

# The Marketer's Toolkit

# 2020

THE DEFINITIVE, EVIDENCE-BASED AND  
PRACTICAL GUIDE FOR YOUR MARKETING PLANS

MAKE  
IT  
**WARC**

# What does 2020 have in store?

As marketers finalise their plans for the year ahead, WARC has pulled together a comprehensive guide of what to expect, and what you can do about it.

## Welcome to the Marketer's Toolkit 2020.

There's certainly plenty to plan for. 2020 will be the year many marketers around the world take action to reverse the drift to short-termism, while the 'walled gardens' strengthen their grip on performance marketing spend.

It'll be a year when brands review the environmental impact of their packaging, and when regulators and consumers combine to demand more on data privacy.

And it'll be a year when the big tech stories won't just be the latest gadgets, but the reshaping of ad tech around context and connected TV.

The Marketer's Toolkit 2020 is not just another end-of year review

The report is built on three inputs:

- A survey of nearly 800 client and agency-side executives around the world, following our STEIP 'drivers of change' methodology;
- Interviews with 10 CMOs from around the world;
- Our own analysis of the research, best practice and case studies we've published on WARC in 2019.

As such, the Marketer's Toolkit is a guide to which near-term trends your peers are prioritising, and what you can do to keep ahead of the market.

This document summarises the data and the thinking. WARC subscribers can read a full data report plus five in-depth chapters at [warc.com/toolkit](http://warc.com/toolkit).

## About this report

This is the ninth annual Marketer's Toolkit from WARC – but for 2020 we have introduced a new methodology.

This report adopts the STEIP methodology developed by WARC's sister brands within the Ascential group of companies.

**STEIP** covers five drivers of change that will affect marketers next year: Society, Technology, Economy, Industry and Policy. By combining these five focus areas, the report provides a bottom-up assessment of the influences on 2020 marketing strategy.



The Marketer's Toolkit 2020 was created in association with the following Ascential brands:



# Society

**The drivers  
altering consumer  
behaviour and  
preferences**

**Brand purpose is evolving into brand activism – the vast majority of respondents in WARC’s Marketer’s Toolkit agree that it is important to ‘take a stand’ on social issues.**

There are two stand-out trends that brands are responding to. The growing concern around consumer privacy online is expected to have a broad impact on marketing strategies in 2020, and that trend will be accelerated in some markets by regulatory action.

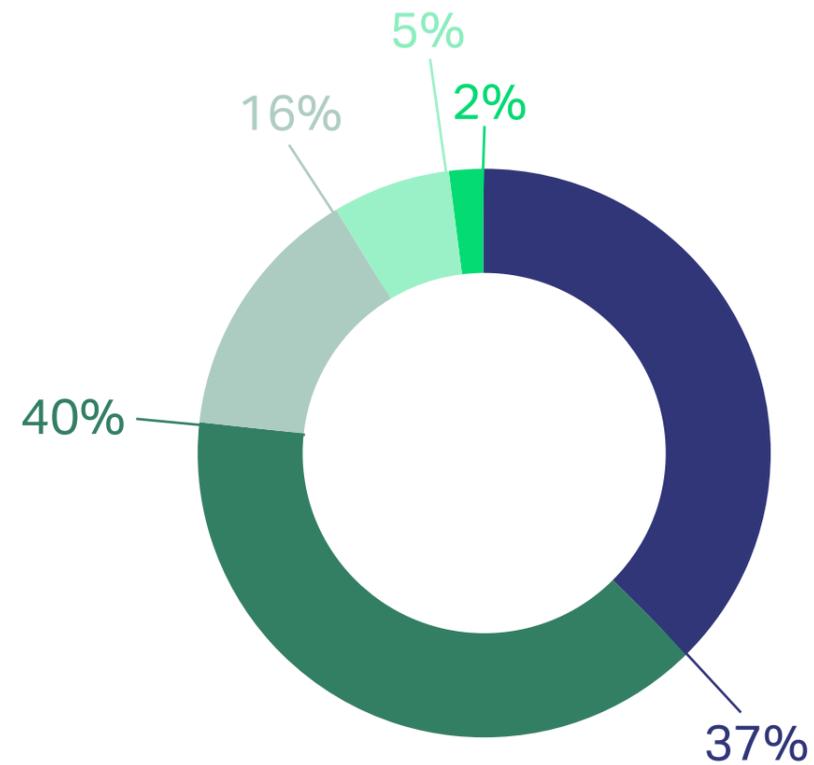
The second trend is the ongoing rise of conscious consumerism, after environmental issues came to the fore in 2020. Brands are likely to accelerate their response to this trend, with particular focus on packaging and the supply chain.

