone else. That would be a "double spend". Through the internet we have been able to transfer value only through middlemen who verify possession of funds and clear transactions for a fee (PayPal, Visa, Western Union). Through blockchain technology, Satoshi Nakamoto solved the problem of double spending with decentralized verification protocols.

Here's how it works

Encrypted transactions are initiated and accepted peer to peer. There is no financial middleman or bank that establishes trust between the parties. Instead, trust is established through the decentralized distributed ledger that is visible to anyone within the network.

When a transaction is initiated, this worldwide network of computers races to validate the transaction by solving complex algorithms. When the network reaches consensus that the digital ledger reflects that the transferring party actually has the asset to transfer, the transaction is validated and executed. And the digital ledger is updated, simultaneously, across the network. Anyone with the necessary computer power can participate in the verification process (through becoming a network "node").

The network is able to validate, timestamp and clear a transaction instantly, because that activity happens immediately within the digital ledger itself, not between institutions. After the transaction is cleared, the network cryptographically links it to the prior transaction and publishes them in blocks. Each block is linked to the previous block, and so an immutable chain is established. (Hence, the name blockchain technology.) No information in a block can be altered without changing all of the blocks prior to it, making it virtually impossible to hack.

The protocols of blockchain technology ensure immutable trust. Security is guaranteed through encrypted transactions that are pseudonymous and sealed into blocks. Transparency is ensured through the open, public decentralized ledger that anyone can view. Authenticity and credibility are established through a permanent, unalterable record of events.

Security

It's counter-intuitive to think that a decentralized, distributed ledger is more secure than one tightly controlled by one entity in one place.

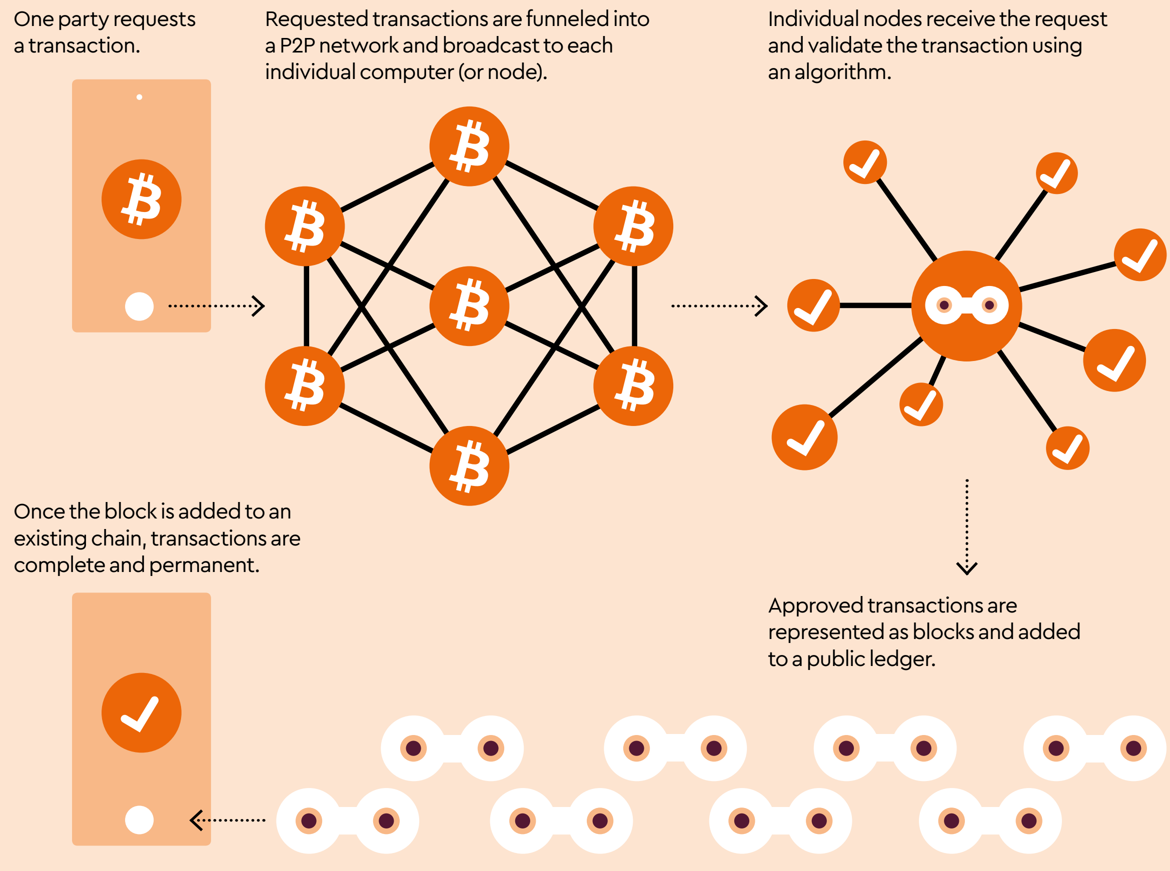
However, a centralized institution is actually more vulnerable to hacking because a perpetrator need only creep into one main system, as we have so alarmingly learned with the hacking of VISA, JPMorgan Chase, Target and others. A single point of control is also a single point of failure that can expose companies and their customers to disastrous security breaches.

Distributing the blockchain digital ledger across tens of thousands of anonymous participating nodes protects the data. It's impossible to hack all of the nodes at one time. And if any one node is attacked, the intrusion can be detected by other nodes, and the activity associated with the attack invalidated.

The Blockchain Ecosystem

There are two basic types of blockchains: public and private. A public blockchain is just that: open to everyone and anyone who wants to transact and/or verify as part of the network. It is permissionless, meaning there are no barriers to participation. A private blockchain is one that is restricted within a company or limited to a group of co-operating companies. It is permissioned as one needs credentials to participate. There are many public and private blockchains acting simultaneously and independently of each other.

How does Blockchain work?



So why does it matter?

There are an estimated 2.5 billion people in the world who are "unbanked", living entirely outside financial institutions, without bank accounts, credit lines, documented assets or financial instruments of any kind. Established financial institutions do not have financial incentive to make services available to populations with very little cash. Without access to finance, billions of people are limited in the ways they can start small businesses, increase their standard of living and contribute to the overall global economy.

The creation of an open, modern, integrated, peer-to-peer, global economy based on a decentralized, distributed blockchain ledger has the power to change that. For developing countries, inclusion in the global economy is the first step to better and more robust economic development, better healthcare, and better education. Integration into this economy via blockchain technology requires only a cellphone and a connection to the internet.

A word about "nodes" and "miners"

As noted, anyone with the requisite computer processing power can establish a "node" on the worldwide network that validates transactions on the distributed ledger. People that run nodes are called "miners". Each time a miner solves the complex math problems necessary to authenticate an entire block of transactions, the miner is rewarded with a newly-minted, pre-determined amount of Bitcoin. This Bitcoin reward is important. It acts as an incentive for miners to contribute their considerable computing power and energy to validate transactions. It is the distributed authority of miners to validate transactions that sustains the self-governing nature of the public decentralized ledger.

Right now, a miner's reward for authenticating an entire block of transactions is 12.5 Bitcoin per block, or about $33,000. Not bad. But it takes a lot of expensive computing power and energy to support a mining operation. The majority of miners are actually big companies with acres of data centers – not guys operating out of their basements.

BLOCKCHAIN TECHNOLOGY REPRESENTS AN OPPORTUNITY TO REWRITE THE ECONOMIC POWER GRID AND OLD ORDER OF THINGS TO SOLVE SOME OF THE WORLD'S MOST DIFFICULT PROBLEMS.[i]
Don Tapscott, *The Blockchain Revolution*

Local economies worldwide will retain the benefits of their labor

The largest flow of capital from the developed world to the developing world is not foreign aid or corporate investment. It's the $600 billion sent home by emigrants in the form of remittances. Currently that transfer of fiat currency goes though a middleman, be it a bank or Western Union, charging anywhere from 5% to 25% in remittance fees depending on where in the world the money is being sent. And it takes several days to clear. Imagine if that transfer were instant. Imagine if it were peer-to-peer, with no middleman fees. Goldman Sachs estimates that $100 billion annually could be saved and plowed back into local economies.

Societies worldwide will be served by more efficient governments

A significant number of governments around the world are applying blockchain technology to solve their most pressing problems.

In Estonia, to combat healthcare fraud, the government has adopted blockchain technology to secure one million health records, accelerating transparency and auditability.[ii]

The UK government's Department of Work and Pensions is partnering with Barclays to use the blockchain to distribute welfare payments, significantly reducing waste and fraud.[iii]

The Republic of Georgia is piloting a blockchain land-titling project. An estimated 70% of people around the world who own land have tenuous title to it. Without a valid title, the land can't be borrowed against or sold. Documenting ownership of land, registering it as a verifiable asset on the blockchain, opens up new value for the owners.[iv]

On a personal level

The impact of blockchain technology will be significant for individuals in countless ways. It will change not only the way we transact, but also the way we manage our privacy, create new value, and the way we participate in self-governance.

Recapture our identities… and maybe make some money

Every day, we reveal personal information and display behaviors online, through transactions and surfing, which add up to a virtual ID that others monetize. For instance, Facebook sells advertisers the ability to target their ads to you based on the demographic and psychographic information Facebook has compiled about you. Facebook made $26 billion dollars in advertising revenue in 2016. How much did you make from giving those ads your time and attention?

Blockchain technology enables a "black box" virtual identity that consumers can control. The only personal information revealed is the minimum needed for any transaction. And no data or behavior is accumulated or stored.

A consumer could choose, however, to disclose parts of their identity to companies in return for specific benefits. Imagine electing to reveal your demographics and preferences directly to a brand or company and having them pay you for your attention to their ads.

Ensure compensation for those who create value

It seems fair that people who create value be compensated for it. Think of artists, writers and musicians and the contributions they make to individuals and society. Now think of the way their content is distributed through middlemen taking fees.

Imagine they could sell peer-to-peer and realize full compensation for the value they create. And imagine they could participate in the lifetime value of their work.

Let's say an artist sells a painting for $1,000. Over time, the artist becomes more popular and the buyer of that painting sells it to someone else for $50,000. The artist has created real value over time but realizes only the initial $1,000. Through blockchain technology and smart contracts, a pre-determined percentage could be attributed to the artist each time the work is sold.

So, blockchain technology enables those who create value to not only control the conditions under which their work is accessed and sold but to realize fair compensation for it over time.

Secure democracy

Trust is an issue in the political realm. Blockchain technology enables transparent, immutable records that can increase levels of trust in government.

Jamie Smith, CCO of BitFury Group, says, "Imagine an election where citizens can vote with their phones from the factory floor, where campaign finance disclosures are immediate and transparent, and where polling data is verifiably accurate, secure and easier than ever to share."

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iii. Das, Samburaj. "UK Trials Blockchain-Based Social Welfare Payments." Cryptocoinnews.com. 7 Jul 2016

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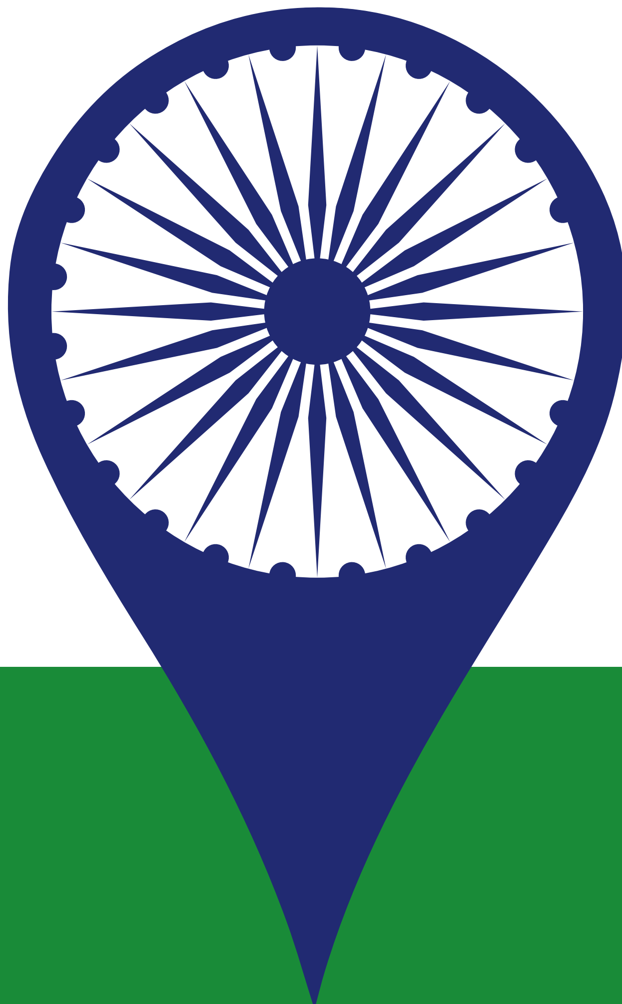


WINDS OF CHANGE

Rural India is transforming fast, adopting technology and defying stereotypes, say Vaidehi Uberoi, Kunal Sinha and Soumick Nag. Here are five of the strategies brands can adopt to leverage these winds of change.

Vaidehi Uberoi, Kunal Sinha and Soumick Nag
Kantar IMRB, New Delhi and Mumbai
Revenge of the Walking Scarecrow: Seizing the Winds of Change in Rural India

1

Get out there and meet the locals

For a long time, marketers balked at the idea and cost of bringing far-flung villages into the mainstream market. Technology is changing very quickly, as villagers adopt mobile telephony and start accessing the Internet at a fast pace.

In 2009 Google launched the Internet Bus initiative, which involved travelling across villages to introduce illiterate and unreached rural residents to the potential that the Internet could bring. It functioned like a free, mobile cybercafé, run in association with the state-owned Internet service provider BSNL. Quite like the travelling fairs, which still criss-cross the countryside, the gleaming white bus trundled along the roads of small towns and villages, stopping at each location for a few days and inviting locals to try out the computers and go online. For many, it would be their first time ever.

Over several months, the bus covered 43,000 kilometers, passed through 120 towns in 11 states and reached out to 1.6 million people. More than 100,000 of these folks signed up for BSNL's Internet connection. In return, Google gained deep understanding of their needs and began developing products for the immense local, rural market. According to a Google representative, rural India is the perfect testbed for new users, offering linguistic diversity, a wide range of incomes and literacy, infrastructure challenges and application needs.

Earlier this year, Google began offering translation services in 11 Indian languages. That's an impressive 50% of the 22 official languages used in the country!

2

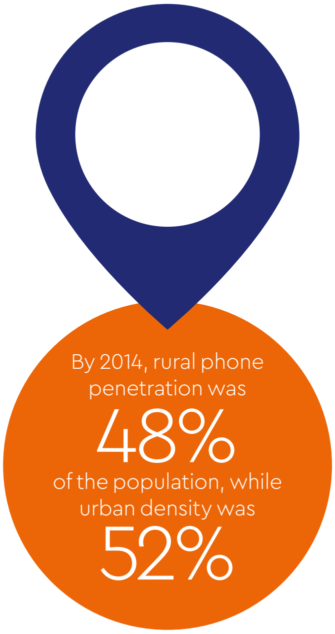
Partner with key local influencers

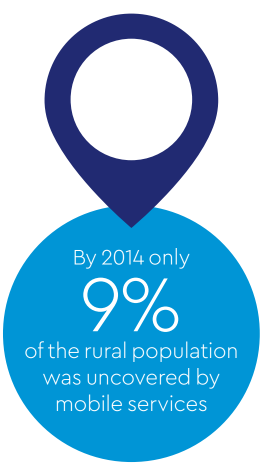
Tata Motors launched its rural initiative to tap into potential markets in far-flung villages in India – those with less than 50,000 population, and sought to empower the rural population. Project Neev (meaning "foundation") kicked off in 2010, and was subsequently expanded to 11 states including Uttar Pradesh, Bihar and Madhya Pradesh, covering over 60% of the total market.

Project Neev expanded Tata Motors' network through an informal network of key local influencers: teachers, youth from villages, doctors, mechanics and a few people from Gram panchayats (local village councils), called Tata Gram Mitras (village friends). Between 5,000–6,000 such influencers were recruited to promote the idea of self-empowerment via vehicle ownership. The Tata Gram Mitras receive regular stipend, with an additional incentive if any enquiry converted into a sale. It's not an easy task. According to Tata Motors, if it generates nearly 100,000 enquiries every month from urban markets, around half that number come from the Neev markets. The conversion rate is also different: in urban markets they convert 8 to 12% of enquiries into sale, but in Project Neev markets the rate varies between 3% and 4%.

Distribution in the rural outreach project was carried out through third-party outlets called Tata Kisan Mitra (friend of the farmer). The owners of these outlets invested between Rs. 4.5 to 5 million, with a monthly expenditure of between Rs. 20,000–30,000. Tata Motors also partnered with Indian Oil Corporation's KisanSevaKendras (Farmer Service Centres), which are established in remote regions in order to provide fuel to the hard-to-reach areas. The owners of these KisanSevaKendras are quite popular in the local rural community. This partnership is very valuable to Tata Motors, providing it with a channel to showcase its vehicles, organize workshops, loan fairs and educational programmes for village youth.

To date, Project Neev has helped Tata Motors sell nearly 100,000 vehicles in rural India. In states with a large rural population like Bihar and Madhya Pradesh, around 36% of the total market sales are achieved through this outreach program.





3

Know how India's rural consumers use mobile

If there is one technology that has bridged the digital divide between urban and rural India, it has to be the mobile phone. By 2014, rural phone penetration was 48% of the population, while urban density was 52%. Mobile services covered 541,939 of India's villages – leaving only 9% of the rural population uncovered.

The preferred mode of accessing the Internet is now the smartphone – with 38% of active users accessing the Internet that way; between 2014–2015, there was a 100% increase in the penetration of social media in rural India (compared with 35% in urban India). By 2017, the number of smartphone users in India's villages crossed 109 million.

With other infrastructure still lagging, the popularity and penetration of mobile phones has created an immense opportunity for corporations, government, social organizations and services to communicate and transact with rural consumers.

Mobile health (M-health) has fast emerged as a key tool for health delivery, and is being used in three ways to help the rural consumers:

- Information services: where patients and their caretakers can read basic information about diseases, healthcare myths, treatment of common ailments, and ask questions of a panel of doctors.
- Enabling services: where two-way communication is enabled between patients and healthcare providers, acting as a substitute for face-to-face consultation and extending the reach of heath services. Services just as tele-consultation, video-consultation, appointment scheduling and SMS prescriptions are all part of these services.
- Transformative services: this is when real-time health data is collected by the mobile health network. While currently available for chronic conditions like diabetes and cancer, the platforms help monitor vital signs when a patient is transported, or are used to transmit live radiology images during a surgery to enable better interventions.

Operation ASHA (OpASHA) is a nonprofit working on providing a cure to drug-resistant tuberculosis, currently active in over 2,000 slums and many villages in nine states of India. To improve treatment compliance, OpASHA reaches out to a larger community and delivers the service at their doorstep through an innovative "e-Detection" app. A contact tracing and active case search software, E-Detection, identifies and diagnoses new patients early in the infection cycle. It asks a series of questions to the suspected patient, and uses a decision-based algorithm, based on user responses, to identify new TB cases.

The app is linked to a central server through the Internet or SMS, updates every 20 minutes and allows data to be accessed by decision makers. Keeping in mind that many TB patients come from varied backgrounds, the app is available in local languages, is very user friendly and easily downloadable. The data gathered from the app is placed on a geo-map, using GPS, allowing users and health practitioners to track drug compliance using another app, called e-Compliance.

e-Compliance works for healthcare providers: a biometric terminal which is downloadable on a tablet with a SIM card. The tablet is made available to healthcare workers in villages, who go to the doorstep of patients (who are already registered on the server using their fingerprint), and prescribe medication under the supervision of the health worker. If the patient misses a dose, the healthcare worker is alerted immediately and follows up with the patient within 48 hours for counseling and ensuring compliance. This has reduced the non-compliance to TB treatment amongst the rural population quite significantly.

Between 2014–2015, there was a

100%

increase in the penetration of social media in rural India (compared with

35%

in urban India)

4

Consider strategic partnership opportunities

One of the goals set by India's Prime Minister Narendra Modi, when he came into power in 2014 was to provide electricity to all households by 2019. What makes the ambition even more remarkable is that Modi's government wants to use solar energy to provide a minimum level of electrification across the country.

Tata BP Solar is playing a key role in helping bridge the urban-rural energy divide. Traditionally, in India, energy planners would think of power requirements only in terms of large MWs (megawatts). However, in villages you need small amounts of power: for homes and small businesses such as shops and flour mills. Solar power can provide energy security and, therefore it creates developmental opportunities to 700 million rural Indians. According to K Subramanya, Chief Operating Officer of Tata BP Solar, an entire village can be lit up in a week.

Rural people have simple needs. They need fuel for cooking, clean drinking water, light for studying, and television and telephone for entertainment and connectivity. Tata BP Solar offers a range of products such as solar home lighting systems, solar lanterns, solar cookers and solar hot water systems; but the real innovation is in the packaged solutions that they have designed for specific segments in rural India. As the government is driving initiatives in banking, farming, education and health activities in rural areas, Tata BP Solar is ensuring these initiatives bear fruit through the use of solar energy.

