Internet Advertising Bureau UK

Future Trends Working Group

Future Trends Volume 10:
Back to the future

Introduction
Tim Elkington, Chief Strategy Officer, IAB UK

The IAB Future Trends Working Group was established in 2012 to shine a light on the path ahead so that IAB members and the wider industry could consider the impact of future developments on their businesses. We set ourselves the time frame of the next thousand days to try to ensure we focused on practical issues and didn't get distracted by hover boards and flying cars.

The Future Trends Working Group meets every quarter to agree a topic to focus on and produces a white paper around that subject. The first white paper that we produced in 2012 looked at the 'Living Room of 2015' and with 2015 almost upon us this seemed like a good opportunity to review some of the predictions and forecasts that we've already made, so each member of the current group volunteered to review a previous white paper

Alison Sprague takes the responsibility of reviewing our first effort – The Living Room of 2015 and finds the world of multiple screens and more time connected is becoming a reality.

Dan Calladine takes on the second Future Trends Volume, which used Kickstarter as an inspiration for businesses of the future and through interviews with some of the Kickstarter entrepreneurs we originally wrote about finds that the site has been a positive influence of British business and culture.

I looked back on Volume Four - When Mobile Takes Control and found that although we discussed increases in mobile video advertising and empowered consumers we didn't factor in the growth of native / in-feed advertising into the mobile story.

Reviewing Future Trends Volume Five, the Future of Content fell to Chris Buckley. Chris found that native advertising in the form of distributed content was also significant in this area but that the trend for personalized content had developed more slowly than anticipated.

Finally, Tamara Jacobs re-visited Future Trends Seven – the Future of Social. Tamara's conclusion is that social media has proven its strength and examines possible changes to attitudes towards social media amongst different demographic age groups.

In short we got some stuff right and missed some other stuff, to be expected. Anecdotally though it feels that the pace of change in technology and advertising is increasing, highlighting the importance of the Future Trends Group. With further developments around the corner such as wearable technology we'll aim to continue to shine a light on the path ahead and hopefully get a few more things right between now and 2018.

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Future Trends One - The living room of 2015

Alison Sprague, CEG Europe reviews the changes in the industry since the first ever Future Trends whitepaper.

This was the IAB Future Trends Working groups' first whitepaper. The introduction suggested that attempting to predict the future was a fool's errand. So, two years on we re-visit the paper to check whether we were on the button or downright wrong. We looked at devices, advertising, brands and screen behaviour. In short, we predicted as follows.

A connected digital ecosystem of devices and readily transferable content to enable more social experiences in the household; synchronised campaigns across devices and internet-style measurement of TV advertising - Ryan Garner

Device interaction - media moving across platforms with ease, personalisation, less social consumption – instead deeper relationships with content and individual online worlds. Smartphones will be the norm, tablets mainstream, faster broadband and most TVs internet-connected - Xavier Obon

At least two screens per person, brands to become media and technology companies, increased interactivity, more direct engagement with brands, more targeting and re-targeting based on richer personal data, a focus on loyalty and CRM - Dan Calladine

More screens in more places, transparent and interactive surfaces, all becoming real-estate for content, with people wandering around waving hands, pinching fingers and talking at mirrors, tables, TVs, and white goods; device communication and personalised ads - Arno Hummerston

Seamless devices so tailored that your multi-device switches on the TV to show the last 10 minutes of a programme you didn't finish on the way home. Relevant tweets on your bathroom mirror as you clean your teeth followed by a perfectly curated and precisely timed amalgam of audiovisual material on your tablet to watch in bed before you nod off. Content recommendations, business schedules, and alarms as you wake up - Oli Newton[1]

Online's market share to increase to 30-40%, mobile to increase in-line with smartphone and tablet ownership and usage, reaching around 15% of the online 'pie', integrated campaigns across devices, with multiple device proliferation growing rather than cannibalising the total, in-home integration of devices - Tim Elkington, IAB UK

As we approach 2015, how close was our view of the living room?

Ofcom reported this year that 68% of people have smartphones, 46% of households have tablets, more than 26.7% of fixed internet connections are superfast, and 23% had connected TVs.[2] Around 60% of consumers say that they have accessed the internet via their mobile

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[1] Oli also offered and alternative scenario of no change, alongside numerous unconnected and clunky devices.

[2] Source: Ofcom technology tracker WAVE 2, 12th May to 26th July 2014. Note the superfast connections relate to Q1 2014. Superfast services are available to 78% of UK premises.

phone.[3] Presumably all of the numbers have risen since the surveys and will increase again on Christmas Day. Overall we were perhaps a little optimistic on devices (Xavier), and Oli and Arno were certainly ahead of their time. While the early signs of the smart connected home are there, I don't think many of us are getting tweets on the bathroom mirror or talking to our fridges (yet).