# Themes from the data

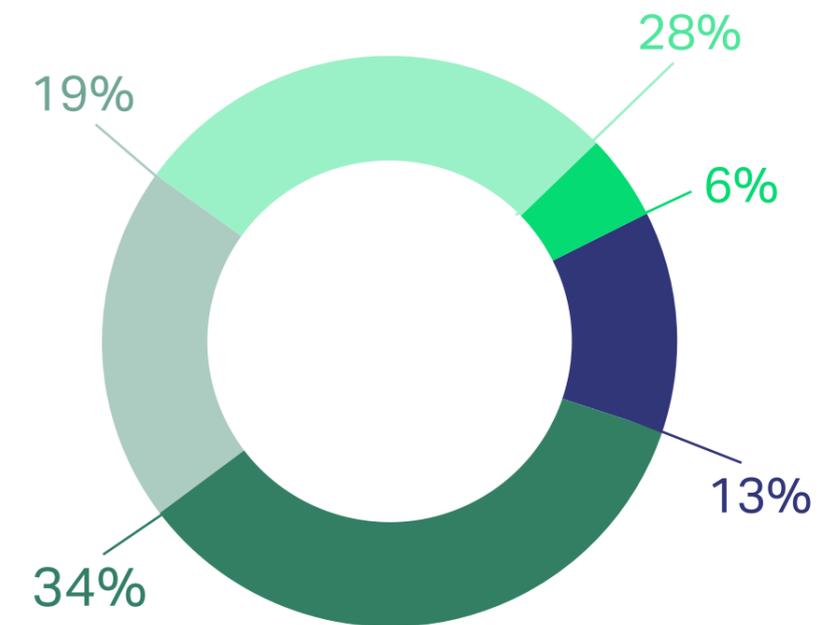
## Marketers believe they need to take a stand

The evolution of 'brand purpose' into 'brand activism' is clear in the WARC Marketer's Toolkit survey. There is a widespread belief among marketers that brands have a powerful role to play in society – more than 75% of marketers agree that brands need to take a stand on social issues. The stand-out example so far has been Nike's work with Colin Kaepernick.

The movement towards activism may reflect a struggle by many to have a cultural impact through more traditional means. Almost half of the responding marketers agreed that it is harder for brands to influence culture at scale in the current climate.



**Brands need to take a stand on social issues**



**In the current climate it is harder for brands to influence culture at scale**

- STRONGLY DISAGREE
- DISAGREE
- NEUTRAL
- AGREE
- STRONGLY AGREE

**How great is the impact of each of the following societal topics and consumer concerns on your / your typical client's 2020 marketing strategy?**