Sunbank, a customised package for rural banks that are being computerized, provides electricity to these banks for three to six hours a day. It consists of a power pack with solar modules, batteries and controllers. Next on the agenda: powering rural ATMs through solar energy. Suraksha (meaning safety) is a solar-powered communication system, which helps police stations function effectively.

India has tens of thousands of primary health centres, but most of them have very little or no power, and vaccines need to be refrigerated at temperatures lower than 6°C. A health centre package, Arogya, includes a solar powered vaccine refrigerator manufactured indigenously by the company.

In the state of Madhya Pradesh, the Rajya ShikshaAbhiyan (State Education Movement) provided computers to over 3,000 rural schools, but realised that there was no power to operate them. Tata BP Solar put together a school package called Tejas, which powers computers, TVs, lights and fans.

Each of Tata BP Solar's package solutions addresses the government's agenda in different areas. But the company's products are designed based on a deep understanding of the needs of villagers and developing products depending on their budget, local conditions and product use. These products have transformed lives in the villages of Punjab, Uttar Pradesh, Haryana, Kerala and Tamil Nadu, even as the company has been an energy pioneer in rural Rajasthan, Assam, Orissa, West Bengal, Bihar, Chattisgarh, Jammu and Kashmir, and northeast India.

That truly is an effort to make the sun shine on rural India and to brighten its future.

5

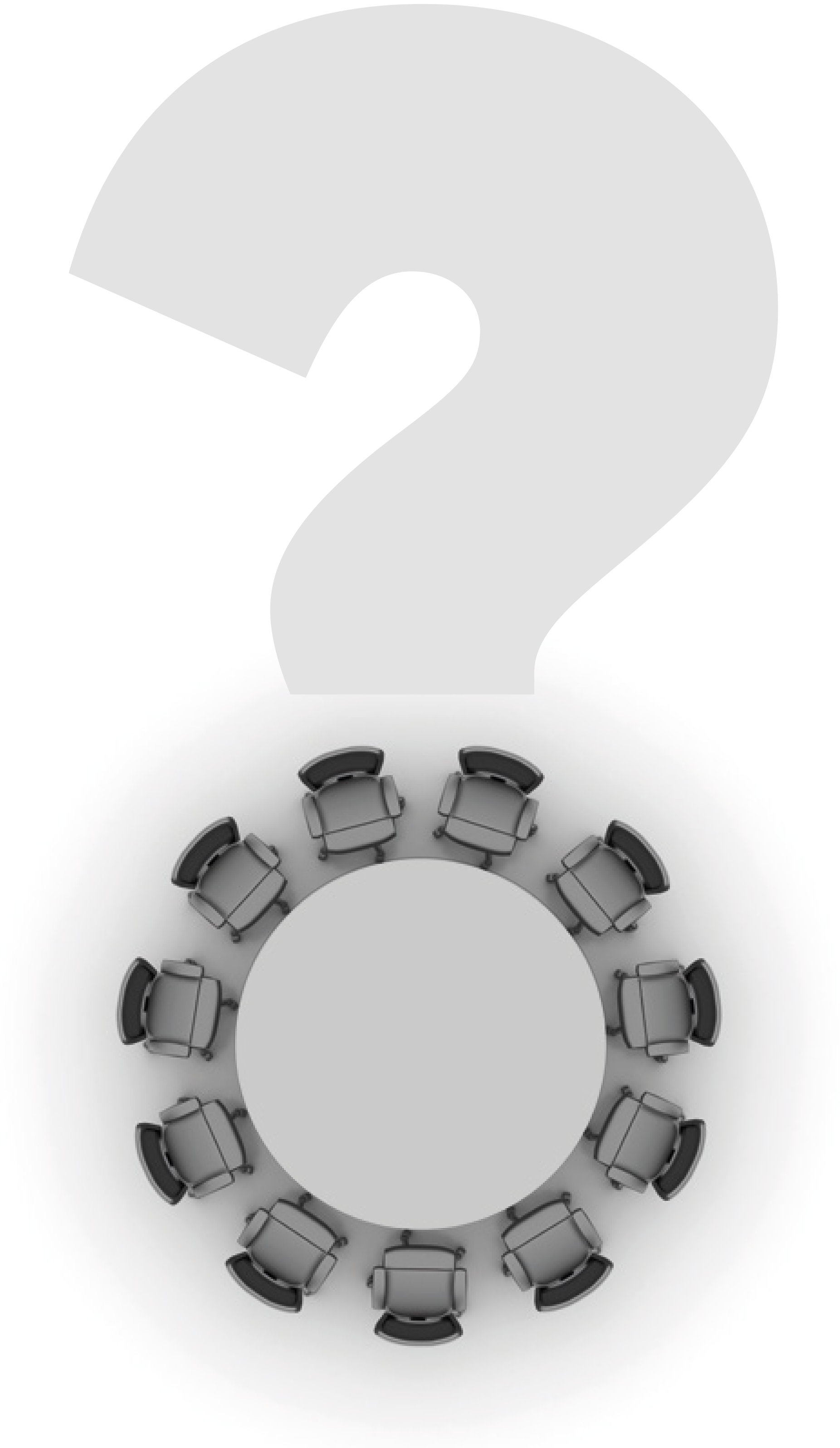
Find opportunity in solving the community's problems

Successful firms have been able to challenge the status quo in rural India. Even though significant problems of health, education, poverty, poor sanitation limit the per capita consumption potential, rather than wait for social and economic conditions to improve, they have chosen to address them directly through their products and services.

One of rural India's most severe challenges is malnutrition. India is ranked #2 in terms of the magnitude of the problem, and it is caused by a multitude of factors: a weak health infrastructure, lack of awareness, poverty, food insufficiency and the prevalence of unhealthy eating practices.

GlaxoSmithKline (GSK) Consumer Healthcare realized that its rich understanding of consumers and nutrition would enable it to participate and make a tangible difference to this issue.

GSK began by setting up a sustainable distribution system that would improve access to nutritional products in hitherto untapped markets. 7,000 rural micro-distributors were appointed, providing access to nutritional products to more than 10,000 villages. The appointment of these distributors was a strategy to not just improve the penetration of the product, but also a means to enhance the livelihood of the individuals. Simultaneously, an ecosystem designed to improve awareness of health issues in these communities was created, involving the medical community, mothers, schools and children: each month, a set of activities would be conducted in the village. The messages were delivered through the format of stories, games and songs. A "SehatKeSipahi" (Health Police) program was created to inspire students to become health messengers and spread awareness amongst the community. Mothers' Workshops were conducted regularly for pregnant and nursing mothers, to enable the realization that a mother must first take care of herself; and free health checkups were provided. By embedding its program in the community structure of rural India, GSK was able to build a sustainable, viable and high growth business that generated significant commercial and social gains.



SPEAKING C-SUITE

How do you ensure that brands, and their creators, are valued by the boardroom? That's the question Earl Javier set out to answer.

Earl Javier
Ogilvy, Makati
Becoming Business Bilingual

The boardroom is a foreign land for marketers

Across the world, CEOs with a marketing background form the minority. Only 14% of those in the UK come from marketing.[i] In 2015's US Fortune 100 and French SBF company CEOs, only 10% were reported to be former marketers; while in the German DAX this figure climbs slightly to 12%.[ii] The top 12 Chinese companies are all state-owned, with large investments decisions being made by the government through the State-Owned Assets Supervision and Administration Commission. This makes it tougher for CMOs and other Marketing leaders to wield influence inside the boardroom.

They express the value they see in brands differently

This can be disheartening to us in agency world because we've developed an innate distrust of non-Marketing people. Our experience has made it easy to assume that only marketing-bred leaders see the value in brands, and, consequently, the work we do to build them.

A closer look, however, shows us that we shouldn't be jumping to conclusions so quickly. In his talk during the 2016 Effectiveness Week, Patrick Barwise mentions a curious piece of information: all things being equal, CEOs and other top executives are willing to be paid less if the firm they work for has strong brands.[iii] They implicitly understand having strong brands is a good thing, and even believe it helps their professional reputation.

Other CEO surveys show that the modern-day chief executives see grappling with issues around their company's brands as a business priority. IBM's Global CEO study conducted in 2010 reveals that CEOs believe they need to be able to reinvent customer relationships, and that the best way they to do it is maintaining ongoing engagement and co-creation with customers in order to produce differentiation.[iv]

Echoes of this can be felt in PWC's 20th CEO Survey published in 2017, which links concerns on human resource with a firm's ability to innovate and build further differentiation. The same piece of research also highlights that CEOs believe consumers' trust in their company is becoming threatened with the rise of technology and transparency, which leveraging their brands can help solve and give their firm a competitive advantage.[v]

Using language as a lens to decode the difference — and our biases

In her book *Mindframes*, Wendy Gordon cites language as a powerful lens with which to sift for insights in qualitative research. Its power comes from the fact that we seldom realise how the words we use to go about our day-to-day life reveal how we perceive our reality.[vi]

Understanding the language we use around certain things reveals the aspects we give importance to, whether consciously or not; how we express our thoughts through words trains our mind to focus its attention on certain details of the world that speakers of other languages might miss.

For example, research done with the Kuuk Thaayorre, an aboriginal tribe in Australia, has shown that they are more adept than English speakers at staying oriented and navigating their way because they use cardinal-direction words (such as north, south, east, west) instead of words like "right" and "left" to define space.[vii] Their language orients their minds to process space this way, and it becomes almost instinctive to locate one's self even in unfamiliar terrain as a result of it.

We underestimate the impact of language because it is largely invisible to us – until we see how it affects other people that use it differently from us. It's easy to assume that, because just like our clients' board of directors, we ultimately want

OUR EXPERIENCE HAS MADE IT EASY TO ASSUME THAT ONLY MARKETING-BRED LEADERS SEE THE VALUE IN BRANDS, AND, CONSEQUENTLY, THE WORK WE DO TO BUILD THEM.

success for the businesses we work on, and because we all say we value a brand's contribution, that we mean the same thing. Using language is useful in this instance: as a lens to unearth the nuances between how we see the value of brands, versus how those in the boardroom do.

The boardroom's brand value language: skepticism

The boardroom's language around a brand's value has its roots in the universal language of business: accounting. It comes as no surprise that the people who were first contracted by a CEO to put value on a brand were from Finance and not from Marketing, because they will be able to explain it in terms that another CEO would understand.

Accounting's roots in bookkeeping – in recording business information – help to explain the innate bias its language carries. Its discourse is anchored on accuracy, concreteness and proof. It is the language of people who constantly question the validity of information unless recorded evidence is presented: skeptics.

Skepticism is a worldview that puts constant inquiry above all else in an effort to erase doubt. A quick look at the kinds of questions people in the boardroom ask around a brand's value to a business reveals the same. To a CEO overseeing multiple brands, these words are but mental shortcuts to business units that must *hit their targets*. They think about how much they are worth as *recorded* on their balance sheet. What the value to *shareholders* is. How much the *return* on investment is. *What's the share price*. How much should we charge for *licensing and rights*.

This isn't wrong; it is a valid way to view the value of brands. The C-Suite's main task is to make decisions that ensure the business continues to deliver shareholder value. This rhetoric, built around proof of things that have already happened, helps orient them to behave and think a certain way to help fulfill their duties.

The marketing world's brand value language: belief and enthusiasm

This rhetoric comes in almost direct opposition to that which marketers, and especially we in agency land, use. Martin Weigel said it best when he described our language as one of enthusiasm.[viii]

If the boardroom's discourse is built on the need for proof, ours is one that's built on the need for sheer belief. Running through our usual jargon around a brand's value reveals this bias. We preach about *Loyalty, Trust, Purpose*. We capture these in a document expressed in a thing called a *manifesto*. We bolster its relevance with things called *truths*. We guide its behaviour with *values*. Ogilvy talks about a brand's big *IdeaL* – how we imagine it making the world a *better* place. We call it an *idea to live by*. We love challenger brands. We create *meaningful* experiences to imbue them with *Brand Power*, and turn ordinary buyers into *brand advocates*.

Despite our language being on the opposite end of the spectrum from that used by the boardroom, however, it isn't less valid – and neither is the perspective it wires us to have. We are an industry that is necessarily about the future and dreaming up big visions we can work towards, and so we need this rhetoric of belief to help us fulfill our role in the business world.

Our languages are two sides of the same coin

This difference in language presents a challenge because the worldviews they shape are both valid and equally important. We need the enthusiasm and belief around brands in order to create work that attracts people and unleashes its power to command a premium.

The board needs to operate with skepticism in order to ensure that the brand helps a business keep going and delivers performance for shareholders. When both perspectives are combined, a full picture of how a brand's value to a business emerges.

Our problem is that using only one language has wired us to see a brand's value only one way. The way we can start seeing the full picture – and therefore keep it valuable to stakeholders across the business – is to rewire our brains to do so.

And I believe, in this instance, language becomes a useful tool again. If we become adept at weaving the language of the boardroom into our day-to-day, it will become more natural for us to operate with both points of view. This is why I believe that the brand-builders of the future will be bilingual – adept at speaking both a marketer's language of brand value, as well as the C-Suite's.

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ATTICUS ABSTRACTS

Richa Kumar Khetan
Essence, Bengaluru
From Views to Value: A Guide for Developing a "Value" Oriented Framework for Planning and Evaluating Branded Content

THE CASE FOR BRANDED CONTENT

You can't use the same metrics to evaluate the effectiveness of branded content such as TV sponsorship, as you use to evaluate TV spots. To measure whether branded content is working, you need to build in audience response metrics, such as engagement, sentiment, audience growth and the contribution to brand mentions.

This paper, first published on LinkedIn, sets out the stall for a branded content planning and evaluation model called Audience Wire, which measures inputs such as the choice of channel; the creative treatment and integrations; context within the category; and strategy combinations – and then looks at the audience response outputs. The specific case chosen for illustration is a popular youth TV and web programme Girl in the City 2 which is sponsored by three brands, each with their own objectives. Each was subjected to rigorous analysis by the Audience Wire tool, with the additional help of social media monitoring tools and GroupM's Live Panel. And all three brands are evaluated against the metrics of audience response, showing, not surprisingly, that there are strengths and weaknesses for each in different areas. What this demonstrates is that simple measurements such as reach and viewership are far too crude to evaluate this kind of sponsorship campaign; against a more sophisticated evaluation model that takes into account how the audience responds, the results are far more nuanced. The final conclusion? "Think wide first, then think deep. The combination of mediums used to amplify content can make or break your campaign."

Victoria Cook, Julia Brizi Della Rosa and Diana Akanho
Mindshare, London
Is Brand X in the Automotive Industry Losing Sales? (by not targeting women)

WOMEN IN THE DRIVING SEAT

Some 94% of women think they have some influence in the decision making process of buying a new car. But 34% of women don't think any automotive brands understand them. These two figures demonstrate that car marketing is failing to address women adequately, the authors of this client presentation argue. Their contention is that, at the luxury end of the market at least, there is virtually no disparity in consuming habits – and attitudes – between men and women, and the car makers are missing out on a significant opportunity if they fail to create communication that women will respond to.

As the female share of the wealth pie continues to increase, that lost opportunity is set to grow in size. The nub of the argument is not that more advertising should be specifically targeted at women; rather that it should be more inclusive overall, through achieving a better balance between systemising communication, which focuses on analysis and prioritising; and empathetic communication in which collaboration and sharing play a greater part – and which has come to the fore in social media. The former is characterised by analysis, argument, hierarchy, and achieving control; the latter by collaborating, talking, sharing and essentially being more human. In fact, most car buyers at the luxury end of the market use a combination of the two mindsets in their decision making. But only a few car makers seem to have recognised this; there are shout-outs for Volvo, Mercedes and Tesla. The message is clear. If you want her to buy your car, then "Show me you know me."

BUILD THE BRAND WHILE YOU MAKE THE SALE

In China today, engagement and purchase are increasingly happening in the same place. Peter Petermann reports.

Peter Petermann
MediaCom, Shanghai
The Future of Engagement is Purchase

In the digital world, engagement and eCommerce are becoming increasingly intertwined. Nowhere more so than in China.

Brands used to be built at the Point of Engagement and sold at the Point of Transaction, and the role of media was to shorten the distance between the two. But in today's connected world, these points are merging.

On the one hand, modern eCommerce platforms can be both brand building and transactional. In today's digital retail environment, where shelf-space isn't an issue, brands are using their in-store presence to build elaborate zones where consumers can engage and buy at the same time.

In the real world, on the other hand, more and more people are using smartphones when shopping – for product research, consumer reviews, price comparison, even finding a physical store – and brands welcome this opportunity to interact and engage with consumers.

In short, it becomes increasingly unclear where engagement ends and transaction begins. New ecosystems have emerged where content and commerce are converging, most prominently in China. Arguably, China's eCommerce market is the most advanced in the world and the two big players, Alibaba and Tencent, offer traditional brand environments as well eCommerce platforms in the most connected way ever.

To successfully navigate these new ecosystems, brands need to update their communications planning approach to capture the whole customer journey, not just one part of it. We distilled six universal learning points (p. 61) that can act as a starting point for brands that want to transcend the divide between engagement and transaction.

Transaction and engagement – a marketer's dream?

Marketers have always tried to create brand-building activations that also sell: most sales promotions drive immediate off-take, and done well, can build memory structures for the brand at the same time. One great brand-building sales promotion is Gillette's work on Singles Day 2016.

Double 11 is the biggest day in eCommerce in China, if not the world. This year, sales on Tmall amounted to a staggering $25.4bn, and on JD.com items worth more than $19bn were sold in 24 hours. Naturally, the clutter on this day (and the weeks preceding Singles Day) is enormous as literally every brand sold on Tmall or JD is trying to catch consumers' attention with some promotion or other.

To cut through, Gillette offered an on-pack giveaway, cardboard VR goggles, and a super-cool 3D first-person experiential movie as a download. The target audience of twenty-something tech-savvy males, talked about it for weeks. The promotion sold out within hours, and increased Gillette's brand image in China.

But if we're honest, the majority of promos don't really build brands – they're sales-driven. Yet there are other "traditional" examples where brands are built at the point of sale: flagship stores, for example, or pop-up stores. These places are designed to deliver memorable brand experiences and give consumers an opportunity to purchase.

A few brands manage to combine brand building and (direct) sales: "Dollar-Shave-Club" is a brand built around the act of purchase (as opposed to at the point of purchase). You could argue that brands like Uber or Airbnb actually are the transaction.

Ecommerce adds a whole new dimension to brand building

Sophisticated eCommerce platforms allow brands to become part of the moment of purchase. Amazon, for example, has become more than a retailer: it's a platform for consumer reviews, an entertainment channel with broadcast quality content, and through hardware such as Alexa, is entering the homes of customers.

Moreover, the Amazon Stores service lets brands create "flagship stores" with bespoke landing pages. Each "store" gives its brand more exposure and a controlled environment for its products. It's easy to imagine how brand building on Amazon will take off once the web giant leverages the full power of AI.

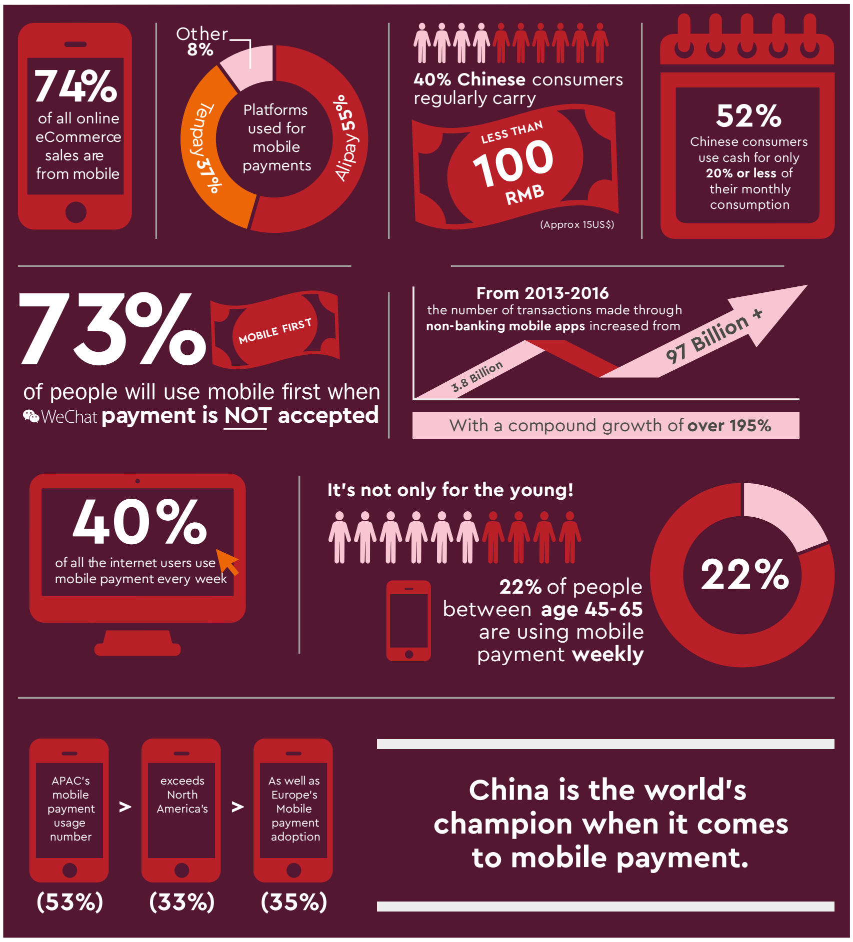
Another example of Point-of-Purchase (PoP) branding is Best Buy's eCommerce site. This large US electronics retailer offers brands a sort of a "shop-in-shop" section, where they can showcase their product selection in a "branded" fashion and, in some cases, include a "brand experience" zone for selected brands which essentially extends the shop-in-shop experience from the retail to the e-tail environment

In Japan, Rakuten has Rmagazine, an online content platform completely integrated into the eCommerce environment, which allows for native advertising and brand integration.