Content is transferable across devices and second screen usage continues to increase. I don't think that TV advertising is yet as measurable as online (sorry Ryan) but I think Dan's view of more direct engagement with brands was about right.

Tim will be delighted to hear that the forecasts he relied on for online's market share were way under. In 2015, the UK is set to be the first country in which more than half of ad spend goes digital.[4] And around 28% will be mobile.

All in all I think that's at least a seven out of ten. Not bad. One area we didn't consider was regulation. The recent announcement by the ASA and the requirement for more transparency in respect of vlogging may be an early indication of a rather more highly regulated living room in 2015.[5]

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[3] Source: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr14/UK_1.pdf

[4] See: http://www.theguardian.com/media/2014/dec/01/gadget-obsessed-uk-top-digital-advertising-spend?CMP=ema_546

[5] http://www.asa.org.uk/News-resources/Media-Centre/2014/Making-ads-Clear-The-challenge-for-advertisers-and-vloggers.aspx

Future Trends Two – Kickstarter, Businesses of the Future

Dan Calladine, Aegis, looks at the 'businesses of the future' as predicted in 2012 to see how they're doing now.

Back in November 2012 Kickstarter had just launched in the UK, and the IAB UK Future Trends Group looked at five of the first projects to see what we thought they are saying about the future of business funding, and how 'the crowd' could make new business ideas a reality.

Part of the reason for the success of sites like Kickstarter is their easy integration into social networks. Projects often appeal to passion groups, like comic fans, or foodies, and the mass adoption of Facebook and Twitter has made it easier for people to spread the word about their projects among these communities.

As part of this special winter 2014 edition, we are looking back at the original five, to see how the businesses have progressed and what they now think about the initial boost Kickstarter gave them.
The five we looked at in 2012 were:

- BrainRead, an app and book to help you read more quickly
- Form1, a 3D printer
- Good and Proper Tea, a food truck serving fresh tea
- Pi Favours, a case for the Raspberry Pi (funding target not reached)
- Projecteo, a mini projector for Instagram pictures

All of the projects were still live when we wrote the original report. Four of the five projects succeeded in getting funding, with only Pi Flavours falling by the wayside.

In the past two years hundreds of projects have been funded in the UK by Kickstarter, ranging from a musical version of American Psycho, to Sixteen, a feature film, to Rhinoshield, an iPhone case.

I caught up with two of the original projects, Projecteo and Good & Proper Tea, to ask about their experiences –

Tim Morgan is a founder of Mint Digital, the company behind Projecteo, which raised $87,000 against a goal of $18,000.

Since the Kickstarter, Projecteo has been a success, and is now a 'proper' business in its own right, with regular orders coming in online, and a regular spike before Christmas. It's selling well to corporates, and in bulk orders, and is also on sale at the MoMA (physical) shop in New York (including shots from MoMAs own Instagram account).

Tim says that there was an awful lot of work to do after the Kickstarter campaign, and that perfecting the manufacturing and fulfilment parts were very labour intensive, but the fact that you have customers and orders that need servicing gets you through the bottlenecks.

Their experience was that Kickstarter was 'a beginning and not an end': "The big learning is that a successful Kickstarter campaign does not mean that you have a business. It means that folk are interested in your product. There are many challenges beyond Kickstarter."

They haven't done any Kickstarter projects since Projecteo, but that they may do one in 2015 – keep a look out for it!
Emilie Holmes used KickStarter to fund her project Good & Proper Tea, a tea business that attends food festivals and street food events with their mobile tea bar, a 1974 Citroen H van, sells loose leaf tea online, and has even had a pop-up shop and tea bar at Old Street station. She raised nearly $15,000 against a goal of $10,000.

Two years on, things are also going well with the business. They had a great summer season of festivals with their van and are now focusing on both securing events for the winter period, as well as launching into wholesale with the collection of teas. Christmas is going to be busy, and they are also looking for a permanent home in London, but in the meantime they have a chalet on the Southbank in the run up to Christmas, as part of the Southbank Christmas Market.

She says that Kickstarter was fantastic, not only because they hit the target and secured the funds to make the project happen, but also because of the feedback and support you get from those who back you.

"As a sole founder, having a group 372 people who love your idea and have your back is genuinely reassuring. It is not an easy thing to manage a project, it is hard work, you are putting yourself out there, you have to keep pushing and once you've got the money, it gets even harder! I had promised to deliver rewards by Christmas, which meant hand packing over 700 packs of tea into 300 plus parcels. I hadn't anticipated how long it would take but it really was a mammoth task - I weighed, packed and labelled every pack by hand, constructed over 300 postal boxes (impossible!) lined each of them with tissue and hand wrote notes and address labels for each. It took forever, but luckily all of them made it in time for Christmas, even those which went to Australia! But I did spend over a thousand pounds in postage and cardboard boxes so luckily I had gone over my target! All worth it of course."