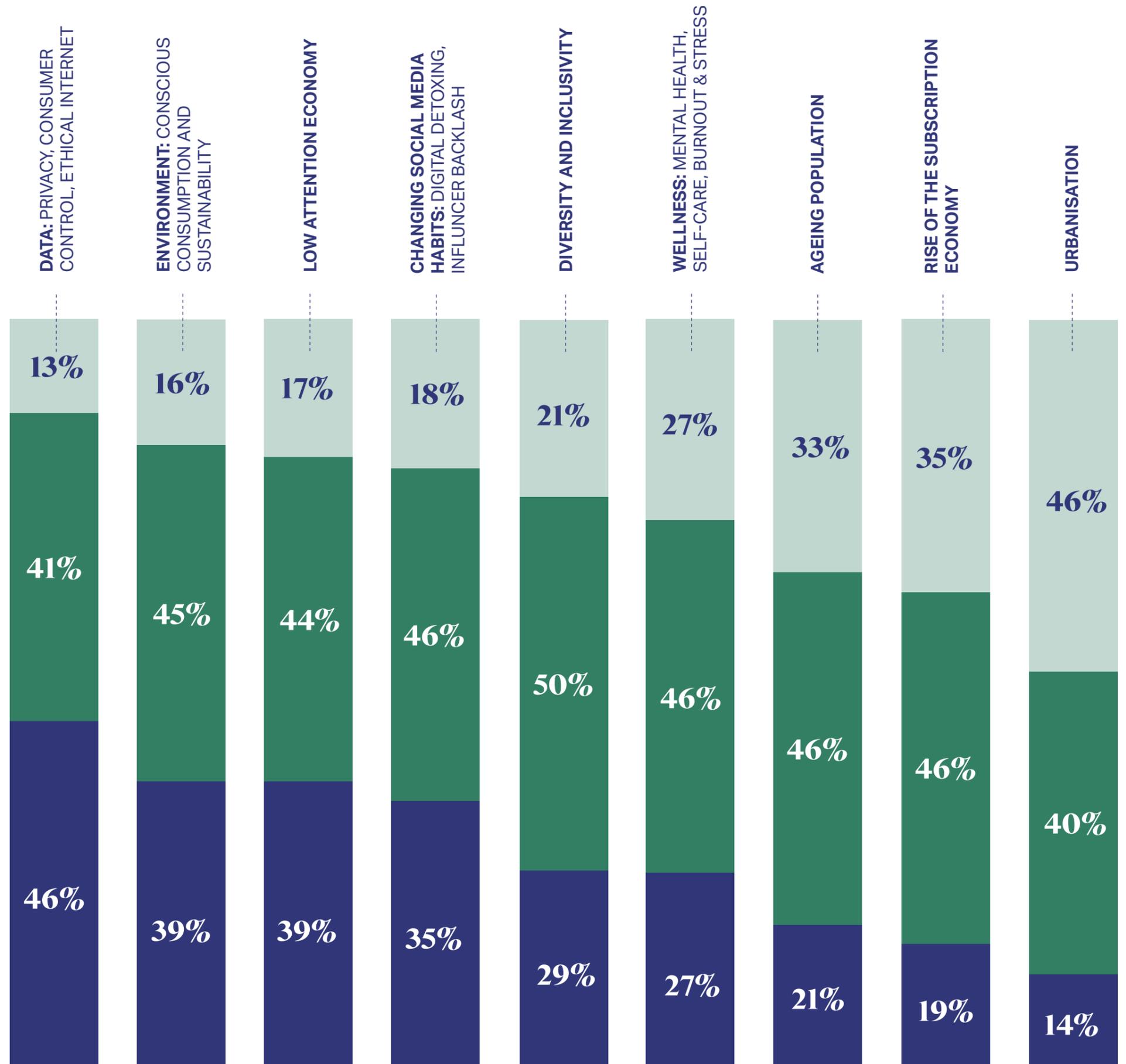
- NOT IMPORTANT
- QUITE IMPORTANT
- VERY IMPORTANT

SOURCE: WARC Marketer's Toolkit 2020 survey

**Brands are responding to privacy concerns**

Data privacy concerns are expected to have the greatest impact on marketing strategies globally in 2020, as consumers take a more active role in managing their data and auditing who has access to it. Growing consumer concern about use of their data is dovetailing with enhanced privacy regulation (see Policy chapter) to make this a powerful theme for 2020.