Transaction and engagement

In China, wet shaving is seen as old fashioned. In order to improve Gillette's brand image among a demanding young audience as well as drive massive offtake, MediaCom created a market first. For a whole week they leveraged super exciting content in social media which culminated in one of the first fully-immersive VR experiences ever employed on a mass scale in China.

Scan the QR code to see the Gillette VR Case Reel.



Connecting content and commerce: China is leading the world

Amazon and other local players may offer some interesting new opportunities for brands, but Alibaba and Tencent take it much further.

They provide entire ecosystems that are designed to seamlessly integrate content and commerce. On these platforms, Chinese consumers no longer see the dividing line between what is a store (or the point of transaction) and the engagement because they can go seamlessly from a branded experience to a purchase and back.

On Tmall, marketers can create "Brand Hubs" – bespoke landing pages brands and their agencies can design in almost any way they seem fit. Brand Hubs can include videos (including TV ads), live streams, social feeds, engagement and information banners, product sub-pages and other features brands have on their own websites (but with the full eCommerce functionality of Tmall).

Additionally, Tmall offers Super Brand Days where brands can take over the Tmall opening page for 24 hours to create integrated shoppable experiences. P&G, for example, held a live streaming event on Alibaba for Safeguard soap on Global Hand Washing Day. All day, superstar pop group TFBoys was live on air, showing kids how to wash their hands. The shoppable product was just one click away.

Tencent, on the other hand, lets brands build bespoke stores in WeChat. Here, brands can create engaging brand activations that seamlessly connect to the purchase on JD.

When a pharmaceutical client asked us to find a smart way of raising awareness while driving sales of their product, we realized the answer could be found in eCommerce data. As a first step, we had to identify the right audience, so we could serve them the right content. We partnered with Tencent's WeChat, China's largest social messaging platform, and Jing Dong, China's second largest eCommerce platform. Jing Dong eCommerce data had just been made available for targeting in WeChat, and we saw this as a huge opportunity to use real purchasing data to connect with people in the most commonly opened app in the country! By leveraging past purchasing and adding to cart data from Jing Dong for our clients' products, we were able to identify and connect with people who have a real need and intent for our clients' products. The results were outstanding, the conversion from landing page to conversion saw a 50% increase on previous results.

It's all about the payment

One reason people spend so much on eCommerce in China is because it is so simple and seamless (and mobile).

Tencent's WeChat has its own payment platform, Tenpay, and Alibaba, the owner of Tmall, has Alipay. Both are accepted in almost every retail store in the country and they facilitate seamless eCommerce payments.

Adding data to the mix

Marketers can apply huge amounts of data to help transform their brand moment into a purchase moment.

The most valuable source of data is what we call Unique User IDs, it is how brands are bringing themselves closer to consumers and closer to this purchase moment.

This is a unique identifier that a data management system attaches to an individual person; the user profile attached to this ID is then made up of various data-points that we can attribute to the individual. For example their browsing behavior on PC, their mobile usage and preferences and in some cases even their location. We can add any brand campaign engagement data (for example how often the individual has seen a certain message) and any CRM data we have attached to them.

A new planning model

Marketers and agencies need to adopt a new approach to get both sides of the message right in these complex digital environments. In a world where branding and eCommerce marketing fall together, it's imperative they plan both aspects of marketing communication together against a single set of outcomes – ideally, sales.

To do that, as marketers, we need to tie branding strategy and eCommerce strategy together and move towards a completely integrated Outcome Based Budgeting (OBB) model that allows us to plan, manage and activate a strategy end-to-end.

Based on our experiences with clients such as P&G, GSK and Bose, MediaCom China has developed such an end-to-end approach, including tools and systems that allow us to plan, track and optimize the correlation between branding and sales.

This model is based on the fundamental marketing truth that mental availability – or share of mind – not only has a demonstrable impact on offline sales but also heavily impacts organic eCommerce traffic as well as in-site conversion. As mental availability is mainly driven by advertising and content it is vital that both sides of the business – eCommerce and media – are managed holistically.

At MediaCom, we have come to realize that, strategically, media planning and eCommerce planning should, indeed, go hand in hand. Consequently, our E2E approach aligns both branding and eCommerce KPIs; we map communication audiences against consumer tribes; we do a Connected Systems Audit (how well does the brand engage with consumers in media) as well as a Connected Commerce Audit (how well does the brand perform in eComm); and we map the traditional Decision Journey against the online path-to-purchase. All of this is done because we found that the insights on one side can have tremendous impact on the strategy of the other side.

Traditionally, media and eCommerce have been treated as separate – and in many organizations they are still managed by different – often unaligned – teams. But if brands are increasingly built at the Point of Transaction, if consumers no longer differentiate between "the store" and "the engagement" we believe it is high time to plan them single-mindedly.

Six key learning points

Based our extensive experience with end-to-end strategies we have distilled six universal learning points for brands who want to transcend the divide between engagement and transaction.

1

To build relevance for your communication, start with a special event or a seasonal date. This will allow you to use and redirect the organic internet traffic that is happening on these dates to your site or platform.

2

Work with key opinion leaders to launch and showcase the products. Social commerce is getting bigger and bigger in China. As most KOLs have built their reputation online, eCommerce platforms are a natural fit for them.

3

Create ample content for users to experience your products. Video content with KOLs works particularly well. Treat your eCommerce platform the way you would treat a content-rich website, and remember: people don't care about brands, but they do care about content.

4

Ensure your content can be shared easily. The key to creating brands at the PoP is to make sure people see it – just like in the "real" world. Reach is key to brand building so you need to make sure enough people want to visit your platform. Currently, Live Streaming is still new enough to attract audiences.

5

Test and learn. Building brands at the PoP is still new. There are no historical data so you need to be prepared to invest into innovative approaches, and be ready to make mistakes.

6

Don't forget data. Whichever eCommerce platform you are working with, make sure you get access to all of their data. Alibaba and Tencent offer valuable eCommerce sales data to target users. Using these data targeting capabilities, brands can ensure more relevant users see their branded content (and therefore, buy).

Naturally, not all brands and not all categories are alike. A brand's lifecycle and its target audience will have some impact on branding, engagement and commerce. Similarly, some categories such as consumer electronics, lifestyle brands or FMCG are more easily built at the Point of Transaction than others. Thus, there is no one-size fits-all approach. But in today's connected world it is becoming increasingly important to create fully integrated branding experiences where any form of engagement leads to an opportunity to shop.

Build the brand while you make the sale (or vice versa)

The Point of Transaction can look different in different parts of the world. In Japan, the PoP is often nothing more than an automat; in the US and France hypermarkets are the norm; while, in China, small Mom & Pop shops (euphemistically called "Traditional Trade") are everywhere.

Yet in an increasingly digital world, eCommerce stores are slowly replacing bricks and mortar outlets. In this environment, brands have a unique opportunity to "build the brand while you make the sale".

For many years, this dictum was the secret dream of marketers, but it's finally becoming a reality. China's highly evolved infrastructure for eCommerce and mCommerce as well as the highly sophisticated landscape for social, content and KOLs allow brands to really push the envelope when it comes to driving mental availability as well as sales.

Chinese consumers no longer distinguish between brand interaction and brand transaction – in many cases these two are intertwined. A new, integrated approach to content-commerce can help brands boost their sales while at the same time build brand equity.

TURNED OFF BY SWITCHING ON

Television has proved resilient to digital disruption but now faces significant challenges, most notably the permanent decline of viewing among emerging generations. Adam Smith and Rob Norman report.

Rob Norman and Adam Smith
GroupM, New York and London
The State of Video

Print's share of global advertising investment was 60% in 1980. Today it is 17%. For 20 years, digital media has accelerated print's loss of share to between one and two points a year.

TV's share peaked at around 44% from 2010–2014. TV's decay rate since then has been about a point a year, but this is exaggerated by China, an immense market where rising TV regulation drives advertisers to digital. Without China, TV decay is much less pronounced, with share (not value) loss in the old world being largely offset by gains in the new.

TV has another mitigation. It has been winning shares from the other traditional media. It was 40% of the world's traditional media domain in 2000. Now it is 60% and still rising.

Much of the profitability of ad-supported television has relied on:

- high barriers to entry created by scarcity of spectrum or bandwidth and the high costs of production, particularly for sports and drama – less for game shows and soaps,
- restricted and scheduled consumer choice,
- enormous advertiser demand for restricted supply, and
- unequal bargaining power with a tightly-owned distribution system.

Here also, everything has changed. Bandwidth is abundant; production tools are as common as smartphones; the consumer has unlimited content options and as a consequence, so does the advertiser.

Forecasts for TV range from the optimistic to the apocalyptic. With some justification, the optimist sees TV as undersold and underappreciated, but regaining credibility among planners and procurement with every evidence-based study into reach, conversion and ROI.

Optimism flows from the idea that the market for programming has never been more vibrant as the SVOD (Subscription Video On Demand) and OTT (Over The Top) bundlers enrich their consumer propositions and bid content ever higher. Interestingly, in the short term, despite the lack of high reach or high impact substitutes for TV, advertiser demand seems unaffected by these static, and in some cases falling, audiences.

In addition, the enhancement of ad targeting and, eventually, extensive addressability, will unlock economic value in two ways:

- the ability for sellers to "share a spot" between multiple buyers based on the value and relevance of the household or individual,
- the opening up of the "long tail" to television sellers by transforming the geographic precision of delivery. At what point does airtime become more valuable to 30,000 restaurants with capacity than to one brand of detergent?

Enable the market to decide. The catastrophists focus on the potential collapse of the traditional television bundle, which will simultaneously harm the sellers of infrastructure and remove subsidy for channels few would choose to pay for in isolation. They reference Netflix and Amazon in particular as potential captors of the affluent, although the richest 20% of Western populations have always been among TV's lighter viewers. Further, they argue that the current inflationary bargain with advertisers is unsustainable and that absent a substitute for television, this money will simply move to online video or away from advertising altogether.

Finally, some suggest, in the West at least, that the ad categories which underpin TV – consumer packaged goods, retail and automotive – are so vulnerable to disruption that many will exit the battle and thus undermine the video economy.

In Australia, for example, the rot may have already set in. TV advertising revenue fell 2.8% from 2015 to 2016, while audiences fell 10%, as they did in Canada. Small falls in revenue can translate into devastating profit decline. Australia's Network 10 went into bankruptcy in June 2017, prompting government to help the industry by cutting license fees payable by broadcasters. In the U.K., HJ Heinz, the archetypical brand of the broadcast age and the ultimate "beanz counter", reported a 16% sales decline in 2016.

Sixteen to twenty-four year-olds are TV's scarcest age group, which means one of

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A glossary for video

Linear TV

- TV: a linear viewing stream with interruptive commercials
- On-Demand and timeshifted TV: a linear viewing stream with interruptive commercials

Ad-supported OTT and advertiser-supported video-on-demand

- OTT: "Over the top" viewing of streamed TV programs using fixed or wireless broadband. Full-length programming with interruptive commercials (Fox Now, Watch ESPN, Hulu Live), often requiring authentication or subscription.
- VOD: Distributor supported on-demand viewing of programs reached through the distributor's interactive programming guide.

Subscription video-on-demand

- SVOD: Streaming Video On Demand, subscriber-paid and often commercial-free (Netflix, HBO Go, Amazon Instant Video, Hulu No Commercials)

Native online video

- Web video destinations: shorter (but getting longer) form video; desktop or mobile; with commercials that are often skippable. (YouTube, Vero)
- In-app and browser publisher pre- or mid-roll video; user initiated, with a content container (The New York Times, Vox)
- Outstream video: desktop and some mobile; mix of user-initiated and autoplay, mix of sound on or off (Teads)

In feed video

- Feed-based video: mobile, autoplay, without a content "container." (Facebook, Twitter)
- Vertical video: short form with or without a content container, default (mostly) sound on (Snapchat Discover, Stories; Instagram and Facebook Stories; Twitter Moments)

Between 2014 and 2016, on a 25-country sample, the 16–24 linear TV audience fell

16%

with the most extreme loss around

30%

them seeing your ad is more likely to add to your total campaign reach than anyone 25-plus. This does not mean TV is, or ever has been, necessarily the wisest way for an advertiser to reach this audience. The loss of younger viewers is, however, a serious problem for TV's future. Between 2014 and 2016, on a 25-country sample, the 16–24 linear TV audience fell 16%, with the most extreme loss around 30%. A comment from Denmark: "YouTube and Facebook have higher reach of the under-30s than primetime TV. Among older groups, these social media are now bigger than some mainstream TV channels."

The relationship of price to audience supply indicates advertiser elasticity of demand. It is dangerous and usually impossible to generalize about media unit pricing, but this average 16% drop in supply appears to have fueled reciprocal 16% price inflation. This suggests extreme inelasticity of demand and lack of substitute media. We might wonder why access to 16–24s via online video can be so abundant, yet not dilute the price advertisers are willing to pay for impressions on linear TV. The problem is not quantity. The answer must lie in other matters, such as quality, saliency, and transparency.

Perhaps the single greatest threat to the leading incumbents in the current television economy is the choice between heavy price inflation to keep live sports or risk losing them to Amazon, Facebook, Google or Apple. The turn of the current decade will be pivotal.

The U.S. domestic National Football League television rights are perhaps *the* anchor property of the market. The league supplies almost all the highest-rated shows and almost all the highest-priced advertising inventory. The current rights agreements dominated by Fox, Disney (ESPN), CBS and NBC expire in 2022. It's likely that the great disruptors will join the bidding for streaming rights at a time in which almost all economically valuable U.S. households will have streaming capability. They have already started, but it's clear that 21st Century Fox (IPL rights), BSkyB (The English Premier League rights) and Turner (all platform U.S. rights to UEFA Champions League) have no intention of "going quietly into the night".

Sports dominates the U.S. top 20 broadcast ratings table, as it does in 15 other territories of the 41 IP Network's annual *TV Key Facts*. It is a major presence in a further eight. Notable exceptions are the U.K., where much soccer coverage has been in the pay domain for 25 years, and China, where drama and variety shows rule the public airwaves. From the perspective of both the advertisers and the sports leagues, it has to be hoped that the next generation of rights holders add to and do not deplete the existing broadcast, cable and satellite experience, leading to larger and more engaged audiences for sports and brands.

Television thrives in plans across brands, categories and markets. Its proponents argue that linear delivery of advertising in program breaks is the best guarantee to the advertiser that commercials will actually be viewed, and are 100% viewable, on big screens with full sound and motion. They may also argue that broad reach delivered simultaneously to large audiences is of unmatched value. It is the only opportunity for advertisers to participate in "water-cooler" moments; some of which are real (sports and season finales), others synthesized by planned ad placement.

For many advertisers, "reach is reach" and the ability to deliver it at speed or over time means that television is and was king. TV ad pricing is prone to inflation, but we mitigate this in the short term by accessing the audience to a long tail of cheaper channels and programs. The only long-term ways to beat inflation are either to sustain the commercial audience with content it is willing to watch with advertising, or match shrinking supply with better (data-driven) allocation, or both. Alongside this is the belief that long-form entertainment in all its forms (sports, drama, etc.) is the peak of consumer engagement and at its best a perfect context for brand marketers. Television is a key driver of social conversation and interaction. It innovates furiously to extend its reach and engagement, using the same platforms as its new competitors. But there is more it could do.

Television has significant concerns:

1. The precipitous decline in the number of shows with significant simultaneous reach and the continued escalation of rights costs, for sports in particular, in the face of mostly declining audiences. 88 of the top 100 rated television shows in the U.S. in 2016 were live sports; the comparable number was 39 of the top 100 in 2012. In Australia, only 2% of spots deliver a 9+ rating; 90% deliver three rating points or less. The market discounts atomized audiences without data.

2. There is competition for programming and audiences from Netflix, Amazon and others who operate on an economic and

GENY AND GENX VIEWING IS FALLING 60% FASTER THAN THE HISTORICAL NORM.

valuation model quite unlike the legacy industry, in that it is presently based solely on growth, not operating profitability.

3. For advertisers and broadcasters, the inexpensive long-tail route to market and profit (lowly viewed niche channels) is imperiled as consumers self-schedule. In an on-demand world, second-rate is hard to sell.

4. A significant migration away from large bundles to skinnier ones further imperils the economics of the long tail of channels and programs.

5. Inadequate measurement of its total audience across platforms and non-standard definitions of a video "view". The challenge of measurement is huge. The goal is obvious: who watched what, where, for how long and on what device. This means an apples-to-apples comparison, a basic building block to assess relative value. The ideal would be a universal, any-screen, respondent-level method with automatic content recognition. The volume of connected devices already deployed seems sufficient to make this a reality, if only the industry would unite to get behind it, as it has to meet past challenges. It knows better measurement would "recover" a good part of the audience missing and presumed lost, and therefore calm exaggerated fears about audience decline. Cooperation does not preempt competition. TV companies compete on content, not computation.

6. Audiences are becoming intolerant of long commercial breaks. In many markets, channels are experimenting with limited commercial interruption on the channel as a whole, or within individual programs. The theory is that audiences will stabilize or grow, that less clutter would boost ad performance, so the advertisers would be prepared to pay a premium sufficient to offset the reduction in inventory. The "enhanced" version of the theory is that "better" advertising – more native to its environment – will retain audiences better and improve recall further. TV has a responsibility to the consumer to make advertising relevant.

7. Time shifting, though only a small proportion of TV hours, its impact on the commercial audience is multiplied if ads are skipped during primetime, in prime content, by a prime audience.

8. Legacy airtime trading conventions are unsuited to shorter planning cycles and adaptive management.

The "forced view" remains at the heart of the television model, there being little proof consumers voluntarily watch advertising. As one digital marketer says: "I have yet to see the skip button that I don't like." Some think television advertising should be more chameleon-like, adapting to its editorial context. In certain categories like sports, this already happens, but elsewhere it is limited. An even grander design is to persuade advertisers to think of programs or series in the same way they might think of a sports event, commissioning dedicated creative assets, social and digital extensions, and even "off air" activation. This is a marvelous ambition but a long road to proof lies ahead.

Future audiences

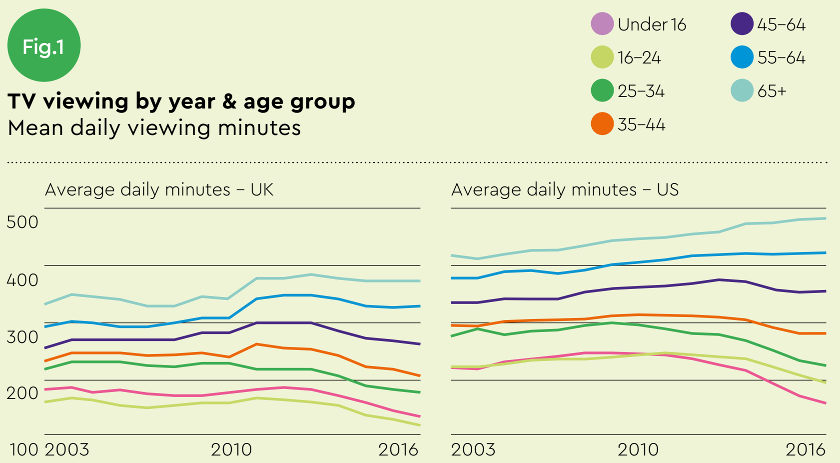
While total video viewing across all formats and devices has likely grown, traditional TV viewing[i] in the U.S. and U.K. by GenY (aka Millennials) has fallen about 4.5% annually since 2012, and nearer 9% for GenZ. That's not news. What is news is that growing older does not increase an individual's viewing like it used to. We calculate that middle-aging GenY and GenX will erode viewing equivalent to about one percentage point a year over the next decade (Figure 1).

Interestingly, and despite the differences between the U.S. and U.K. TV markets, viewing patterns across the generations are fairly similar: increasing for the older generations and peaking in 2012 for the younger (Figure 2).