There were a few things she would have done differently – budgeting better for delivery of rewards, for example – and also to hold a post-funding party for backers, to thank them but also get a chance for them to see the van and toast its success.

Two years on there are now 230 projects live on Kickstarter in the UK, and other sites are also offering similar services. Earlier this year The Wake by Paul Kingsnorth, funded through Unbound, became the first crowdfunded novel to make the shortlist for the Booker Prize for literature.

Other sites allow crowdfunding in a more traditional investment model. For example the site CrowdCube, which allows people to invest in exchange for equity (rather than to pledge for perks), now lists 38 companies raising sums from £25,000 to £1.5m from investors, many of whom will be putting in small(ish) amounts.

Whether the banks are noticing a drop-off in applications for funding isn't known, but it seems very likely that sites like KickStarter are having a very positive impact on British business and cultural life.

Future Trends Four – When mobile takes control

Tim Elkington, IAB UK asks whether mobile use has really taken control since the prediction was first made.

Back in May 2013 the Future Trends Working Group speculated about what the world would look like when 'Mobile takes Control'. What did we get right and what did we get wrong and, I suppose, more importantly has mobile taken control? It's certainly true that we've reached a tipping point of mobile use, with many brands and media owners reporting that the majority of their traffic comes from mobile. This might not represent 'control' as such, but is certainly a significant milestone for mobile.

In the original paper I asked what a mobile world meant for advertisers and looked at the likely increase of responsively designed sites and the consumption of video on mobile as connection speeds increased, both fairly safe bets. The IAB's recent mobile optimized site study looked specifically at how well automotive brands had optimized their sites for mobile and found that one in three sites used responsive web design. This compares to 11% of sites in the third mobile optimisation site study completed in September 2013, so although not directly comparable there does seem to have been an increase. Likewise if advertiser behavior is a good proxy for consumer behavior then the 196% increase in mobile video advertising from H1 2013 to H1 2014 seems to support the increase in mobile video consumption.

Interestingly though there was no mention of content / native / in-feed advertising that already accounts for 45% of mobile display (IAB / PwC H1 2014) and will be very significant for advertisers in a world dominated by mobile.

Alison Sprague focused on the challenge posed by accurate mobile measurement and in many ways the piece is as spot on today as it was then – measuring mobile is still a challenge, particularly in the context of cross device attribution. This remains a significant threat to the continued growth of mobile advertising and it could be that mobile will experience a similar cycle to that of social media advertising and that once the 'me too' phase wears off for advertisers there will be serious questions around ROI that will need answering in order to sustain growth.

The IAB's Alex Kozloff looked at how businesses were facing up to the changing skills required in a mobile world. Alex looked at the IAB's annual Agency Snapshot report and an update to that is due out in early 2015, so although it's not yet possible to make direct comparisons in quantitative terms, anecdotally it does feel that organisations have made progress in terms of mobile skills and the increasingly device-agnostic approaches used by media owners and brands will only continue to help this.

Karen Kanty's Hyper Individual examined the empowered consumer and changing nature of the consumer relationship. If Karen identified the start of a trend then it's certainly continued and the culture of always-on consumers using real time data to identify the best prices and activities is well and truly embedded in consumer behavior; something that surely will only be added to by the increased use of smart, wearable technology.

When Tej Rekhi wrote his piece on smart watches, Apple's smart watch was still a rumour. Tej speculated that the immediacy of the smart watch would make it invaluable in terms of real time alerts, for example to local retail sales but that consumer opt in and effective pairing with smart phones would determine the use and popularity of smart watches. Of all the pieces this is probably the one where the jury is still out, will smart watches and wearable technology take off? We still don't know, showing, if anything, that the future is still some way off.

What we got right
- Increased use of responsive websites
- Increase in mobile video advertising
- Empowered consumers

What we missed / what's still out there
- Content / Native / In-feed advertising
- Effective mobile / cross device measurement
- Smart watches

Future Trends Five – The Future of Content

Chris Buckley, Chief Digital Officer, reviews the changes in the industry since the future of content chapter was published back in August 2013.

Brands as publishers

The view that brands need to act like publishers still stands. High quality content that has been created to meet consumer need states is still winning. Good media brands still function for people.

Perhaps the largest shift we've seen in publishing is towards distributed content models. More brands are becoming less focused on driving to a destination, rather than being 'continuously discoverable' across consumer pathways to purchase.