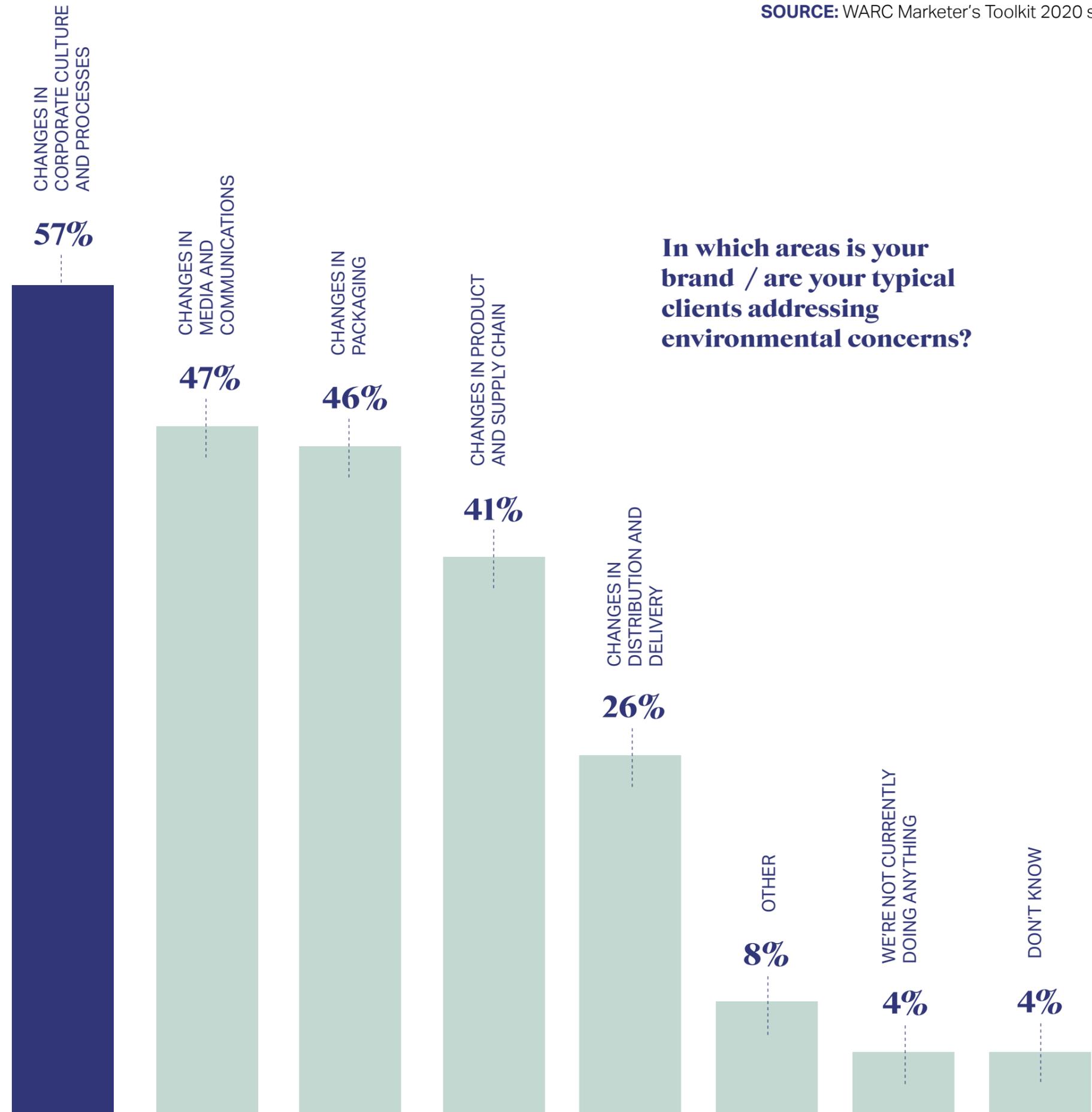
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# Environmental concern is driving conscious consumerism

The rise of conscious consumerism, accelerated by high-profile campaigners such as Greta Thunberg and Extinction Rebellion, will also be a widespread theme for 2020.

A slew of surveys in 2019 has suggested consumers will reward brands that take positive steps on the environment, and brands are getting the message. The survey data for this year's Marketer's Toolkit showed that 84% of respondents said conscious consumerism and sustainability would have significant or some impact on marketing strategy in 2020. The numbers were notably higher in Europe (48% said it would have a significant impact, versus 31% in both North America and Asia).



# In depth: the Greta effect

*WARC subscribers can go deeper into the Greta effect in the Society spin-off report of Marketer's Toolkit 2020*

## **Brands are auditing their packaging and looking to eliminate single-use plastic**

Packaging, particularly use of plastic, is a 2020 focus for nearly half of respondents to the Marketer's Toolkit survey, as brands look for ways to act on environmental concern.

For example, UK supermarket chain Tesco is planning to remove one billion pieces of plastic from the products it sells in-store by the end of next year as part of its 4Rs strategy (remove, reduce, reuse or recycle).

The focus on packaging extends to a review of the way products are sold. Procter & Gamble has introduced a packaging concept specifically designed to reduce e-commerce packaging. The company is also looking at 'refills': it now offers some Olay face-cream jars with refill pouches on the brand website for its beauty products.

## **Marketers are assessing their supply chains and implementing recycling-by-design**

Supply chains (cited by 41% of respondents to the WARC survey) will also be a 2020 focus, particularly with carbon emissions and recycling in mind. H&M Group, the fashion company, is looking to have a climate-neutral supply chain, extending through many of its suppliers, by 2030.

All H&M stores around the world encourage customers to bring unwanted garments and textiles for recycling, re-wear or reuse. Customers can use the in-store garment collecting scheme to return garments from any brand, in any condition. Offering such a service is not enough; brands may need to incentivise customers to use it – for example, customers are rewarded for sustainable behaviour with 10% off their next purchase.

This pressure is also being felt by online retail. Alibaba

has been trying to respond to criticism of the environmental impact of its annual Singles Day e-commerce event. Initiatives in 2019 included the creation of 75,000 permanent recycling stations nationally to recycle cardboard and reduce the impact of consumption.

## **Brands need more than purpose to 'take a stand' successfully**

Given the growing consumer interest in environmental issues, brands may be tempted to double down on 'purpose' communications.