In startling opposition to history, GenY and GenZ are actually watching less as they age. Figure 3 shows viewing for the typical cohort (e.g., born in 1975 for GenX) versus the simple average by age over the

Fig.1

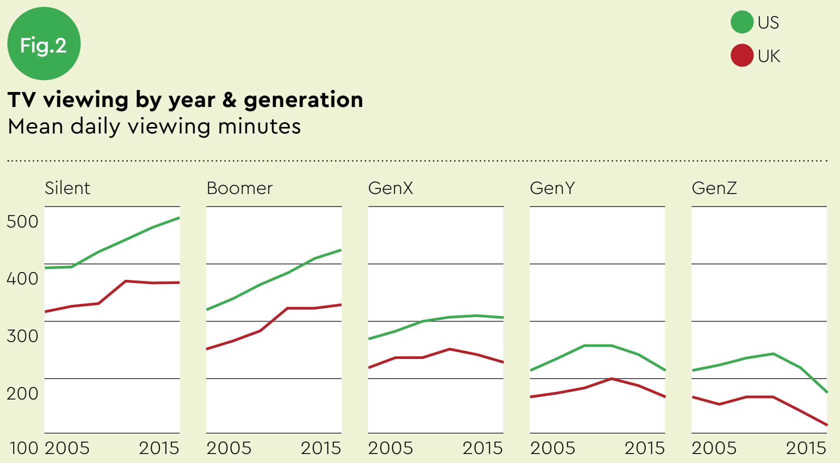
TV viewing by year & age group
Mean daily viewing minutes



Source: BARB, Nielsen

Fig.2

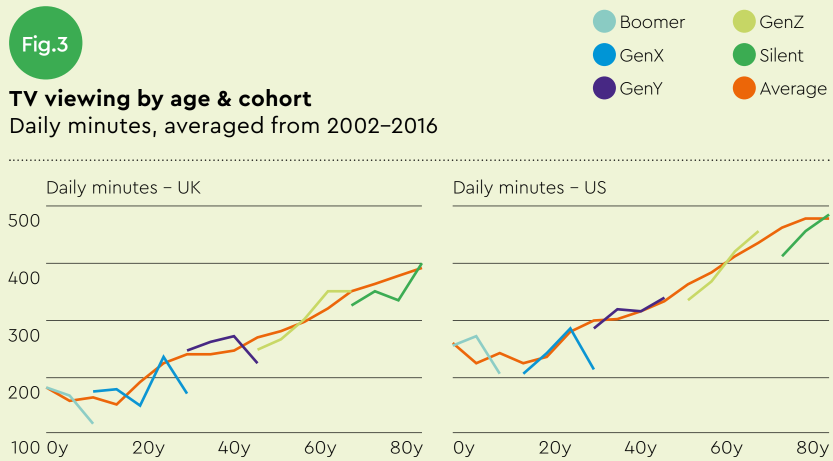
TV viewing by year & generation
Mean daily viewing minutes



Source: BARB, Nielsen

Fig.3

TV viewing by age & cohort
Daily minutes, averaged from 2002–2016



Source: BARB, Nielsen

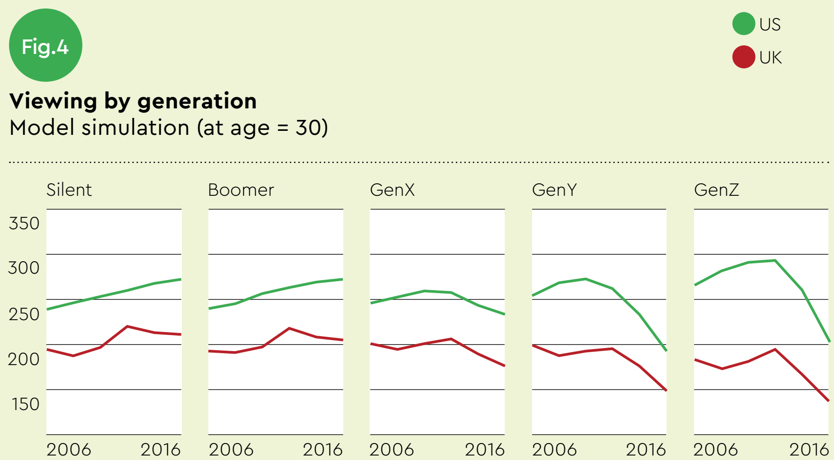
Fig.5

TV viewing by cohort, Annual Growth Rates (CAGR)
2012–2016, model/underlying vs raw data

	Raw data		Modelled	
Generation	**UK**	**US**	**UK**	**US**
GenZ	-8.9%	-7.5%	-8.5%	-9.2%
GenY	-4.3%	-4.6%	-6.9%	-7.4%
GenX	-2.5%	-0.5%	-3.7%	-2.7%
Boomer	-0.3%	1.5%	-1.6%	0.4%
Silent	-0.5%	1.6%	-1.1%	1.0%

Fig.4

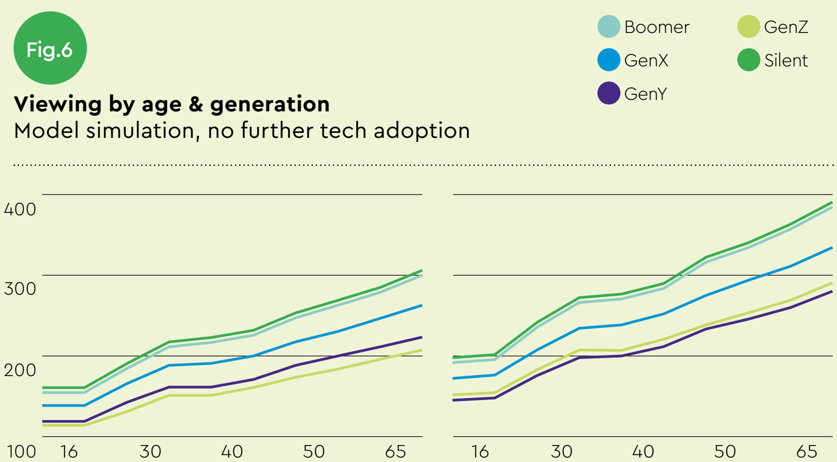
Viewing by generation
Model simulation (at age = 30)



Source: BARB, Nielsen

Fig.6

Viewing by age & generation
Model simulation, no further tech adoption



Source: Hierarchical Bayes model with age & cohort spines

last 15 years. It clearly shows that GenZ and GenY TV viewing is falling in absolute terms and even more against expected lifestage.

Figure 4 shows how TV viewing has changed since 2003 for a hypothetical 30 year old. It shows the inter-generational inflection occurred in 2012 in the U.K. and the U.S., with similar subsequent evolution.

GenY and GenX viewing is falling 60% faster than the historical norm (Figure 5).

We cannot know how generations will age, but if we take a conservative view that the underlying aging pattern remains, as in the past, then we can use the model to project TV viewing for each age. Figure 6 isolates the impact of aging. It assumes technology freezes in 2016, with no further uptake of OTT or online video.

Putting these predictions together with forecast U.S. and U.K. demographics, we calculate that the negative drag to 2030 from cohort-aging is 0.6% a year in the U.S. and 0.8% in the U.K. Even conservatively, as GenY ages, it will pull 35–54 viewing down by over 1% a year in both the U.S. and the U.K.

We emphasize this is for scheduled linear viewing, not video on any screen. It still challenges the fundamental economics of advertiser supported television, based, as it is, on schedules promoted to and consumed by largely predictable and large audiences. This raises the risk of audience shortage and CPT price inflation, which tests advertiser perceptions of value. ●

i. Data includes live, catch-up and DVR/PVR — U.S. Nielsen HUT/PUT; U.K. BARB

ATTICUS ABSTRACTS

Duncan Southgate
Kantar, Frankfurt
Seven Ways to Connect with Generation Z

TALKING ABOUT MY GENERATION

Generation Z are regarded by some, says Duncan Southgate, as "unknowable". But that's far from the case, he argues, as he sets out research findings about this emerging cohort of consumers, their likes and dislikes and how brands can engage them.

For the sake of this article, first published in *Admap*, Gen Z means those born between mid-1990s and mid-2000s, but already emerging with a different set of attitudes and behaviours to their predecessors, Millennials. They are the "mobile first" generation and 74% spend more than an hour a day on their mobile, compared to 66% of Millennials and 55% of the earlier generation, Gen X. They watch less TV, and use social platforms significantly more. And they hate having their online experience interrupted by advertising. What brands can do, however, is play to Gen Z's passion for music, which is more likely to make them engage with advertising, and their discerning taste for design, which has a similar effect. They also appreciate immersive formats, such as virtual and augmented reality. Gen Z are also considerably more open-minded than preceding generations, according to the research. They responded particularly well, for example, to a dating ad in France which showed people with their imperfections. Some of the differences between this and previous generations may moderate over time, says Southgate, while others will prove sustainable. In any case, marketers should take note. "This is just the first look at Gen Z; there are many more of them on their way."

Andrew Ruegger
[m]PLATFORM, Boston
How Online Search Data Can Improve Offline Retail Results

SEARCH: YOUR SECRET WEAPON

In the old days, if you were a retailer wanting to know what consumers were looking for in a particular category, you could examine the sales data or even commission research in which you could ask consumers what's on their mind. Today there's an alternative that doesn't cost anything, but relies upon actual behaviour: look at the search data. This paper, first published in *Digital Commerce 360*, highlights the case of a beauty retailer, trying to discern the latest trends and styles in nail polish, in order to get an edge on the competition.

One of the first places to look is Google Adwords Keyword Planner – a tool devised for those planning a search campaign, but which unlocks all the data relating to keywords down to a geo-locational level. It could tell you search volume for a particular colour city by city, for example, enabling you to deploy and promote your product accordingly. If white nail polish is in big demand in Los Angeles, make sure the in-store displays there all cater to that colour. You may also be able to glean from the search data, where competitor stores have a shortage in a particular product line – and leverage that information. In an environment when many retailers are struggling, and many are closing stores, search data could prove your secret weapon.

WHAT'S NEXT FOR MARKETERS?

In this passage of his annual opus on digital marketing, Rob Norman reflects on the challenge brands now face to secure consumer attention.

Rob Norman
GroupM, New York
Interaction 2017: The Ink is in the Water

What is becoming clear, despite some new entrants, is that economic value is coalescing around a very small number of companies with respect to digital advertisers. Perhaps six companies are global or nearly so, three are Chinese and a further handful exists in each of the major markets. Today's challenge is to win with the winners and to find ways of aggregating value from what's left, particularly when the "minor" participants are still valued by their audiences for their context or authority.

The only threats to this new status quo are regulatory and a heightened concern about brand safety, particularly in reference to YouTube and the Google Display network. 2017 may be a hugely significant year in terms of privacy regulation and already is in terms of brand safety, as advertisers have begun a mass pull back from some of Google's properties. Organically developed challengers will be exceptional and rare. It would be a mistake, however, to ignore the enduring value of television, audiences remain immense and its communication potential enormous.

Descriptions of monopolies and duopolies in either advertising or e-commerce have to be tempered. It's true that Google, Facebook and Amazon are the biggest and most powerful players in their categories but opportunity still abounds for brand builders, direct to consumer and multi-channel retailers in partnership with a broad swathe of digital and analog inventory suppliers. This applies in all parts of the marketing funnel. It's helpful to remember that not very long ago audiences of five million or more for video or print media were considered very large indeed. It would equally be an error to forget that in all media there has always been a dividend for creativity – more people remember – and relevance – more people act.

The goal for marketers has always been to outperform their competitors at every touchpoint of communication and distribution. Nothing has changed except the exponential complexity of the platforms and enterprises and their multi-functional nature. You can sell goods from a magazine app; you can execute customer service on a social network; you can buy advertising inventory from a retailer. On a single platform you can advertise, sell, fulfill the order, and deliver customer service.

A single piece of content, or more accurately, intellectual property, can be watched in linear form or on demand, as a show, a still, a clip, a multi-hour binge and multiply reconfigured for multiple platforms. The complexity is compounded by abundant, even excessive, data; complex measurement and attribution challenges; and new creative challenges. Around a decade ago the industry was swept

along by the apparently new idea of media that was paid, owned or earned. At a time of high visitation to brand/ corporate websites and then, brand Facebook pages, the construct was legitimate. Two simple formulations prevailed:

- Build a website or a YouTube channel (owned media) and drive traffic to it via banner advertising and paid/organic search with the expectation that deeper engagement would follow.
- Build a social media presence and buy "likes" or "followers" in the expectation that the same would happen with the added benefit that your posts would reach those that liked you, and that their interactions with you would be shared with their own social connections. The earned media ambition.

Now, of course, brand websites are largely becalmed and the organic dividend of the Facebook "like" has been diminished. Only the exceptional survive in any useful form and it's certainly true to say that any exposure you earn is largely a function of the media you own. This means that advertisers have to deliver an exceptionally high degree of usefulness to their audience and in owned media that means telling them something they did not know (how to apply a great makeup look or paint a window frame). It means building apps and digital destinations that allow the user to choose, find, buy or book. It means creating content with a clear understanding of the value it creates and the likelihood of it leading to a share or a recommendation.

All of these are a function of some combination of expertise, well-integrated systems, outstanding service and creativity. The objective of these efforts has changed also. Of course sales and lifetime value sit at the top of the hierarchy of marketing, but close behind is the gathering of high quality data. High quality data is data that helps you acquire the customer you don't know and to better understand the customer you do know.

To succeed, advertisers need to understand and deploy a marketing tech stack, which holds the data on the known customer, with the ad tech stack that enables the activation of that data to the greatest effect. As usual this creates a divide, the more direct the customer relationships, the more easily acquirable and applicable the data. Increased efficiency is relative and even the most "data poor" advertisers have embraced programmatic delivery at scale to good effect. When used to target the right cohorts in the appropriate context the advertiser succeeds in reducing wastage while retaining the value of context. It's not only about the pursuit of the known effect of every impression, but also about knowing that every impression has the potential to contribute to a positive business outcome.

The creative challenge persists at four levels:

1. Getting the attention of the consumer in a low attention world. As the buyer pushes the seller towards viewability, the consumer is pushing the brand to greater "watchability".

2. Meeting the costs and measurement implications of the constant iterations of formats and functionality.

3. Finding the balance of enough variation to meet the needs of ever finer segments without undermining the overall brand proposition (The Marriott Hotel Bogota has 57 images on Expedia.com. Marriott/Starwood operates over 7,000 properties. That's a lot of images.)

4. The creation of new classes of content for e-commerce environments. If owned media now requires a higher threshold of usefulness, so should advertising itself. The value exchange between the user and the advertiser has become increasingly explicit. Attention is a reward not a right. Useful advertising is a function of relevance, which in turn is a function of time, place, context, cognitive targeting and creation, and actionability. The creative brief as well as the media brief now need to reflect this as well as an understanding of the efficient frontier of variety: the point at which the cost of granularity exceeds its value.

We have noted before that every brand needs a data story:

- First an absence of a data story leads to a reduction in discoverability, a reduction of relevance and a loss of advantage in algorithmically mediated platforms.
- Second, as augmented reality teaches consumers to expect a data overlay on the real world, brands might wish to participate in this.
- Third, brands need an actual voice or at least the ability to respond to the human voice. Voice search, voice commands to IoT devices from Echo, to the autonomous vehicle will, in some cases at least, require a spoken response.
- Finally, as artificial intelligence becomes part of the taxonomy of everything, the structured and unstructured story around the brand, its purpose, origin and the conversation it creates, will all become part of the consumer experience. It had better be a good one.

Imagine this:

> **ALEXA, WHAT'S THE MOST RECOMMENDED ANTI-DANDRUFF SHAMPOO?**

Or this:

> **YOU ORDERED BRAND A, BRAND B HAS A HIGHER AVERAGE RECOMMENDATION, WHICH ONE WOULD YOU LIKE?**

More broadly, it's impossible to ignore the political events of 2016. The U.S. Presidential election, the Brexit vote in Europe, the Italian referendum, the failed coup in Turkey and the tragic events in Syria touch lives and by extension economies, markets and marketing. 2017 promises to be as tumultuous. Elections in France and Germany and other events may affect the European Union at its core.

Explicitly, a signal seems to have been sent by the electorate that the uneven distribution of wealth is simply unfair and that for many, opportunity is fantasy. Some 70% of the world's population lives on less than $10 per day. 38% of all Americans eligible to vote live on less than $55 per day. This report is dominated by tales of innovation and the ascent to power of a few mighty enterprises. More innovation should produce different innovation. Innovation for the less advantaged in terms of function and value of products and services is every bit as important as VR headsets and the world of wonders.

TRADING IN LIKES

ARE WE WITNESSING THE BEGINNING OF A NEW TYPE OF ECONOMY CREATED BY SELF-TAUGHT MOBILE ENTREPRENEURS AND DELIVERED THROUGH A SEAMLESS, ON-DEMAND MERGER OF THE PHYSICAL AND VIRTUAL WORLDS?

Young Saudis have a new way to do business: the "social cottage" enterprise. Olga Kudryashova, with Hessa Al Sudairy, explains.

Olga Kudryashova with Hessa Al Sudairy
VMLY&R Dubai; Wunderman Thompson, Riyadh
Social Media "Cottage Industry" Empowering Saudi Youth

A combination of unique socio-economic factors, cultural idiosyncrasies and the growing number of highly engaged social media users has led the "connected" generation of Saudi Arabia to develop a new business model. Services, ready-made and made-to-order goods are being promoted, sold and delivered by private individuals almost entirely using Instagram and WhatsApp.

This highly efficient, lucrative and modernized hybrid of cottage industry and social commerce is helping Saudi youth combat the lack of employment opportunities and diversify the private sector of the national economy. But is there more to it? Are we witnessing the beginning of a new type of economy created by self-taught mobile entrepreneurs and delivered through a seamless, on-demand merger of the physical and virtual worlds?

Instagram entrepreneur "Accessories_ar" sells jewelry, watches and wallets. She has 121,000 followers and handles up to 25 orders a day. The owner of the "Ikea_del" Instagram account offers delivery and assembly of furniture bought from IKEA at more favorable rates and in a shorter time than the retailer itself. He has 278K followers. "Sh3biat3", with over 7,000 Instagram followers, caters for private events with homemade food. So far, the fastest-growing categories have been food and catering, delivery services, furniture delivery and assembly, and clothing. The spectrum of services is expected to expand as Saudi Arabia's young generation gets a taste of instant income, self-reliance and experimentation.

How does it work? The model can be called "social cottage industry" because it is usually a small, informal enterprise with marketing and order-handling elements performed through social media. The examples above all use Instagram as a virtual shop window and a channel for interaction. The sales and delivery logistics then take place through WhatsApp, which allows instant order placement, provides a direct communication channel between the buyer and the seller, and enables geolocation.

The two channels effortlessly cover the full path to purchase, and crucially, are always open for customer feedback. The followers are the customer base; the referral mechanism is simple and free – just forward or share with a friend in one click. The good old cash-on-delivery payment practice works well, and remains the preferred method of payment for goods ordered online in Saudi Arabia.

What makes it work? There are a number of factors that nurture the rapid growth of this business model in Saudi Arabia. First is the digital environment and habits of the people. According to the 2015 Arab Social Media Report, produced by TNS, over one-third of the Saudi population is active on social media. GMI 2016 Social Media Statistics show that 91 percent of those who have a social account are on WhatsApp. Instagram usage in Saudi Arabia is double the global average, Bloomberg reports. For private businesses, these platforms provide outstanding reach without requiring any investment in marketing.

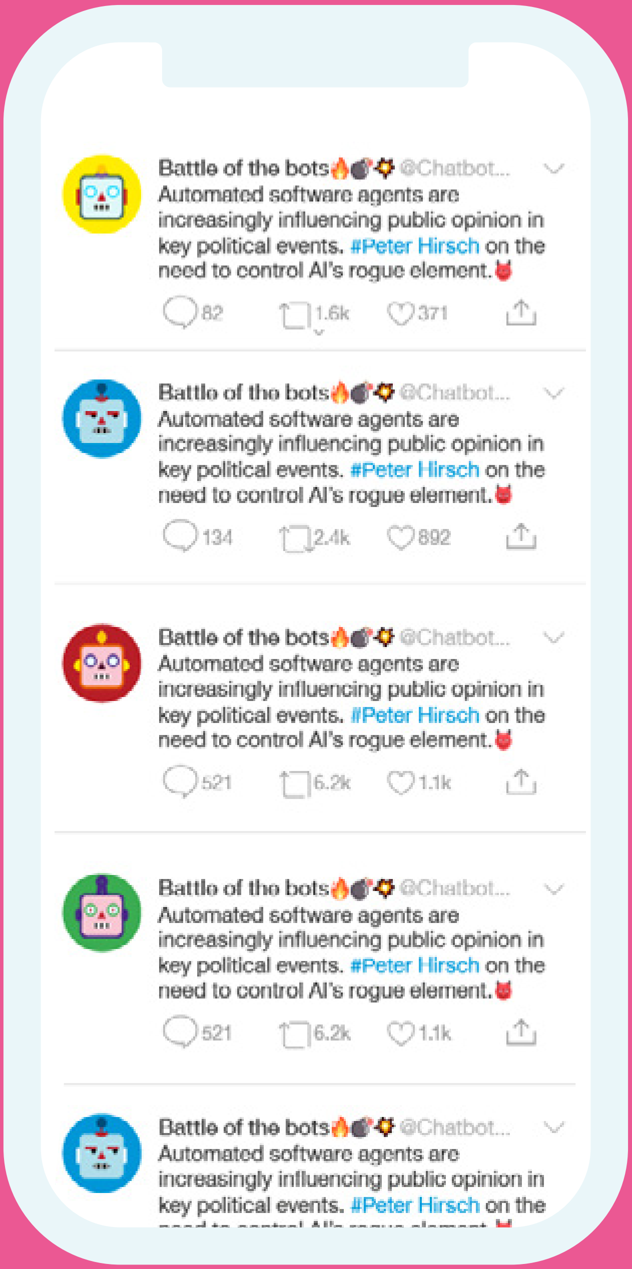
Secondly, this business model presents a rare opportunity for Saudi women to establish their own enterprises, bypassing the gender restrictions they face in many aspects of their lives. For a Saudi woman, having her own income, without having to rely on male guardians, is seen as the ultimate personal achievement.