We place content in the places where consumers are already forming or shaping their view of a brand. The biggest shift here is towards the importance of social proof and it's role in lending credibility and authenticity to a brand's content or message.

From always-on to continuous presence

Many recent advances in content marketing have come from programmatic and algorithmic capability. Content becomes the always-on communications model enabled by advertising-like capability to share efficiently and in a targeted way. But do all brands have the budget to stay always-on?

The rapid move by social media platforms like Facebook towards pay-to-play models has changed the landscape. Paying for presence rather than earning consumer attention means for all brands, the content game just got a lot more expensive.

Similarly, the viral effect has moved from a great idea shared organically to a great idea with the natural momentum to justify a paid investment to help it reach more people. Whilst viral should not be considered a paid-for achievement, it is less and less likely that content alone will be behind the big winning campaigns of the future.

Content is king for light buyers

Much modern marketing is built on the basis of a brand's ability to reach and engage light buyers. Content marketing helps maintain mental availability and recall, which are the all important factors for establishing purchase intent.

Whether it's a nudge towards a brand or a fundamental shift in positioning, content has a key role in meeting the challenge of being familiar and likeable to the consumer.

Know me by nature

Personalisation has seen some movement, but perhaps not as much as expected.

Collective individualism – the idea that we want to be individuals but want collectivism more –

is the balance to the need for even greater personalisation. Some of the best content examples of the last 12 months have demonstrated the consumer desire to share what others have already shared. It's the very human need to be part of a thing.

As we move forward, the question of whether wearable technology will drive a revolution in personalised marketing has yet to be answered.

Data first

Privacy remains an issue. At a time when brands have the greatest ability to use data to get closer to and understand the consumer, the 'milk and honey' paradigm still stands. Consumers want their digital footprints responded to by brands, but also expect to be forgotten on request.

Arguably it is in the arena of second screening and companion technology that we have seen some of the largest jumps forward.

Sophisticated understanding of TV viewing, combined with web browsing and demographic data is paving the way for even more tailored advertising. This is based around consumer interaction and engagement with core programming although it remains challenged by the need to understand what interactions and data are the best indicators of preference.

Made to be shared

Lastly, it is in the creation of content that we have seen the greatest shift as advertisers begin to harness the power of dynamic content made to work across different platforms, technologies and spaces.

Whilst still lacking common standards for measurement, more brands have become better at piecing together the metrics that matter, to understand the overall impact of content on their marketing efforts.

Ideas that travel across different media in different formats have become the focus of many advertisers. The old model of paid, owned and earned is being challenged by new conventions around shared and networked content that is re-shaping the way we describe advertising.

Future Trends Seven – The Future of Social

Tamara Jacobs, Blinkx Media reflects on the Future of Social chapter, and looks at what has changed since its publication.

Social media started out and has continued to focus, primarily, on the individual. We are in constant state of 'performative perfection', using the available tools to connect, interact and share content from our personal lives. Social media has, as the report states, become a popular pastime, and brands have taken notice. They, in turn, have set up their own accounts and use them to communicate with their target audience in an authentic way, in real-time.

The initial hurdle for brands was making users WANT to interact with them. This is where content became king, interaction was rewarded and brands worked to develop campaigns that put their consumer at the centre of the experience.

With the increase in popularity in alternative devices, brands need to evolve their content, marketing messages and designs to ensure that they can reach users wherever they are. Moreover, this need to be conversational and relevant means that brands have to develop an enormous amount of content that is fit for social media purpose. As a result, brands are becoming content creators as much as they are product producers, solution providers or services.

Brands have their work cut out for them and, I think, have enough available resources to take the necessary steps forward.

There are other sectors however, that are only starting to make use of social media tools to spread awareness, start important discussions, raise funds, partner, innovate and communicate. My prediction is that we will see an increase in the emergence of new platforms that facilitate social innovation, global education, that bridge the gaps in healthcare and medical advancement, and open up the worlds of information and government policy. Existing and new social media tools will become a central component in the process of achieving such innovation.

Generation Z, the generation following Millennials, the generation predicted to 'save the world' will be at the forefront of the type social innovations listed above. I believe, that they will use the social tools currently available (as well as new ones that they will develop themselves), less for showcasing their personal lives and more for connecting with one another to build the partnerships and initiatives that will make a difference in the world.

From a social perspective, we'll see the younger generations, who have grown up with the internet and social networks, move away from the attention of the masses and towards a more anonymous and private persona through social networks like Whisper.

In conclusion, social media has proven its strength, mostly in its ability to connect people who want to communicate, share and have a say. Over time, what people will want to communicate, share and have a say about will naturally evolve as the world of brands, causes and politics opens up to them. And as a result of this, new social platforms will emerge to speak to them.