There is risk here. A recent Edelman survey showed more than half of consumers thought purpose was merely a marketing ploy rather than evidence of any genuine conviction. The same study pointed out that trust in a brand is not enough. It is only when the three elements of product, customer experience and purpose are combined that brands really start to reap the benefits.

# CMO comments

“

We focus on community impact, things like safe drinking water, disaster relief, gender equality, diversity and inclusion, and sustainability. Those are our pillars. Then what we do is we ask each brand to think about, 'What is your ambition to be a force for good and a force for growth in any one of those areas that fits with your brand?'

**Marc Pritchard**

CHIEF BRAND OFFICER, PROCTER & GAMBLE



“

Taking a stand is important but I think that's separate... Issues like plastics in packaging, food waste, or nutrition in food transcend businesses and brands. They are things that companies should be doing in a broad sense irrespective of their brand purpose – because they're critical not only from a consumer point of view but from an investment point of view.

**Steve Challouma**

MARKETING DIRECTOR, BIRD'S EYE



“

As a global company, we are ensuring that we're addressing environmental issues that have to do with the mass tourism and over-tourism that we're seeing in different parts of the world. Particularly in Asia, you go to different places and all you can see in the water is plastic.

**Gabriel Garcia**

GLOBAL HEAD MOBILE APPS MARKETING /  
HEAD OF MARKETING APAC, EXPEDIA GROUP

# Potential pitfalls

## Falling behind the retailers

Retailers are looking hard at packaging, particularly in the grocery sector. Packaged goods, food and drinks brands should take care to be one step ahead of efforts by retailers to respond to conscious consumerism – for example, by demanding less use of plastic in the brands they list. This pressure is also being felt by online retailers, who are starting to look at the packaging involved in shipping.

## Taking a short-term approach

It's tempting to jump on the bandwagon and support a noble cause. But environmental concerns are so high-profile now that empty promises or half-hearted initiatives won't cut it – and there is evidence consumers are suspicious of brands making big claims about their green credentials. Responding credibly to the climate crisis requires a long-term and considered strategy, not a rush to short-term communications around 'purpose'.

## Ignoring the intention-behaviour gap

One of the biggest challenges in the sustainability space is the gap between what consumers say they want and what they actually do. Brands may find they need to incentivise different behaviour. Consider using behavioural economic techniques that can help remove barriers to behavioural change. Try to make sustainable products as desirable, affordable and convenient as non-sustainable alternatives.

**Carlsberg, the beer brand, invented ‘snap packs’, which use a recyclable glue to connect cans of beer instead of using the standard unrecyclable plastic rings.**

To market the new packs, Carlsberg focused on functional messaging showing how to ‘snap’ an individual can off from the rest of the pack, but also made sure it had emotional appeal too. Carlsberg treated the packaging innovation as a product benefit; sustainable packaging

should be positioned as enhancing the brand, not as a necessary evil.

Carlsberg identified the most receptive audience – the ones most passionate about environmental concerns – who embraced the new packaging first, and built out from there. With both soft and hard metrics showing it catching on, Carlsberg is expanding distribution and it’s also developing a paper beer bottle.





## The role of brands in a post-trust world

**Sarah Owen**

SENIOR EDITOR, WGSN

### Think about 2016 – the year of the Brexit vote in the UK and the US presidential election that landed Donald Trump in office

It was the year that created our post-truth society – a landscape where suddenly, whether it's in politics or other types of institution, appealing to people's emotions became more important than facts. As misinformation became more commonplace, it was natural to question reality, to wonder: "What's true? And what's false?"

If you pivot forward to 2019, we've had three to four years of living in that environment, landing us in the post-trust society. We've gone from post truth, to post trust. This has created white space for marketers.

This white space, which used to be partially filled by other institutions, is now where brands are carving out a place to gain or regain trust, aligning themselves

with causes and concerns that both fit with their brands and attract post-trust consumers. It's why we see retailers like Dick's Sporting Goods banning the sale of assault rifles in the US in the absence of government action, and why a brand like start-up menswear company Noah offered refunds to Trump supporters who might be offended by the brand's liberal political stance.

It can also serve as an antidote for brands whose historic ways of doing business don't jibe with the times. H&M may be known as the flagship brand of 'fast fashion' but it could be argued this has given focus to its sustainability efforts. Its ambitious goals include shifting the company to a circular economy where clothes are recycled into new products.

The post-trust society has also exacerbated the feeling that governments are not dealing with many of the issues that concern us today, and that, too, creates white space where

brands can step in.