Thirdly, the real-time nature of social media challenges and often exceeds the customer service standards offered by traditional retail, especially when it comes to a personalized approach, communication between the buyer and the seller, and the speed of delivery.

And finally, face-to-face interactions have always been an important part of the culture of doing business in the Arab world. Face-to-face interactions build trust, understanding and a real sense of a shared mission in business deals. Social media platforms, and chat applications in particular, create that sense of being in a one-to-one conversation that feels almost as personal as a face-to-face meeting.

For the time being, although Instagram in Saudi Arabia is full of these small, social businesses, their contribution to the national economy remains unmeasured. What is evident though, is the potential of the "connected" youth to reshape the fundamentals of trade and create new value propositions.

According to the CIA's World Factbook, Saudi Arabia's youth population "generally lacks the education and technical skills the private sector needs". But it may be that they have lacked the formal training to develop the resourcefulness and confidence needed to explore new business avenues. Now, through the "social cottage industry" model, they are acquiring these skills for themselves, and this is just a starting point. The 13 million Saudi netizens under the age of 30 present a powerful force to pilot the formation of a new type of economy and revolutionize the way we do business.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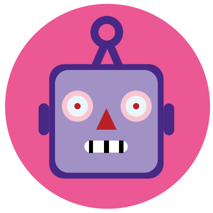


BATTLE OF THE BOTS

Automated software agents are increasingly influencing public opinion in key political events. Peter Hirsch on the need to control AI's rogue element.

Peter Hirsch
Ogilvy Consulting, New York
Windmills in Cyberspace

"What giants?" asked Sancho Panza. "The ones you can see over there", answered his master, "with the huge arms, some of which are very nearly two leagues long". "Now look, your grace", said Sancho, "what you see over there aren't giants, but windmills, and what seems to be arms are just their sails, that go around in the wind and turn the millstone". "Obviously", replied Don Quixote, "you don't know much about adventures".

Don Quixote's faithful servant may not have understood much about adventures, but the recently concluded US presidential election and Brexit referendum taught the world just how much it did not know about the difference between giants and windmills. In the course of two unprecedentedly vicious campaigns, we learned that a high percentage of Internet commentary, in particular in the Twittersphere, was being generated not by human beings but by bots, software programs designed to respond automatically and with enthusiasm or derision to human opinions. In combination with the so-called "fake news" generated by both commercial and sovereign national entities, we have entered a new phase in communications and community (Miller, 2017).

These developments would appear to pose the greatest threat to the future of democratic institutions worldwide which have built their credibility and continuity on the availability of verifiably objective information and relative transparency about the sources of information and opinion, enabling the citizens of today's nation states to make up their own minds about what to believe. However, we perceive this to be an even broader threat that potentially undermines the credibility of all institutions that engage publicly on important issues – corporations, labor unions, non-profits, foundations and advocacy groups. Unless all of these entities develop effective ways of dealing with bot storms, our public discourse will be permanently tainted. The knowledge and expertise to contain and sideline these attacks will need to become a core part of any organization's reputation risk management toolkit.

It has been well understood for some time that the Internet was peopled as much by algorithms as by human beings. In its 2016 report on Web traffic, device detection company, Device Atlas, showed that 49% of Web traffic was generated by non-human agents (Pieko, 2016). Many of these bots and crawlers are utilities without agendas, but their sheer volume is staggering. There has also been a proliferation of relatively benevolent bots, chatbots, doing simple and fun things such as helping you order tacos or pizza. These artificial intelligence (AI)-enabled messaging platforms respond to text-based requests and can help you manage travel reservations, get news updates from the *Wall Street Journal* or print documents via your Facebook Messenger window through the HP Print bot (CBInsights, 2016).

Some experiments with such AI-based, machine learning platforms have been more laughable than ominous. It took Internet trolls less than a day to mess with Microsoft's experimental chatbot, Tay (Vincent, 2016). Designed to learn and grow via the Twitterverse, teen bot Tay responded to racist and anti-Semitic prompts with increasingly offensive comments of her own before being retired by its maker.

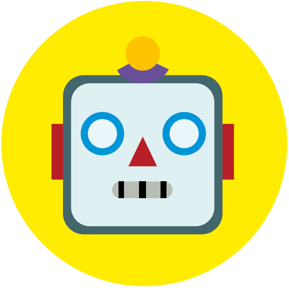
It took the Brexit referendum and the US presidential campaign, however, to reveal the true potential for mischief these bot storms represented. As reported in *The New Scientist*, researchers Phillip Howard of Oxford University and Bence Kollanyi of Corvinus University analyzed the 1.5 million Tweets with hashtags relating to the referendum between June 5 and June 12, 2016 (Baraniuk, 2016). Of these, 50% were pro-Leave and 20% were pro-Remain. But what staggered the researchers was that nearly half of the Tweets, some 500,000 messages, were generated by just 1% of the 300,000 sampled accounts, clearly suggesting these were automated. In the last 48 hours before the referendum, these comments leaned heavily in favor of Leave and some commentators believe it had a significant impact on the final result.

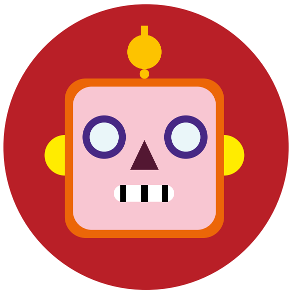
The US presidential election of 2016 provided another chilling example of the power of the algorithm. Writing in *The New York Times*, Hess (2016) laid out a taxonomy of political bots. @EveryTrumpDonor, a so-called protest bot, did not hide its automated nature, but tweeted out the names of Trump donors on a regular basis. Propaganda bots were less transparent about their natures and throughout the course of the campaign represented a significant percentage of the political dialogue on Twitter. Hess cites another analysis by Phillips and Kollanyi indicating that the ratio of pro-Trump to pro-Clinton bots rose during the campaign from 4:1 to 5:1. Their research suggests that there was a conscious campaign to time this automated content to match the dialogue during the presidential debates and "strategically colonize pro-Clinton hashtags".

5:1 ESTIMATED RATIO OF PRO-TRUMP TO PRO-CLINTON BOTS AT ONE POINT DURING THE 2016 ELECTION CYCLE. (HESS 2016)

The 2016 election cycle was not the first time that political bots were used to attempt to influence the vote. Mitt Romney was caught buying bots when it was discovered that his "followership" had increased by 140,000 in two days. However, in the battle between Trump and Clinton, the scale of bot usage reached an unprecedented level. Howard's research showed that during the course of the first presidential debate, bots were behind 30% of the pro-Trump traffic and 20% of the traffic favoring Clinton.

It is impossible to determine what role this automated propaganda played in determining the outcome of the presidential election, but Phillip Howard's research indicates that most people who engaged in dialogue with bots were unaware that they were not conversing with humans and may have been influenced by what they read. These techniques have already expanded across the entire





continuum of information and opinion, including international relations. Andriy Gazin, who works for a Ukrainian non-governmental organization Texty, has identified more than 20,000 Russian bot accounts systematically pumping out pro-Kremlin propaganda to influence public debates (Miller, 2017). As these techniques become universal, they threaten to undermine the entire system of public discussion on which democratic institutions around the world are based.

Attempts to influence public opinion, government policy, regulation and legislation are, of course, as old as these democratic institutions themselves, including outright vote buying. In his history of corporate behavior in the late nineteenth century, *The Age of Betrayal*, Jack Beatty quotes a contemporary source describing the influence of legendary railway baron Tom Johnson: "Congressmen rustled in his pockets like dried leaves" (Beatty, 2007). During the 1960s, chemical interests spent more than half a million dollars trying to undermine Rachel Carson after the publication of her expose of the environmental impact of pesticides, *Silent Spring*, by planting negative stories about her motives and lifestyle (Lear, 2014). Tobacco companies waged a decades-long battle against their critics by funding research to suggest that evidence of the ill effects of smoking was controversial. More recently, author Jane Mayer has documented what she describes as a concerted effort by a group of conservative US businessmen to systematically move public opinion to the right by funding agenda-driven academic think tanks masquerading as impartial and objective research centers (Mayer, 2016).

The propaganda technique that most closely resembles the battle of the bots is what has been called "Astroturf" campaigns. A pun on grassroots campaigns, this kind of (usually) corporate propaganda is designed to simulate the strength of public opinion on a specific issue. Astroturf campaigns have used a variety of techniques including forging hundreds of letters to members of Congress, creating advocacy groups of

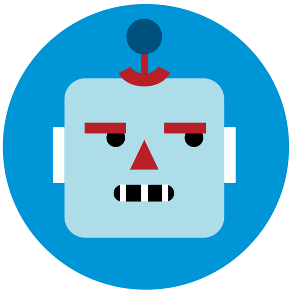
MITT ROMNEY WAS CAUGHT BUYING BOTS WHEN IT WAS DISCOVERED THAT HIS "FOLLOWERSHIP" HAD INCREASED BY 140,000 IN TWO DAYS.

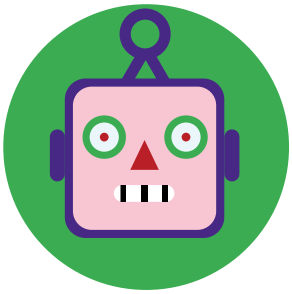
purportedly concerned citizens, and setting up boiler room operations to find "white hat" citizens to endorse the views of corporate interests. What all of these techniques, like botnets, are trying to do is to manufacture the impression that large segments of the population vigorously support the opinions and agenda of the sponsoring entity, whether that is an advocacy group, a corporation or a sovereign government.

What makes the emergence of political bots so alarming is that it is easy to see the development of a race to the bottom. Whether it is corporate interests who start deploying these techniques first or advocacy groups in animal rights or environmental protection, it is hard to imagine that any group waging war in the battle of public opinion will willingly forgo their use. The image that most readily comes to mind as we contemplate this scenario is the scene in Disney's *Fantasia*, in which Mickey Mouse as the Sorcerer's Apprentice tries to bring a broom he has enchanted to help him clean the sorcerer's quarters under control (Walt Disney Productions, 1940). Every time he splits the broom in two, each piece becomes a broom of its own until the brooms have multiplied into the hundreds. How long will it be before every campaign to influence public opinion is an entirely automated engagement?

Some attempts have been made to identify and thereby nullify the impact of these bots. So alarmed was the US Defense Advanced Research Projects Agency (DARPA) about these influence bots that it hosted a four-week competition in 2015 to find the most effective program to find the bots among real human communications (MIT Technology Review, 2016). The winning team was Sentimetrix, which was able to identify 38 of 39 bots that DARPA had planted among 7,000 accounts. Other efforts to identify bots include the Truthy Project at Indiana University, which was started in 2014 and itself became the subject of what it called a smear campaign by right-wing media, characterizing it as a government-led conspiracy to track and suppress free speech (Uberti, 2014). The Blockbot Checker (2017) created by Sarah Noble is a Twitter tool to help users identify and block trolls, both human and bot. Other tools to identify and map automated influencers include open-source software programs such as Twitter Audit and NodeXL. All of these tools are vulnerable to the speed with which political and other botmakers evolve their tools, making each generation sound, look and act more human to evade identification. There is an ongoing controversy in the bot detection field about whether to publish new tools for fighting bots or whether it is better to keep these findings secret to prevent bot makers from designing new strategies precisely to defeat evolving analytics.

We do not anticipate an early conclusion to this tug of war between bot makers and bot hunters. While it continues, however, stewards of organizational reputation need to maintain a high level of vigilance to determine whether their antagonists are real or automated and, as far as possible, to identify the source of the automated opinion. We hope that, in the face of significant temptation, they will also refrain from engaging in bot warfare themselves. Just as responsible and ethical marketers have signed on to global standards of disclosure about payments or payments in kind to bloggers, we believe that a parallel set of standards needs to be developed to manage the explosion of activist bots across the entire spectrum of political views. The alternative is a descent into a quagmire of opacity from which open societies around the world will have great difficulty in extricating themselves. What Don Quixote called an adventure looks to us much more like a fight for survival.





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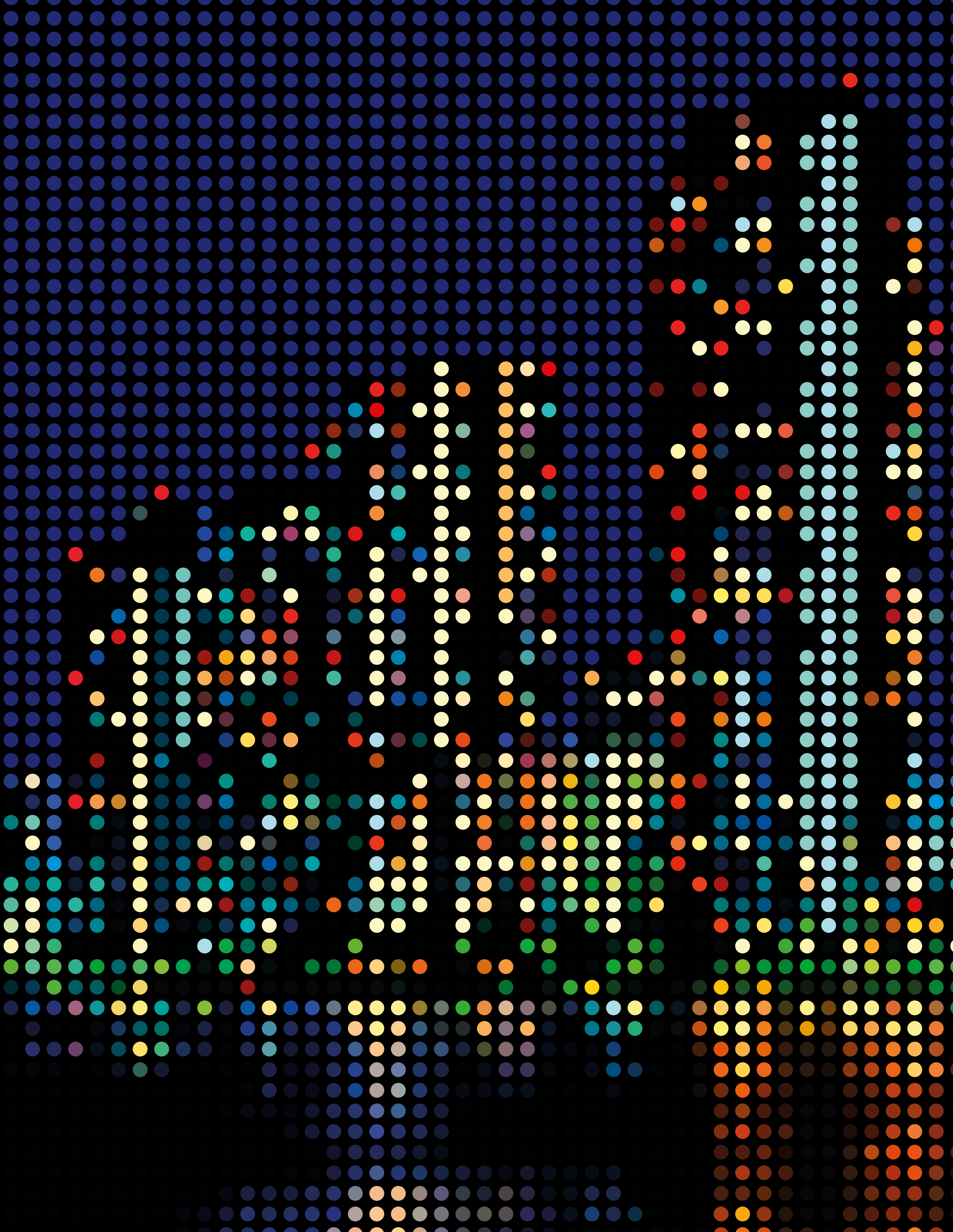


CITIES OF PROMISE

An innovative approach by MediaCom looks beyond China's traditional Tier system to identify the urban areas with the greatest potential for brand growth. Peter Petermann reports.

Peter Petermann
MediaCom, Shanghai
Beyond the Tiers

For most brands, China still offers major growth opportunities

For most consumer-facing Multinational Companies (MNCs), unlocking new consumer segments is key. And China, despite its relative recent slow-down in economic performance, is still one of the most dynamic and most prosperous markets in the world.

To make apt investment decisions, MNCs and Chinese brands alike need to look for rich data that will provide an accurate picture of China's investment landscape. And this is where businesses may face a major challenge. China's traditional City Tier System that classifies China's cities into four broad categories fails to provide enough granularity about consumption patterns and growth opportunities across China's cities. More than 600 cities have been classified within China's Tier system, from the handful of super-rich megalopolis cities in Tier 1 down to the exhausted clonetowns in the provinces. No other country in the world has such a classification, but then again no other country in the world has such a complex market economy.

For decades, the Tier system has provided the framework in which China would organize the complex relationship between the central government and its provincial (or not so provincial) counterparts. In recent years, however, it has become increasingly clear that the Tier System is of limited value in understanding and, more importantly, grasping growth opportunities for MNCs and Chinese brands. The problem starts with the classification itself.

Tier 1 consists of the five biggest and wealthiest cities: Beijing, Shanghai, Guangzhou, Shenzhen and Tianjing. With populations the size of not-so-small nation states and with more buying power than many African economies, these cities will continue to contribute heavily to brand growth. Historically, it has always been obvious which cities belong to this cluster – though no clear-cut definition exists why it's just these.

Tier 2, on the other hand, consists mostly of provincial capitals and prefecture-level cities, although a few other large cities are included. Again, no definition exists to explain why some are included and others are not.

Tier 3, then, is even less clearly defined, consisting of a rather incoherent group of approximately 100 cities.

And the only similarity between *Tier 4* cities seems to be that they are not included anywhere else.

Clearly, such categorisations are not based on analysis of current or future economic conditions or household consumption patterns and hence, they do not reveal anything about a city's uniqueness as a consumer market. In this White Paper, we claim that brand owners in China can no longer depend on the traditional Tier classification system to give a practical shape to their expansion strategies. This is the Information Age and the age of Big Data and people's purchase decisions are greatly influenced b y their access to the Internet. With this, we introduce the concept of Connected Consumers who have access to the Internet and whose purchase decisions depend on their willingness to spend their disposable income once they have secured their basic necessities. And we introduce the concept of Connected Cities to better reflect where we believe growth for brands will be found in the years to come

Connected Consumers: the emerging drivers of consumption growth

MNCs in China typically target the country's growing middle class to promote their expansion strategies. However, the term "middle class" is broad and rather vague as there is no criterion to define how much a consumer should earn to be classified as middle class. Additionally, brands often consider the income of their prospects, but do not base their planning on the consumers' mind-set. A consumer may have a high income, but to be interesting for brands he or she should be willing to spend this income on branded goods or services. In today's internetworked consumer market, consumers carefully evaluate various spending options before making a purchase decision.

At MediaCom, we have identified a new and unique consumer segment called

> **CHINA'S TRADITIONAL CITY TIER SYSTEM THAT CLASSIFIES CHINA'S CITIES INTO FOUR BROAD CATEGORIES FAILS TO PROVIDE ENOUGH GRANULARITY ABOUT CONSUMPTION PATTERNS AND GROWTH OPPORTUNITIES ACROSS CHINA'S CITIES.**

China's traditional City Tier System

TIER 1	Top five biggest and wealthiest cities: Beijing, Shanghai, Guangzhou, Shenzhen and Tianjing
TIER 2	Mostly provincial capitals and prefecture-level cities, (although a few other large cities are included).
TIER 3	Not clearly defined. consists of a rather incoherent group of approximately 100 cities.
TIER 4	Not clealrly defined but appears to be Cities not included anywhere else.

"Connected Consumers" as a key driver for growth. More and more consumers are found outside the well-developed retail environments of the higher Tiers – and to be considered a Connected Consumer they need to have access to e- and more importantly m-Commerce to be able to spend their money on consumer goods and services. To look at consumers through this lens has many practical advantages – specifically when it comes to understanding their mindsets. "Connected Consumers" are now defining consumer culture and brands need to target them for growth. They demonstrate a significantly higher level of consumption compared to other households: where other households spend about $2,000 per person per year, Connected Consumers spend $4,400. They tend to be younger, more affluent and better educated. They spend over-proportionally on non-essential items such as magazines, books, personal-care products and cars. But their key focus is on fashion, dining and entertainment, and child education.

We anticipate that the total number of Connected Consumers will increase by 60% in 2025, growing into a population of 590 million.

They will drive 80% of aggregate consumption growth in the coming years – half of this due to their rising numbers and the rest to their increasing per capita consumption.

Connected Cities: where the real opportunities for growth lie

Now that we've outlined who will be responsible for brand growth in China we need to understand where we will find them. As explained above, China's traditional Tier system fails to provide a granular enough base for businesses to make appropriate decisions.

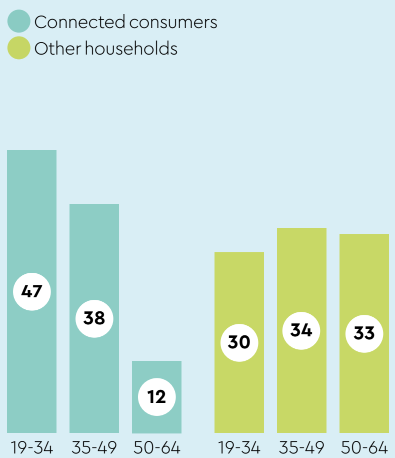
Consequently, we propose a city segmentation system, called Beyond the Tiers, that will help brand owners better understand where to look for opportunities in China's diversified consumer landscape. We have divided China's cities into 11 segments allowing brands to identify the most profitable consumer markets. This segmentation framework is based on several socio-demographic aspects including population growth, increase in people's disposable income, consumption growth, digital and analog infrastructure, and media usage.

On one side of the spectrum are the cities that either are already in full bloom or are progressing with great strides. We call them Connected Cities: the rich Megacities and the export-oriented Boomtowns with a projected population growth of up to 40%; the Peripheral Cities that benefit from spillover from the large metroplex areas and show immense growth in consumption power; the large Crossborder Cities that benefit from trade with neighbouring countries and show high per capita income growth; or the Modern Industrial Cities whose economic power stems from their industrial success and their ability to reinvent themselves. Connected Cities are noted for their diversified economies. They present optimal growth opportunities and offer a fertile landscape for investment. Hence, brands that are looking to expand their territories should consider these markets first.

On the other side of the spectrum are cities that have negative population growth due to either an inability to innovate, resource exhaustion or limited opportunities for diversification. We call them "disconnected". 26 of the markets we have analysed are "resource-exhausted": located in remote mining regions, they offer very little else and consequently have been hit hardest by resource depletion and unemployment. Then there are the small, shallow markets of China's Challenged Heartland Cities. And China's Agricultural Cities, be they Struggling or Diversified

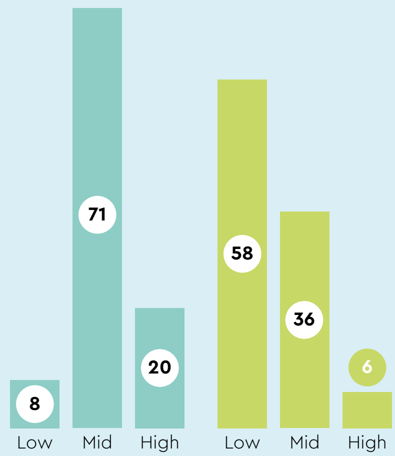
WE PROPOSE A CITY SEGMENTATION SYSTEM, CALLED BEYOND THE TIERS, THAT WILL HELP BRAND OWNERS BETTER UNDERSTAND WHERE TO LOOK FOR OPPORTUNITIES IN CHINA'S DIVERSIFIED CONSUMER LANDSCAPE.

Younger
Age distribution, % of households, 2016



Source: Shan Hai Jin

More affluent
Income distribution, % of households, 2016

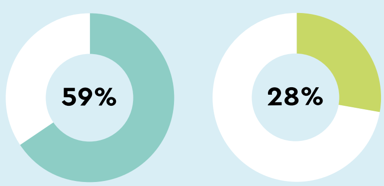


Agricultural, are also facing the problems of a quickly shrinking population. Even China's Tourism Cities with their small domestic population are finding only limited opportunities for economic diversification.

Of course, as China in total is growing, some of this growth will happen in these markets; and as they are coming from a very small base their relative growth may look intriguing. But economically, these markets are volatile – and more likely than not substantial growth will not happen here. While individual cities may find a way to thrive, most of these markets will struggle in the years ahead.

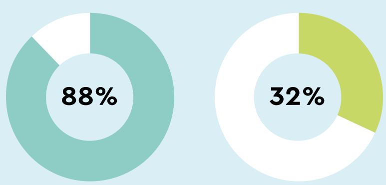
Finally, there is the large cluster of China's Heartland Mainstream Cities: these 52 cities with more than 200 million people will make up 13% of China's consumption in 2025. These are the nondescript, extremely average cities that dominate China's heartland. There is too little going on in these cities to accurately predict their future. And while this cluster may become an interesting area for the next wave of brand growth, currently we would recommend to concentrate marketing investments on the five growth segments outlined above.

Better educated
% with college education or above, 2016

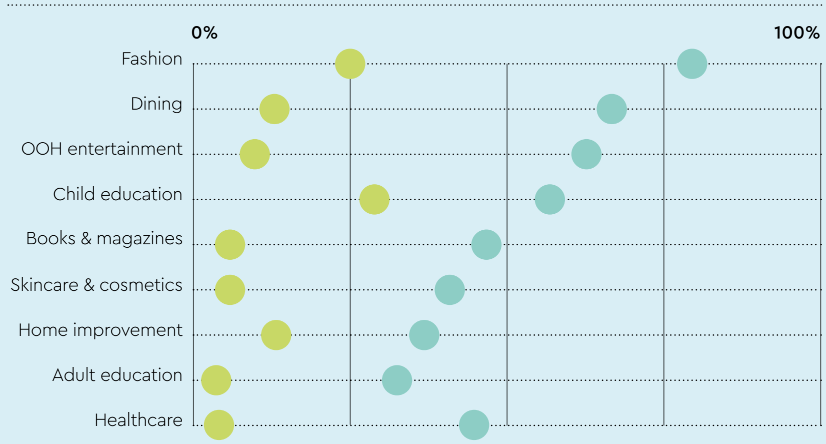


Source: Shan Hai Jin

More urbanised
% living in urban area, 2016



What they spend it on



Source: Shan Hai Jin

China's Connected Cities

Rather than using the traditional Tier system, we recommend building your expansion strategy on the "connectedness" of potential markets. "Connected Cities" are markets that share the following necessary preconditions for growth: they have both the digital and non-digital infrastructure to support expansion strategies; they have a sufficiently large and growing population with enough disposable income; and they are forecast to contribute over-proportionally to the increase in consumption growth.

This approach is much less arbitrary and more granular than the traditional Tier classification and, therefore, provides a more robust basis for strategic decision making.

MEGACITIES
With an average population of 19 million, China's Megacities are robust stand-alone economies. These cities have high level of wealth and strong government support, which make them stable markets for several industries including food, media, finance, hospitality, and healthcare. However, markets such as **Beijing** or **Shenzhen** are already mature with hundreds of choices and thus relative growth rates are limited.

BOOMTOWNS
China's Boomtowns are noted for their strong population growth and a very high share of consumption. They offer access to foreign trade opportunities. Markets such as **Nanjing** or **Ningbo** are very open for expansion as they are less penetrated by international brands. However, high property prices put consumption and spending power under pressure.

PERIPHERAL CITIES
China's Peripheral Cities benefit from their proximity to the wealthy ecosystems of China's Megacities and Boomtowns and are home to many migrant workers. **Yangzhou**, for example, profits from spill over from Nanjing, Suzhou and even Shanghai. Higher disposable income and rising wages in the upcoming years indicate a strong potential for growth.

CROSSBORDER CITIES
On China's edges, you find cities such as **Nanning** or **Harbin** with very strong income and consumption growth. Their strong development is supported by regional & central government initiatives such as "One Belt One Road". Currently, households in these cities are spending more on basics than on premium brands but with increasing purchasing power this is going to change quickly.

MODERN INDUSTRIAL CITIES
China's Modern Industrial Cities such as **Hefei** or **Dongying** feature large, diversified industrial sectors. These cities are mainly located in the resource-rich areas of China. They are less international and people have fewer choices in brands and products. Companies operating in these cities have better chances of growth if they can continue to innovate and diversify.

> **CHINA IS ALREADY BY FAR THE WORLD'S LARGEST AND MOST EVOLVED INTERNET ECONOMY AND AS BRANDS SEEK TO EXPAND, E-COMMERCE AND M-COMMERCE ARE CRITICAL.**

Marketing opportunities across the five growth segments

Through GroupM, MediaCom has access to the world's largest consumer database. GroupM's annual media panel, Shan Hai Jin, allows us to replicate the Beyond the Tiers segmentation and make it media-actionable. Using Shan Hai Jin as a basis, we can highlight media usage, brand and product usage as well as consumer lifestyles and attitudes of Connected Consumers across Connected Cities. These data will allow brands to identify marketing opportunities in the different clusters. They provide support for channel selection and are a good source for consumer and category insights.

A few examples:

1

Snacks

People living in Boomtowns and Peripheral Cities often choose to buy snacks in department stores or shopping malls (index scores i176, i133); in Crossborder and Modern Industrial Cities convenience stores are more prominent (i112, i129). This may be an indication of a very different retail structure in these cities which would have an influence on marketing. While biscuits and cookies remain the snack bought most frequently overall, people in the Peripherals seem to love chocolate (i274) whereas consumers in Crossborder and Megacities prefer potato chips (i129, i117). This observation might lead to an insight about the indulgence vs. craving nature of snacking in these cities.

2

Automotive

With a third of Connected Consumers claiming to be potential car buyers, Megacities and Boomtowns might become your area of focus if you are looking to market cars. We observed that people living in the Peripheral cities claim very little interest in purchasing a new car (8.7%) – perhaps many of them commute to work and feel that a car offers little additional benefit. And there are differences in consumers' decision making: while potential car buyers in Megacities and Modern Industrials seem to decide primarily based on price (77%, 76%), performance is the main factor in Boomtowns and Crossborder Cities (70%, 66%). And people in Peripheral cities consider the car's looks above everything else (78%).

3

Skincare

For skincare advertising, online ads consistently offer the highest reach across all city segments. Megacities and Peripheral cities, however, significantly overindex on magazine reach (i128, i115), which would offer brands a better edge compared to other channels.

When it comes to messaging, the segments vary notably: consumers in Megacities use skin care to "pamper myself" (i131); shoppers in the Peripherals want to "improve my mood" with cosmetics (i177); and Crossborder and Modern Industrial consumers are looking to "improve my personal image" (i108, i109).

The way ahead: marketing

We have outlined how Connected Consumers will determine consumer culture in China in the upcoming years. They are present in all city segments, but are especially prominent in Connected Cities. While these consumers are not necessarily high earners, they have the willingness to spend on things other than their basic necessities. They are the ones who buy clothes, dine out, go for vacations and are willing to pay for China's growing service sector. Companies will need to devise geographic strategies and to identify the sub-groups that they can focus upon effectively. Connected Consumers in different segments have different needs and desires and this is what companies should consider for their marketing strategies.

In terms of media usage, we can say that television advertising will remain the major channel to create and sustain brand-awareness; however, modern marketers need to consider integrated communication strategies as well. This holds particularly true if you are looking to target China's modern Connected Consumers.

Innovative digital and mobile marketing strategies can go a long way to tap China's young consumers who are scattered across the city segments. In 2016, the number of China's Internet users stood at 731 million and more than 95% use mobile devices for access. This has a huge impact on how people shop: China is already by far the world's largest and most evolved internet economy and as brands seek to expand, e-Commerce and m-Commerce are critical.

FAST MOVING ONLINE RETAILERS

e-Commerce is playing an ever-greater role in FMCG sales worldwide. Stephane Roger looks at the key drivers for market growth.

Stephane Roger
Kantar Worldpanel, Barcelona
The Future of e-Commerce in FMCG

The pure player advantage

At a global level, the weight of pure players is 60% against 40% for bricks-and-mortar.

Across Europe and the West, bricks-and-mortar retailers have developed relatively fruitful online grocery models – in France they represented 95% of total FMCG e-commerce last year. But, even there, this model is stagnating. Traditional retailers rely heavily on both infrastructure and store proximity for e-commerce to be successful, which can be limiting for new entrants. In the USA, for instance, Walmart's delivery strategy is largely successful because 90% of Americans live within 15 minutes of a Walmart store.

The tide may be turning: the UK's leading pure player, Ocado, has recently reached 15.4% online market share, overtaking Morrisons to become the country's fourth largest e-commerce grocery retailer.

Indeed our data shows that pure players are far more successful at reaching new customers. This is evidenced by the rapid growth of online grocery adoption in Asia; most notably in South Korea, where 67% of e-commerce penetration was attributed to pure players in 2017. Across the continent, this model is continuing to win market share at an unprecedented rate; especially in deveoped and established markets – responsible for 90% of growth in South Korea and nearly 100% in Malaysia and Thailand.

In recent years, rapid technological developments have equipped bricks-and-mortar retailers and pure players with the tools needed to develop scalable online grocery strategies. Yet pure players are in pole position and undoubtedly set to win the race.

Ingredients for growth

Megacities

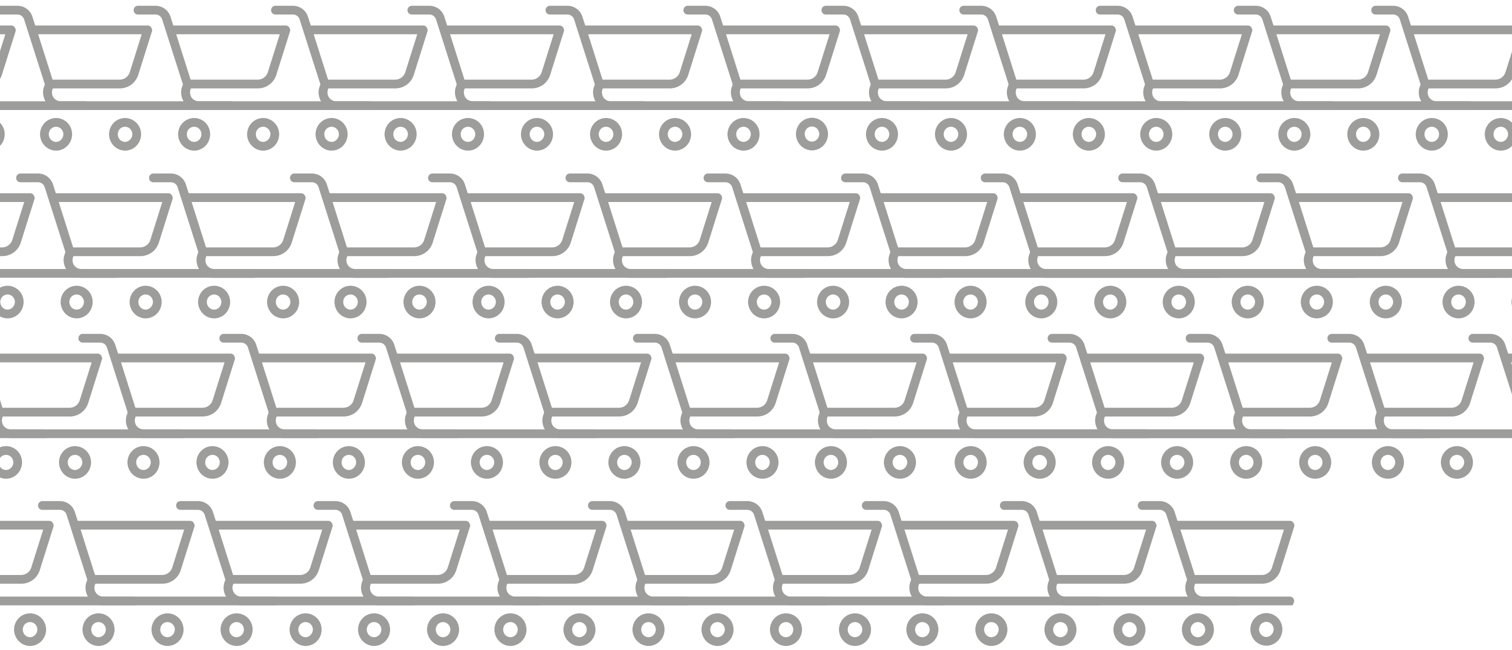
Thanks to a global expansion of online delivery and the rapid acceptance of mobile commerce, the world's largest cities have become natural breeding grounds for e-commerce.

Megacities hold a much larger share of the online grocery market than smaller towns and cities, or rural areas. For example, in London, Beijing and Shanghai, e-commerce accounts for almost 10% of the total FMCG market.

In China, the strongest penetration growth is found in lower tier cities in recent years. Tier C and D cities achieved 59% penetration growth between 2014 and 2016, compared to 28% in key cities like Beijing and Shanghai. This can be attributed to the spread of affluence and improved connectivity across China – retailers are increasingly targeting these satellite regions with their online offerings.

France is an outlier in the landscape. In Paris, online share is only 3.8% compared to 5.6% for the country overall. The drive concept has exploded in suburban areas but this model doesn't fit with the Parisian lifestyle. While proximity stores fulfill the need of convenience, there is a huge opportunity to provide more options for home delivery in Paris to deliver bulkier products to shoppers in an easier way.

Retailers will need to operate a distinctive multi-format and multi-brand strategy to differentiate their offers in



RETAILERS WILL NEED TO OPERATE A DISTINCTIVE MULTI-FORMAT AND MULTI-BRAND STRATEGY TO DIFFERENTIATE THEIR OFFERS IN MEGACITIES.

megacities. Mobile technology and digital capabilities are essential to build a competitive advantage.

Who shops online

The profile of people who buy groceries online is more or less the same in Europe as it is in Asia. In both cases, young families with children are the consistent integer. But there are differences. In the UK families with four or more members represent 37% of online value, compared to 24% offline. In Asia, meanwhile, individual shopping is more prevalent due to the higher presence of personal care products in the online basket.

In emerging markets, e-commerce is more popular with young upper-class consumers. Upper class Thai families represent 37% of online value versus 16.6% offline. Although convenience and price are common drivers for e-commerce, it's clear that many other factors play a part in defining who shops online – and how often.

Business concentration

In mature markets, FMCG trade is much more concentrated online, making it easier for brands to connect with shoppers in the virtual environment. In the UK, the top five players accounted for 96% of online trade in 2016. Comparatively, the top five retailers gained a 68% share of the offline market.

In China, pure players accounted for 55% of the online market, hugely surpassing the 13% achieved by the top five offline retailers. For online brand growth, then, it's even more crucial to build strong relationships with top retailers.

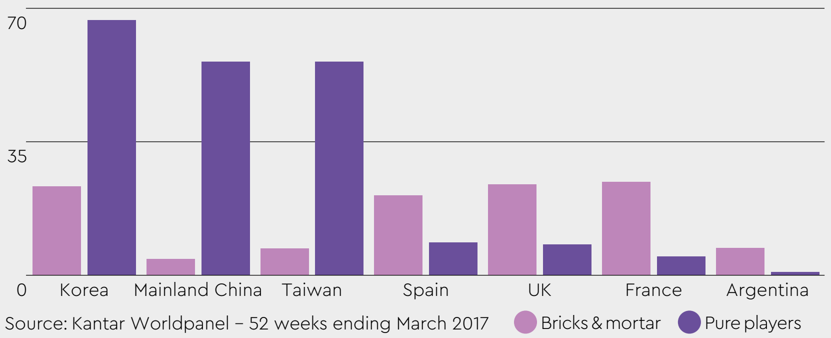
Incrementality

Our data shows that the effect of online grocery shopping on the total FMCG market is positive in the short term. In their first year of online adoption, shoppers actually spend much more on FMCG in general (on plus offline channels purchase) than they did the previous year. For example, in South Korea, average shoppers spent 1.9% more on FMCG in 2017 than in 2016. But the purchase evolution of those who began using e-commerce for the first time is +7%. This is also a common pattern in the UK and China – driven by frequent, small basket purchases of premium goods. The bad news is that this spending bounce is relatively brief.

By their second year of shopping online, consumers tend to moderate their budget and year-on-year growth falls back in line

The pure player advantage

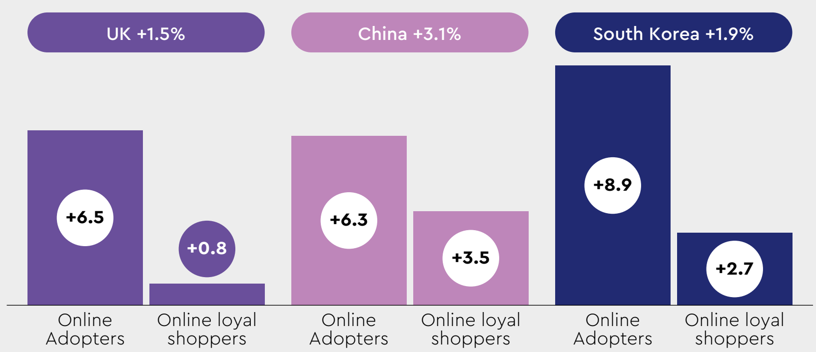
Online penetration by format



Source: Kantar Worldpanel – 52 weeks ending March 2017

> **THE UK'S LEADING PURE PLAYER, OCADO, HAS RECENTLY REACHED 15.4% ONLINE MARKET SHARE, OVERTAKING MORRISONS TO BECOME THE COUNTRY'S FOURTH LARGEST E-COMMERCE GROCERY RETAILER.**

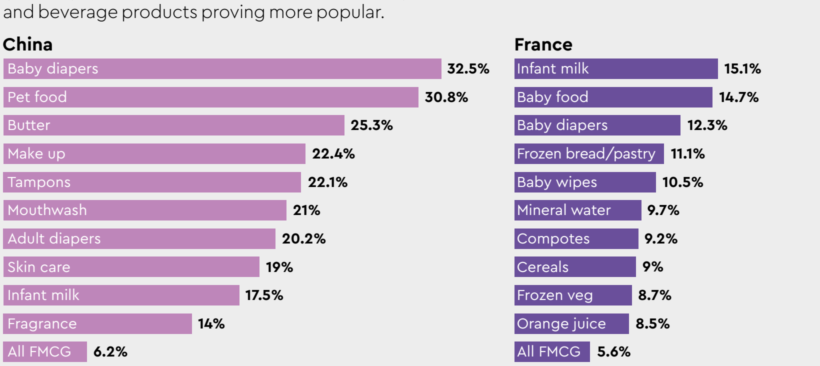
% Evolution of total spend online & offline



Source: Kantar Worldpanel – 52 weeks ending March 2017

% Online value share

Personal care and baby care products continue to dominate the online basket. Around the world, young and time-strapped families are increasingly seeking convenience when it comes to purchases of everyday household essentials. In China, for example, consumers bought five times more value of baby diapers than other FMCG products. French shoppers purchased nearly three times more in value of infant food than other online groceries. In Asia, the top categories for online purchases are generally individual products – personal and baby care – while Europe bucked this trend, with food and beverage products proving more popular.