### Where government has let us down, brands might pick us up

Case in point: the June 2018 unveiling of Domino's 'Paving for Pizza' project, which works with local governments in the US to fix roads. Initially planning to provide grants in 20 locations, two months later it was expanded nationwide after people from all 50 states submitted requests for road repairs. The company humorously aligned the mission with protecting consumers' precious pizza on the way to their front door, but the underlying message is serious – where government has let us down, brands might pick us up.

*Read Sarah Owen's full commentary in the Society spin-off report of Marketer's Toolkit 2020*



## Sustainability appeals to brands, consumers – and investors

**Andy Last**

CO-FOUNDER, MULLENLOWE SALT

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### **The WARC Marketer's Toolkit survey is a reflection of what we're seeing all around us.**

With 84% of respondents saying conscious consumerism and sustainability will impact their marketing plans for 2020, their thoughts map to consumer data on the growing importance of these issues. It's clearly time for brands to step up their game.

In 2020, marketers must demonstrate their authentic sustainability and social purpose credentials. Brands that are able to do this will win consumers and be more attractive to investors. Sustainable brands will win in the following three areas:

#### **Retailer listings**

We are just at the start of the Great De-listing. From high-fat and sugar foods to plastic bottles and straws, the list of items consumers find unacceptable is

growing. The message from retailers could not be clearer; Tesco, for one, is saying it reserves the right not to list products with excessive non-recyclable plastic from 2020 onwards. Brands that demonstrate clear and relevant social purpose credentials can expect to find preferential treatment from retailers.

#### **Effective marketing**

Brands that find their true purpose – not only by answering the question "Why do you exist?" but also the more important question, "What would the world really miss if you no longer did it?" – will find accelerated growth opportunities. It goes beyond just being 'on brand' to understanding and encompassing category drivers, addressing a genuine societal issue, finding common purpose with partners and advocates, and satisfying all stakeholders.

#### **Attract talent**

Those brands able to give their people a sense of purpose will gain disproportionate energy and productivity. Unilever's brand purpose is "to make sustainable living commonplace", and the positioning is paying off, not only in how its sustainable brands performed in the marketplace, but also in how it is viewed by potential employees. According to Gallup, it is a preferred employer in most of the countries in which it recruits graduates. The ease with which talent can migrate towards brands and campaigns that stand for something makes this issue, and opportunity, even more pronounced in the marketing industry.

*Read Andy Last's full commentary in the Society spin-off report of Marketer's Toolkit 2020*

# Further reading

**What does your brand stand for? Why purpose is key to competitive agility,** Rachel Barton, Masataka Ishikawa, Kevin Quiring and Bill Theofilou, WARC, April 2019

**Sustainable shoppers buy the change they want to see in the world,** Julia Wilson, WARC, April 2019

**Brands have a long way to go on plastic packaging,** WARC, October 2019

**The third moment of truth: Why sustainable packaging became a corporate necessity,** Ian Payne and Colin Strong, WARC, February 2019

**Procter & Gamble Co (Household & domestic - Home care),** Euromonitor Company Profiles, October 2019

**H&M Hennes & Mauritz AB (Retail),** Euromonitor Company Profiles, September 2019

**Sustainability and recycling-by-design,** Mark Curtis, WARC, April 2019

**Alibaba attempts to green Singles Day,** WARC, November 2019

**The dangers of 'woke-washing',** WARC, September 2019

**The evolution of purpose, why circularity is the new CSR,** Graham Staplehurst, WARC, August 2019

**Why doing good is good for business,** Chris Arnold, WARC, April 2019

**The true meaning of brand purpose: Why the most effective campaigns are inclusive, not divisive,** Tom Ewing, WARC, October 2019

**Nike and Kaepernick: the commercial fallout,** WARC, September 2018

**Saving the planet nudge by nudge: Using behavioural economics to create effective communications for a sustainable future,** Crawford Hollingworth and Sarah Murray, WARC, April 2019

# Case studies

**How Carlsberg Beer's 'Snap Pack' Solved A Sustainable Packaging Challenge,** WARC, October 2019

**adidas India Pvt. Ltd.: adidas x Parley, Run For The Oceans,** SABRE Awards, Asia-Pacific, 2019

# Toolkit series

**Marketer's Toolkit 2020:** Data Report

**Society report:** The Greta effect

# Technology

**The drivers  
enabling new  
models, processes  
and possibilities**

**After years of hype about consumer tech, brands appear more cautious about investment in new technology – a majority of respondents to the Marketer’s Toolkit survey even agreed that brands had over-invested in tech at the expense of creativity.**

Artificial intelligence and payment tech will be key priorities.