Source: Kantar Worldpanel – 52 weeks ending March 2017

with the market average. As these shoppers become more loyal to e-commerce channels, this decline hits bricks-and-mortar retail, where sales are being cannibalised. In the longer term, the broader shift to online presents a serious challenge for the health of the FMCG market overall. Because online shoppers tend to repeat shopping lists from trip to trip, this provokes fewer unplanned purchases. The strategic answer for brands and retailers is to focus on how to generate more impulse purchases online – outside of their usual basket.

Categories

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Kyle Findlay
Kantar, Cape Town
Where Do Surveys Fit into the Modern Marketing Ecosystem?

SURVEYING THE HORIZON

The world has changed – especially if you're in market research. Clients, once data-poor, are now drowning in metrics and analytics. Everything is measured and monitored and the results are available to short-cut the insight process and lead to appropriate marketing execution. The monopoly that surveys enjoyed for decades is no more than a memory. So where does such questionnaire-based research fit in now?

The new world of data is characterized by a number of trends, itemized by author Kyle Findlay in this article first published on the ConversationModel blog. There's the practice of integrating insights with programmatic advertising. Decision-making has been speeded up, necessitating more regular and granular tactical insights. There's a growing reliance on non-survey data sources, including platforms like Google Analytics to inform tactical actions. And new technology entrants to the insights space, often bypassing all the old standards and mechanisms by which clients put data into action – sometimes with a direct line to the C-suite.

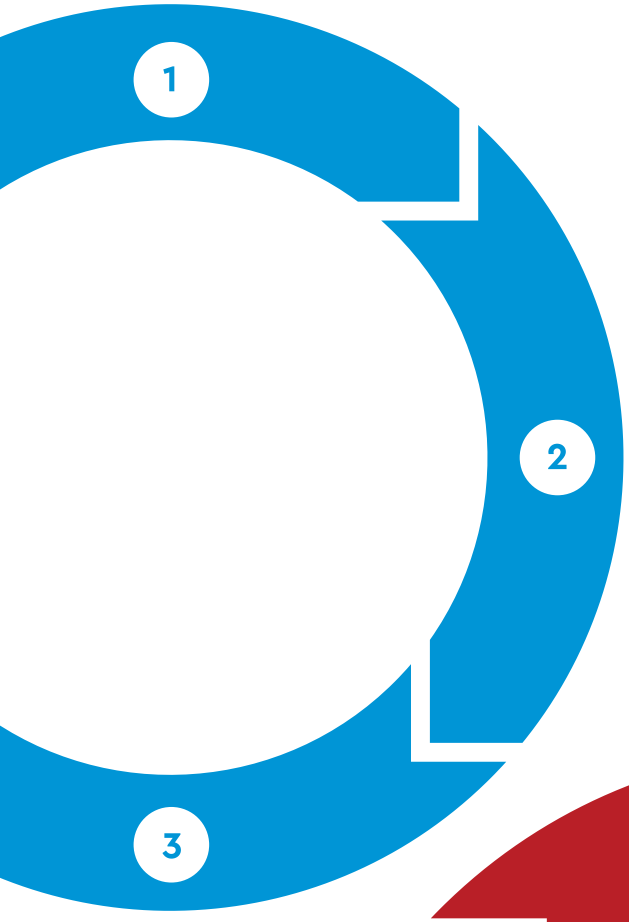
What surveys can still do in this context says Findlay, is "provide us with a view of a brand across time scales: short-, medium- and long-term views". They are ideally suited to provide the strategic overview of a brand's activities: tracking, understanding consumer perceptions and in-market factors that shape consumer behaviour. Using the Stimulus-Organism–Response social-psychology model, surveys are ideally equipped to explain why people respond to a stimulus in the way they do. Surveys allow marketers to ask intentional questions in a way that other data gathering practices don't, and thus to align the elements of the data ecosystem in a holistic way. The objective has changed, in other words, but surveys still have a role to play.

Maximilian Rausch and Peter Kurz
Kantar TNS, Munich
Combining Choice Based Conjoint and NeuroPricing

WHEN THE PRICE IS RIGHT

This presentation, which was first aired at the SKIM/Sawtooth Software European Conference 2017, describes a piece of research that uses neuroscience to help establish the optimum level of pricing for a consumer product. It starts from a technique that measures brain activity to determine mismatch between any pair of words given to participants. A similar technique, it is discovered, can determine mismatch of price in a few hundred milliseconds – before the participant has had the chance to consciously think about it. So by offering a cup of coffee at different price points, it's possible to quickly establish at what price level the mismatch reaction is minimized – reflecting the average perceived value of the product. Predicting demand at each price point enables you to the price at which you optimize revenue and profits. The presentation describes how this approach was used to optimize pricing for Lay's chips in Turkey; the field test showed a high level of accuracy in correctly predicting demand.

There is, of course, an alternative method of research for predicting optimum prices. Discrete choice modeling invites participants to choose from a menu of products at a range of prices, and has also achieved success – including a Nobel Memorial Prize in Economics. So which is best? The researchers found both approaches have their individual strengths, and produce similar results most of the time. Combining them can correct the anomalies and "lift the insights to a higher level".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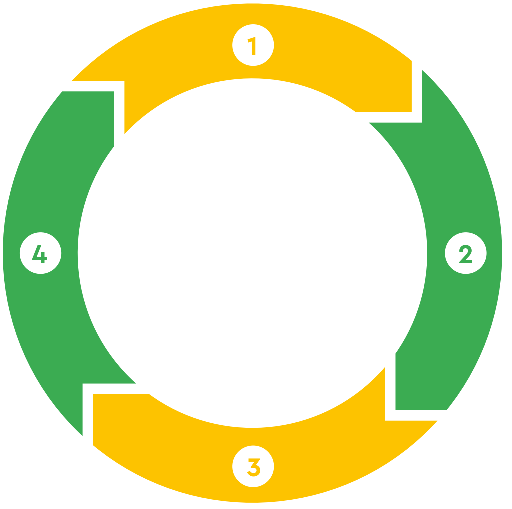
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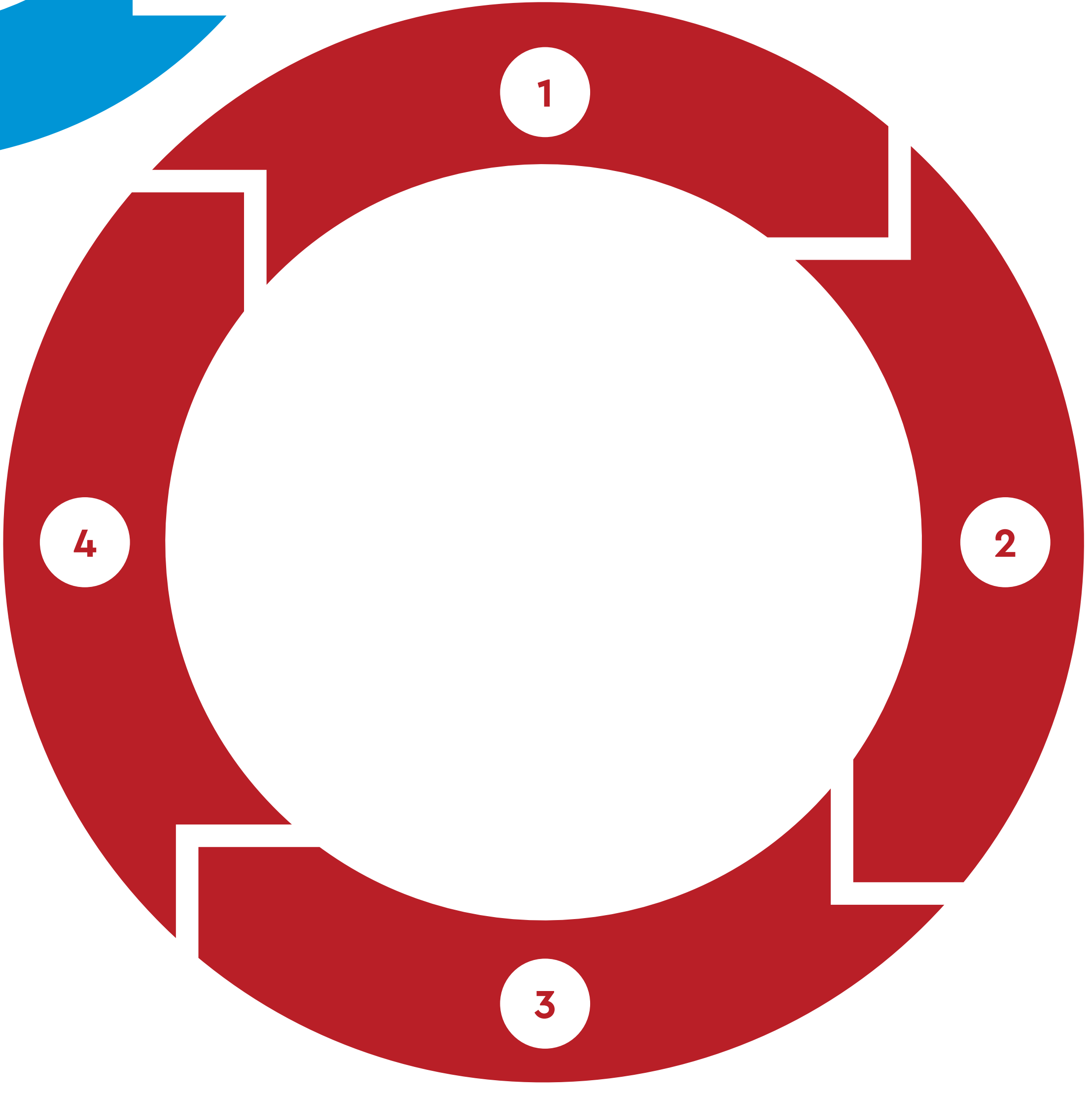
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REWIRING THE ENTERPRISE

Business model innovation is back on the agenda, as the best avenue to secure growth. Andrew Curry and Joe Ballantyne explain the key ways you can re-engineer the organisation to your advantage.

Andrew Curry and Joe Ballantyne
Kantar Consulting, London
Business Model Innovation

Types of business model innovation

Through an extensive review and analysis of different types of business models, and of business model innovation, Kantar Futures has identified that, at heart, there are four main archetypes of business model innovation. These are:
Extracting: what can be removed?
Bundling: what else can be wrapped into the product or service?
Upserving: what would make the experience richer?
Market-making: how can we better connect buyers and sellers?

Each of these four should have the effect of creating better customer relationships and increasing customer value. In a world where the impact of brands on value appears to be declining, and the value of customer relationships is increasing, this is a significant benefit.

Extracting

Extracting includes moving from consumption to flow, which simplifies the consumer experience (e.g. by auto-top up); acceleration (e.g. extracting time, as in low-cost airlines and turnaround times); and reduction, what can be taken out. This might involve removing preservatives, for example, or, as with the supermarket groups Aldi or Mercadona, reducing choice in low interest categories.

The core question to be asked about extracting is: "What can I remove or simplify?" Sitting behind that is a question about the relationship of your product or service to your customers' time or energy, and behind that a third question about what it is in your product or service your customers really value.

Bundling

Bundling covers changes such as product to service (such as Zipcar or Spotify), from product to experience (music value has moved from hard-format to events) and from loose to packaged (e.g., from coffee beans to Nespresso). The questions that sit behind this are about the core benefit that the product or service provides, whether this benefit is better served through a continuing relationship, and whether this also allows you to change the cost structure for the customer in a way that helps both them and you. Zipcar, for example, bundles the costs of insurance across its complete customer base, which is a benefit for young urbanites for whom insurance is typically expensive.

Upserving

Upserving is about increasing the perceived value of the product or service. This can be through personalisation or customisation, from providing to premium customers benefits associated with the luxury market, or providing aspects of a product or service typically associated with professional users.

One of the core features of upserving is about tailoring or customising an offer, which the customer can experience as a move for them into a premium category. Upserving often benefits from social trends that are about the emergence of amateur enthusiasts or connoisseurs around a product or service that has hitherto been the preserve of the business-to business-sector. (Think of the way in which top-end kitchen equipment has migrated into the business-to-consumer area). Visual cues can be important; an "upserved" product or service often draws on cultural signs from the leading edge for packaging and presentation.

Market-making

Market-making includes aggregating, to create network effects; utilising spare capacity, as in Airbnb, lastminute.com, or Stubhub; or trading up, as in a so-called "freemium" model. It is not a purely digital model: farmers' markets also make markets. But typically these are all two-sided markets, where a buyer and seller are brought together around a platform, and the platform owner takes a margin for access. The underlying question is about whether a new market will produce a different benefit proposition for both buyers and sellers, and if so, how issues of access and payment are resolved (and whether the margins for access and payment seem fair to all parties). From a business model, scaling is normally an essential element for success, especially in digital markets, as is clarity about the benefits that customers will pay for.

Innovating across the value chain
Successful business model innovation usually requires innovation in several places across the value chain at the same time. To take the familiar example of Uber, for example, it is riding a wider shift in the car market from product to service. It has innovated at the back end to remove cash payment from the process, a classic customer pain point.

Personalised messages about the car and the driver increase the customer's perceived security. Uber bundles data around its service for the benefit of the customer. And so on. Even if the underlying business model looks fragile and the culture questionable, it is impressive.

Nonetheless, business model innovation is a tough proposition, and often perceived as being easier for disruptors than for incumbents. There are familiar challenges for larger businesses about how to scale and how to preserve existing value streams while also innovating about new ones. But if the challenges of business model innovation are familiar, they also tend to obscure the advantages of business model innovation.

The first is that when a new business model sticks it is associated with higher levels of returns, perhaps because managers in such businesses are tuned differently to opportunities.

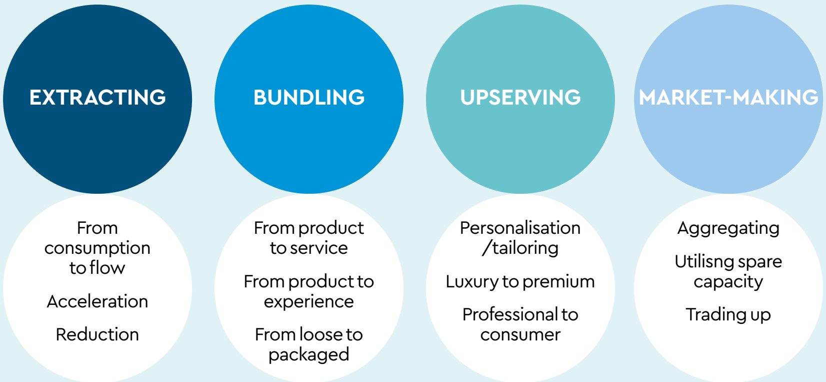
The second is that it often involves changes in processes that are hard to spot from outside, or to reverse engineer. As the researchers Karan Girotra and Serguei Netessine observe: "Business model innovation ... is about delivering existing products that are produced by existing technologies to existing markets. And because it often involves changes invisible to the outside world, it can bring advantages that are hard to copy."

The third is that they have the potential to scale. They are a type of innovation where larger businesses have advantages in competing with smaller, more agile firms.

Perhaps for all of these reasons, research done by IBM with global CEOs found that "companies that put more emphasis on business model innovation experienced significantly better operating margin growth (over a five year period) than their peers". In a world of slowing growth, business models are not something that businesses can afford to take for granted any more. Making this work, of course, still remains challenging. It needs businesses to: first, connect what's happening in their wider business environment to their capabilities; second, to identify the opportunities that represent distinctive opportunities; third, to offer a strategic window for the company; and then to execute operationally to deliver the benefits.

COMPANIES THAT PUT MORE EMPHASIS ON BUSINESS MODEL INNOVATION EXPERIENCED SIGNIFICANTLY BETTER OPERATING MARGIN GROWTH (OVER A FIVE YEAR PERIOD) THAN THEIR PEERS.

Each of our four business model archetypes has sub-types of innovation sitting beneath it



Source: Kantar Futures

ATTICUS ABSTRACTS

Tom Pattinson
Kantar Worldpanel, New York
Innovating for Growth

WINNING WITH INNOVATION

A former CEO of Procter & Gamble once said: "We know from our history that while promotions may win quarters, innovation wins decades." Innovation, then, is the life-blood of consumer marketing organizations, and it's not just about entirely new products since most involves refinement or additions to existing products.

This report, based on research in five markets – Brazil, China, Mexico, Spain and the UK – considers particularly "top launches" which are still around after a year with at least 1% of market share, or 500,000 households. It considers particularly how you can evaluate the success of any innovation. New shoppers, unexpected trips, changed volumes and higher prices can all be measures of success. The actual impact can be measured in terms of the value to the manufacturer, and the value to the category as a whole. If you can grow the category, that's much more worthwhile, because then innovation doesn't become a zero sum game.

When the 1,111 top launches were analysed, it became apparent that attracting new buyers to the category was the hardest win of all – in most cases the new product attracted far fewer buyers than existing products. New product development is more successful at attracting existing buyers into additional transactions, it was found. Volume is often balance against price however, so the most successful innovations are those that drive a "trade up" without a related decline in category volume. Premiumisation can be a successful strategy to achieve that. Perhaps surprisingly, you have a better chance of growing the category sales by launching above the category average price than below it. In other words, moving buyers up the value chain.

Uri Baruchin
Superunion, London
The Dance of Creative Leadership: 5 Principles

DARING TO IMAGINE

What's the secret of creative leadership? This piece, first published on Virgin Entrepreneur, has boiled it down to five principles. The first is to ensure the freedom of the team. Many talk of an entrepreneurial culture, says the author, but still have a fairly strict implicit idea of what is allowed. What is really needed is to give your people the opportunity to do what they want to do. In other words, "to create the space and freedom that people need to come up with ideas and run with them, even if they don't obviously align with your current business model." Limited autonomy is not enough for the breakthrough ideas required. The second principle is to facilitate "flow". This relates to flow theory devised by Czech-American psychologist Mihaly Csikszentmihalyi, and is described as "being completely involved in an activity for its own sake. The ego falls away. Time flies. Every action, movement, and thought follows inevitably from the previous one, like playing jazz. Your whole being is involved, and you're using your skills to the utmost."

The best way for the creative leader to facilitate flow, it's argued, "is to help people build and exercise their skills while moderating the challenge levels to keep the right balance in place." The third principle is that the whole organization must be involved in creative leadership. It's too much to be the job of a single leader. To create the challenges, you need to have others – the clients, the marketing team, even HR – on board. Principle number four is pretty simple: "Learn the art of getting out of the way". Let the magic happen and watch from afar. And finally: "Develop the art of getting things back on track." That means creativity has to be corralled into the space between pure imagination and problem-solving – and not allowed to wander too far into either.

ATTICUS UNDER 30 ESSAY

This award is designed to discover some of the brightest young writing talents in the WPP fold.

This year's subject was:
"In his 1997 book *Whose Reality Counts?* Robert Chambers, himself an economist, wrote:

Economists have come to feel
What can't be measured, isn't real.
The truth is always an amount –
Count numbers; only numbers count.

20 years on, is Chambers still right? If so, does it matter? If so, what can be done about it?"

Below is the winning entry.

Francisca Posada-Brown
Superunion, London

Survival Instinct

"What do Cadbury's, Lloyds Bank and Mercedes-Benz have in common?"
"The letter 'b', obviously."

Of course, when I asked a wise person this question, I was just trying to prove my hypothesis that their response wouldn't be "*the unlikely use of the animal kingdom in their marketing*".

Whether it's the drumming gorilla, the galloping horse, or the chicken with "magic body control", these brands have, at one time or another, placed specific animals at the heart of a campaign narrative. These same three animals also tell the story of why Robert Chambers' warning to the international development community – against the pervasive heralding of numbers as bearers of truth – is still right two decades on. In fact, today, as big data and intelligent algorithms increasingly transform industries and promise to "hack" the human mind[i], Chambers' cautions are more pertinent than ever.

The Invisible Gorilla

From brands trying to set trends, to individuals striving for "work-life balance", we are continually advised to adopt a holistic view. Measurement can help us. Yet, by counting the individual pixels, we sometimes miss the bigger picture. In the famous "invisible gorilla" experiment, participants are shown a video and asked to count how many times three basketball players pass a ball. Halfway in, a gorilla saunters through and waves. Whilst almost 100% of participants count the passes correctly, over 50% completely miss the gorilla[ii]. Such "inattentional blindness" shows how easy it is for tunnel vision to take hold.