Voice, despite the hype, will remain a minority pursuit as marketers figure out where the opportunities lie; blockchain and AR/VR will be niche. 5G is expected to have an impact as an enabler of other tech – but there is currently a sense of ‘wait and see’ about this development.

Meanwhile there are big changes in the world of adtech, as the limitations of audience-based buying become clear. A renewed focus on context will dovetail with the emergence of connected TV to create new opportunities in the programmatic world.

# Themes from the data

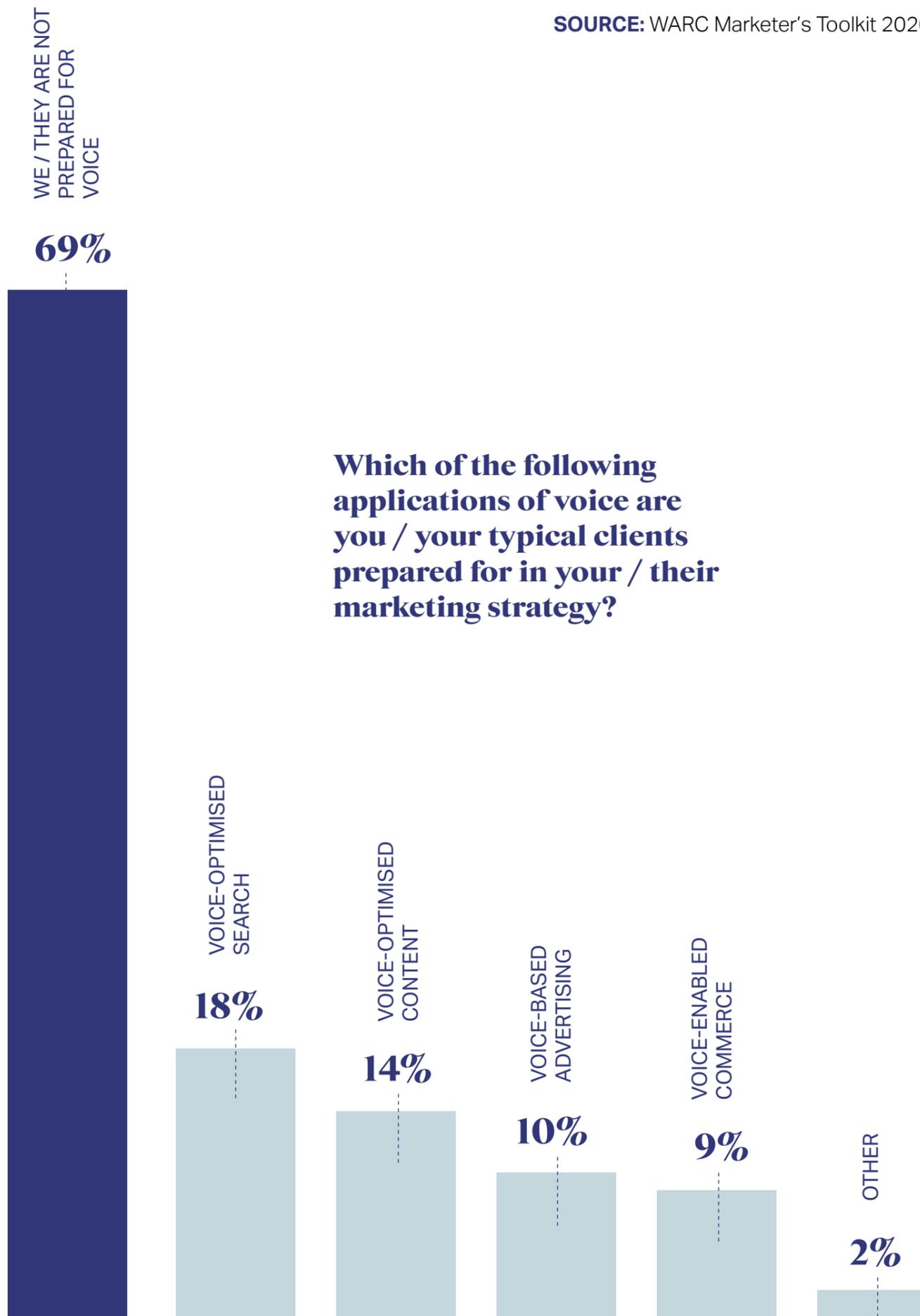
## Artificial intelligence gains traction, but no sign yet of a voice revolution

The priorities in terms of emerging technologies are largely the same as in previous years, with artificial intelligence the biggest focus for brands. That reflects the urgent need to make sense of, and then apply, the many data sources at a marketer's disposal.