In the agency world, when faced with a client brief, we look to solve the problem presented. All too often, however, the real problem exists beyond the brief. In social marketing, we set KPIs to measure the success of our content. Yet commonly cited metrics are not necessarily the greatest indicators of success – likes and shares do not necessarily mean ROI.

In a time-pressured environment, it's easy for counting passes to become the daily grind. So, whilst we rightly celebrate work that

WE MUSTN'T FORGET THAT SOME OF THE GREATEST IDEAS, INVENTIONS, AND CAMPAIGNS EVER CREATED BEGAN LIFE AS A HUNCH MADE UP OF INTUITIVE BUILDING BLOCKS.

brilliantly fulfils client wishes, or performance that delivers perfectly against set KPIs, we must not forget that having the confidence to look beyond what is being measured has the potential to unlock higher truths and better performance.

The Confident Horse

In the age of big data, there's a common conception that the more data we have about the world and the people in it, the better our decisions become. Amazon's recommendations cannily convince us that the more algorithms learn about our individual tastes, the better our experience becomes. As individuals, information gathering gives us confidence: the more pixels we add to the picture, the clearer the image, and the more assuredly we interpret it. But, as human decision-makers, we (and the algorithms we build) are prone to using information to feed our existing biases. Just ask the pollsters about Donald Trump.

Enter the confident horse. When, in a classic experiment, professional horse racing pundits were given varying amounts of information to help them predict race winners, their confidence in their own predictions increased each time they were given more data. Armed initially with five bits of information, their confidence (19%) almost exactly matched their accuracy (17%). By the time they had forty bits of data, their confidence had doubled. Yet their accuracy remained unchanged[iii].

This example of confirmation bias at its best reveals two things. Firstly, more numbers do not necessarily count for more. Secondly, the more numbers we have, the more scope there is for us to fit them to our preconceived ideas. As decision-makers then, we should remember that the pursuit of self-awareness is as (if not more) important than the pursuit of data. For only when we exercise introspection are we able to recognise when a sea of data threatens to engulf our better judgement.

The Intuitive Chicken

As we find increasingly foolproof ways to make more rational and measurement-based decisions, there may be a temptation to overlook – as Einstein put it – the "sacred gift" of human intuition[iv]. Nowhere is the importance of this gift more obvious than in the peculiar world of chicken sexing, where the drive towards efficiency dictates that female chickens must be distinguished from male chickens immediately after birth. Keeping and feeding egg layers and meat providers in the same way is simply not cost-effective. Yet, when chicks hatch, it's near impossible to determine their sex. To tackle this issue, the Zen-Nippon school in Japan introduced a chick-sexing training program. Running since the 1920s, pupils to this day fly the school's nest as "expert chicken sexers". But as potentially perturbing images of students with magnifying glasses spring to mind, you may be wondering what exactly is being trained in this odd establishment.

The answer is intuition. When you ask these experts to explain any single decision, they cannot. They intuitively *just know*. They have learned the art of just knowing through relentlessly training their intuition – and, whilst the intuition itself may be immeasurable, the results are 99.7% accurate[v]. Let's apply this thought to the world of business, where often the ideas that have no quantitative backing are sieved out, dismissed as "just hunches" that lack the evidence to earn them a place in the meeting room. There was no demand for a book without pages, or for a meerkat that sells car insurance. Had Henry Ford started with data, he may have tried to make horses faster. We mustn't forget that some of the greatest ideas, inventions, and campaigns ever created began life as a hunch made up of intuitive building blocks. Clearly, we must measure to succeed, but we mustn't forget the order of the cycle: build, measure, learn, repeat.

The Paradox

Returning to my opening question, *"What do Cadbury's, Lloyds Bank and Mercedes-Benz have in common?"*, I must confess that I fitted these brands to the animals that I had already selected to answer the brief. I then confirmed the originality of my answer by asking someone who I knew would answer something different. Finally, I made sure I had an evidence-based argument to complete the story. You would be right in thinking that this narrative exhibits the very behaviours it seems to warn against. But Chambers' words are, in their very nature, paradoxical – and so is what must be done about them.

On the one hand, the protagonists of this cautionary tale – the gorilla, the horse, and the chicken – advocate using instinct to challenge logic. Whether it's about seeing the bigger picture, searching for information that challenges our assumptions, or relying on intuition, we must use instinct to fulfil our potential and to avoid falling prey to poor decision-making. On the other hand, we exist in a world comprised of data, where hunger for new insights is a central driver of progress. The same data that restricts us also enriches us, empowering us to make *better* decisions. So, to strike the balance, we must neither overestimate the value of what we can measure, nor underestimate the value of what we can't (yet) measure. In short, we must – as humans – use logical reasoning to succeed. But we must also – like animals – use our instincts to survive.

i. Harari, Y., 2016. *Homo Deus: A Brief History of Tomorrow*. 1st ed. London: Harvill Secker.

ii. Christopher Chabris, Daniel Simons. 2010. *The invisible gorilla*. [ONLINE] Available at: http://www.theinvisiblegorilla.com/overview.html. [Accessed 30 January 2018].

iii. Ferris, T., 2017. *Tribe of Mentors: Short Life Advice from the Best in the World*. 1st ed. London: Vermillion.

iv. Samples, B., 1976. *The Metaphoric Mind: A Celebration of Creative Consciousness*. 1st ed. New York: Addison Wesley Longman Publishing Co.

v. Foer, J., 2011. *Moonwalking with Einstein: The Art and Science of Remembering Everything*. 1st ed. London: Allen Lane.

ATTICUS CORPORATE AWARD

The Corporate Award recognises consistent achievement by a company in producing high-quality professional publications. Here is this year's winner and two submissions that were highly commended.

WINNER

Kantar Consulting, London

THE NEW RETAIL PLAYING FIELDS

The New Retail Playing Fields is a published collection of insights from the retail practice of Kantar Consulting. The insight articles range far and wide geographically but follow a common theme: the strategies that brands need to pursue to succeed in a rapidly evolving retail landscape, characterized by the onset of personalized commerce. The acquisition by Amazon of Whole Foods is examined, together with the implications for retail competitors and suppliers. Costco's debut in Iceland and France is equally put under the microscope, with the partnership opportunities that offers to suppliers. Lidl's US showdown with Walmart is subjected to analysis of the shopping basket; and there's a report on the challenge facing brands and retailers in the low-tier cities of Romania. The UK's sugar tax is probed; and there's a generic piece on shopper marketing opportunities in convencience stores. All this is delivered with robust data, location-specific in-store photography – and a clear Kantar Retail Point of View.

HIGHLY COMMENDED

The Store, Chicago; Kantar Consulting, Boston

RETAILING IN DISRUPTIVE MARKETS

Retailing in disruptive markets, also from Kantar Retail, focuses on research from nine specific countries: Brazil, China, Peru, Poland, South Africa, Turkey, Argentina, Colombia and Mexico. Often seen as "emerging" markets, the authors chose to characterize them as "disruptive" because it is the common element of constant change – political, economic, infrastructural – that provides the key challenge for retailers. The study introduces home grown leaders, one in each market and some of the characteristics they share, then focuses on how the customer journey is defined in these countries. A number of themes emerge: retailers in these societies have a role to educate their customers and help them succeed in a consumer society; stores in these markets have to cater for all income levels; and sourcing products locally helps build communities. Lessons learned here may even help to leapfrog established retailers in developed markets.

HIGHLY COMMENDED

GroupM Media, Mumbai and Gurgaon

SHOWBIZ AND SPORTING NATION

Showbiz and Sporting Nation are twin reports from GroupM on India's Entertainment and Sports industries respectively. The former looks at the growing share of wallet movies are taking in India, and the opportunities that presents for brands. It looks at how films are marketed, the role of Influencers, and the part social media plays. The sports report focuses on sponsorship, also booming, with cricket as always the star performer. But if you thought that was all there is to Indian sport, there is plenty to learn. Did you know Kabaddi, an ancient contact team sport which is popular around the subcontinent, grew faster than cricket in absolute numbers? And there's plenty more going on: football, tennis, badminton, hockey, to name a few. Both these reports provide extensive number-crunching and consumer insights, presented with flair. In Bollywood and the IPL India has properties that are sources of immense pride – as well as money-making machines.

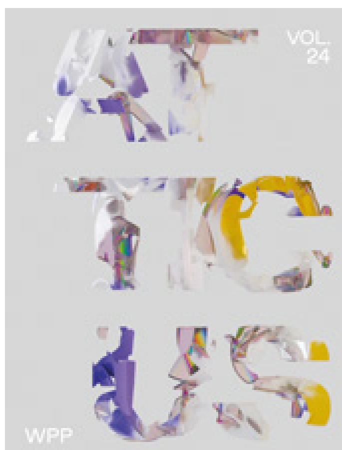
COVER DESIGN: THIS YEAR'S SHORTLIST

Every year, with the enthusiastic support of the school's faculty, we set the design of the Atticus Journal cover as a project for the students at a leading art school.

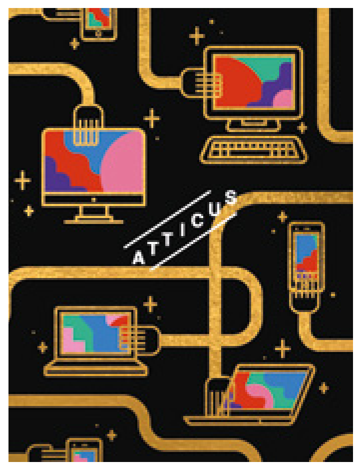
Their brief: to capture, at a glance, the concept of "connected creativity" – how the world of ideas and imagination intersects with the world of technology.

This year's winning cover was designed by Chris Baker. And here we reproduce the four other designs from graduates at Central Saint Martins in London that made the 2018 shortlist.

It was a difficult choice – but an enjoyable and highly rewarding one. Congratulations to all those who took part.

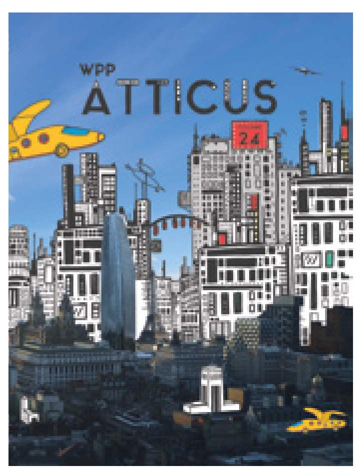


Benjamin Chan and Malone Chen



Lucie Corbasson Guevenoux

Thomas Hedger



Bo Xu

ATTICUS AWARD WINNERS 2018

GRAND PRIX

FROM THE DIGITAL COMMUNICATIONS CATEGORY

Jeremy Pounder and Elizabeth Cherian
Mindshare, London; Wunderman Thompson, London
Speak Easy
First aired at the Cannes Lions International Festival of Creativity, June 2017

WINNER

ADVERTISING

Gareth Price
Wunderman Thompson, London
Thinklong
First published in *Campaign*, November 2017

Carlos Pezzani
Grey, Buenos Aires
Not Just Doing Digital: Being Digital
First published on usuaria.org.ar, December 2017

BRANDING AND IDENTITY

Phil Sutcliffe
Kantar TNS, London
From Mental and Physical Availability to Mental and Physical Disruption
First published in *Market Leader* magazine, October 2017

MEDIA AND COMMUNICATIONS PLANNING

Christian Solomon and Peter Petermann
MediaCom, Shanghai
Rise of the Machines
First published in MediaCom's *BLINK*, September 2017

THE NATURE AND VALUE OF INSIGHTS

Josh Samuel
Kantar Millward Brown, London
Marketing Strategies and Measurement Approaches to Build Sustainable and Profitable Brand Growth
First published as a series of two articles in *Admap*, February and April 2017

PUBLIC RELATIONS AND PUBLIC AFFAIRS

Benedict Pringle and Iain Bundred
The&Partnership, London; Ogilvy, London
Riding the Wave of Electoral Volatility
First aired internally, December 2017

RESEARCH METHODOLOGIES

Kyle Findlay
Kantar, Cape Town
The Agony and Ecstasy of Teaching an Old Dog New Tricks: From Research Agency to Tech Company
Written for the ESOMAR Big Data World Conference (opening keynote), November 2017

STRATEGY

Laura Masse
Ogilvy Consulting, New York
UNBLOCKED: The Power of Blockchain Technology to Establish Trust, Build Brands & Transform Business
First published by Ogilvy Consulting, June 2017

Vaidehi Uberoi, Kunal Sinha and Soumick Nag
Kantar IMRB, New Delhi and Mumbai
Revenge of the Walking Scarecrow: Seizing the Winds of Change in Rural India
First published in the *Business World Marketing Whitebook*, July 2017

CORPORATE

Kantar Consulting, London
The New Retail Playing Fields
First published on kantarretailiq.com and kantarretail.com, December 2017

UNDER-30 ESSAY

Francisca Posada-Brown
Superunion, London

HIGHLY COMMENDED

ADVERTISING

Earl Javier
Ogilvy, Makati
Becoming Business Bilingual
First published on medium.com, December 2017

BRANDING AND IDENTITY

Peter Petermann
MediaCom, Shanghai
The Future of Engagement is Purchase
First published in MediaCom's *BLINK*, December 2017

DIGITAL COMMUNICATIONS

Rob Norman and Adam Smith
GroupM, New York and London
The State of Video
First published by GroupM, November 2017

MEDIA AND COMMUNICATIONS PLANNING

Rob Norman
GroupM, New York
Interaction 2017: The Ink is in the Water
First published on groupm.com, April 2017

THE NATURE AND VALUE OF INSIGHTS

Olga Kudryashova with Hessa Al Sudairy
VMLY&R, Dubai; Wunderman Thompson, Riyadh
Social Media "Cottage Industry" Empowering Saudi Youth
First published in *BrandZ™ Top 20 Most Valuable Saudi Arabian Brands 2017*, April 2017

PUBLIC RELATIONS AND PUBLIC AFFAIRS

Peter Hirsch
Ogilvy Consulting, New York
Windmills in Cyberspace
First published in *Journal of Business Strategy, Vol. 38, Issue 3*, May 2017

RESEARCH METHODOLOGIES

Peter Petermann
MediaCom, Shanghai
Beyond the Tiers
First published in MediaCom's *BLINK*, June 2017

STRATEGY

Stephane Roger
Kantar Worldpanel, Barcelona
The Future of e-Commerce in FMCG
First published on kantarworldpanel.com, November 2017

Andrew Curry and Joe Ballantyne
Kantar Consulting, London
Business Model Innovation
First published on kantarfutures.com, March 2017

CORPORATE

The Store, Chicago; Kantar Consulting, Boston
Retailing in Disruptive Markets
First published in *Journal of Brand Strategy Vol. 5, No. 3*, February 2017

ESP Properties, Mumbai and Gurgaon
India Entertainment & Sports Report
First presented as a series of two proprietary reports at press conferences, March 2017 and December 2017

UNDER-30 ESSAY

Anna Thairs
Grey, London

Jack Smyth
Mindshare, Sydney

MERIT

ADVERTISING

Andrew Van Aken
Ogilvy, New York
Cars – The End of Driving
First published on andrewvanaken.com, December 2017

Ajinkya Pawar
Phoenix Ogilvy, Colombo
Advertising Industry's New "Pivot"
First published on truthaboutbranding.com, November 2017

BRANDING AND IDENTITY

Ajinkya Pawar
Phoenix Ogilvy, Colombo
Radical Mutations for the 21st Century Brands
First published on truthaboutbranding.com, December 2017

DIGITAL COMMUNICATIONS

Kyle Findlay
Kantar, Cape Town
Holistic Strategies Require a Bird's Eye View: Four Tips for Using TV with Social
Written for the *Admap* Prize 2017, October 2017

Peter Knapp
Landor, San Francisco
Why Digital Packaging is a Huge Opportunity, and a Colossal Challenge
First published in *Packaging News*, March 2017

Gracie Page
VMLY&R, London
Chatbots: The New Subscription Box Business Model
First published in *Chatbots Magazine*, August 2017

MEDIA AND COMMUNICATIONS PLANNING

Jane Ostler
Kantar, London
Join the Blurred Lines Between Digital and Analogue Media
First published in *Admap*, November 2017

Richa Kumar Khetan
Essence, Bengaluru
From Views to Value: A Guide for Developing a "Value" Oriented Framework for Planning and Evaluating Branded Content
First published on LinkedIn, December 2017

Victoria Cook, Julia Brizi Della Rosa and Diana Akanho
Mindshare, London
Is Brand X in the Automotive Industry Losing Sales? (by not targeting women)
First aired to clients, May 2017

Duncan Southgate
Kantar, Frankfurt
Seven Ways to Connect with Generation Z
First published in *Admap*, May 2017

THE NATURE AND VALUE OF INSIGHTS

Andrew Ruegger
[m]PLATFORM, New York
How Online Search Data Can Improve Offline Retail Results
First published in *Internet Retailer* (now *Digital Commerce 360*), January 2017

Kyle Findlay
Kantar, Cape Town
Where Do Surveys Fit into the Modern Marketing Ecosystem?
First published on *ConversationModel* blog, August 2017

RESEARCH METHODOLOGIES

Maximilian Rausch and Peter Kurz
Kantar TNS, Munich
Combining Choice Based Conjoint and NeuroPricing
First aired at the SKIM/Sawtooth Software European Conference 2017, September 2017

Tom Pattinson
Kantar Worldpanel, New York
Innovating for Growth
First aired at the Annual Global Kantar Worldpanel Conference, June 2017

STRATEGY

Uri Baruchin
Superunion, London
The Dance of Creative Leadership: 5 Principles
First published (shortened version) on Virgin Entrepreneur, September 2017

THE ATTICUS JUDGES

Jeremy Bullmore
Member of WPP Advisory Board

Jeremy Bullmore started his career in 1954 as a trainee copywriter with J. Walter Thompson in London – where he stayed until his retirement in 1987. He became successively writer/producer and creative group head; from 1964 to 1975, head of the creative department; and from 1976 to 1987, chairman. From 1981 to 1987 he was a member of the JWT worldwide board and chairman of the UK Advertising Association. From 1988 to 2001 he was a non-executive director of the Guardian Media Group and from 1988 to 2004, a non-executive director of WPP. For many years, he was a columnist for *Campaign*, *Management Today*, *Market Leader* and *the Guardian*. He is a past President of both NABS and the Market Research Society. He is currently a member of the WPP Advisory Board.

Alex Steer
Chief Product Officer
Wavemaker

Alex is responsible for leading Wavemaker's overall offer development, with a particular focus on greater effectiveness through the use of data, analytics and technology. Before helping form Wavemaker in 2018, he was Chief Strategy Officer at Maxus, and before that held strategy and analytics roles at Ogilvy, Kantar and Fabric (part of WPP Digital). A regular speaker and writer on marketing effectiveness, he was on the judging panels for 2018's IPA Effectiveness and UK Effies Awards.

Atifa Silk
Brand Director
Haymarket Brand Media

As Brand Director of *Campaign*, Atifa Silk has been covering Asia Pacific's marketing communications industry for over 17 years, having joined Haymarket in 2000 as an Editor on *Media* magazine (which relaunched as *Campaign Asia* in 2010). She took on the role of Editorial Director for Haymarket's Brand Media division, *Campaign Asia-Pacific* and *CEI* (the region's leading title for business events) in 2011. Atifa was promoted to Brand Director in 2013. In her current role (in Hong Kong), she oversees the *Campaign* portfolio in Asia Pacific, including *Campaign Japan*, *Campaign China*, *Campaign India* and *Campaign Asia*, as well as all digital, print and face-to-face events such as the prestigious Agency of the Year Awards and Haymarket's JV with Cannes Lions, Spikes Asia.

Sanja Partalo
SVP, Corporate Strategy & Digital Development
WPP

Sanja is responsible for developing and executing WPP's growth strategy through the creation of new technology capabilities, strategic alliances and venture investments. She oversees development and execution of WPP's strategic partnerships with digital and tech platforms including Google, Facebook, Adobe and Amazon. She sources strategic investments across emerging media and technology, and leads commercial partnerships between WPP's investments and operating companies. Sanja holds an MBA from Columbia Business School, where she serves as a Professor of Marketing. She was born in Bosnia and came to the US at the age of 16 through a refugee resettlement program. She is passionate about human rights issues.

Alexander Garrett
Atticus Journal Editor

Alexander Garrett is a business journalist who has worked with WPP for more than 20 years and has edited the *Atticus Journal* since its inception. He was previously editor of WPP's newspaper *The WIRE* and has worked for *The Observer* and many other leading publications in the UK and beyond.

Peter Dart
Global Client Lead, Unilever
WPP

For the past 15 years, Peter has overseen WPP companies and capabilities linked to Unilever. He is a non-executive director of Smollan, chairman of The Royal Choral Society, and a director and trustee of several academic and third-sector boards, including the Royal College of Music and The Prince of Wales' Foundation. Between 1975 and 1988, Peter worked for Unilever, managing Persil's UK operations, then directing Sales & Marketing in the Philippines and Germany. He has helped develop many brands including The Royal Foundation, Invictus Games and Heads Together. He is an Organ Scholar and Licentiate of the Royal Academy of Music and Trinity College, and holds a Masters in Physics from the University of Oxford.

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