There is growing interest in enhanced payment technologies, reflecting the growth of e-commerce. This trend is particularly pronounced in Asia, where payment tech was cited as very important by more respondents than AI. With the rise of mobile payment apps, brands are having to evolve their payment strategies to meet consumers' evolving payment expectations.

After two years of hype, voice still has limited traction – more rate this as 'not important' than 'very important'. And the majority of those who are using it say they have limited capability in it.

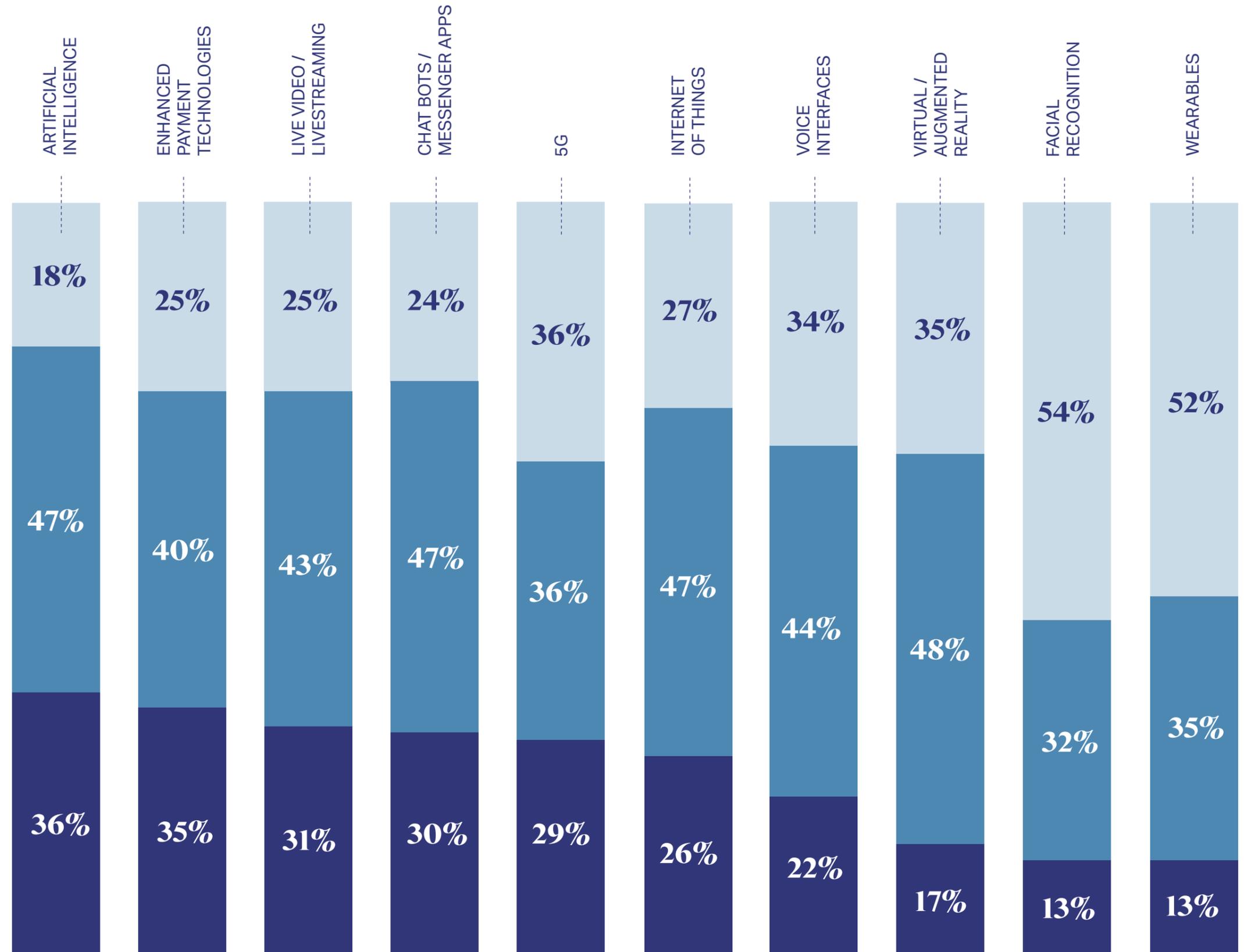
Marketers remain unconvinced by blockchain; just 13% expect to invest in it in 2020.



**How important will each of the following emerging technologies be to you / your clients in 2020?**

SOURCE: WARC Marketer's Toolkit 2020 survey

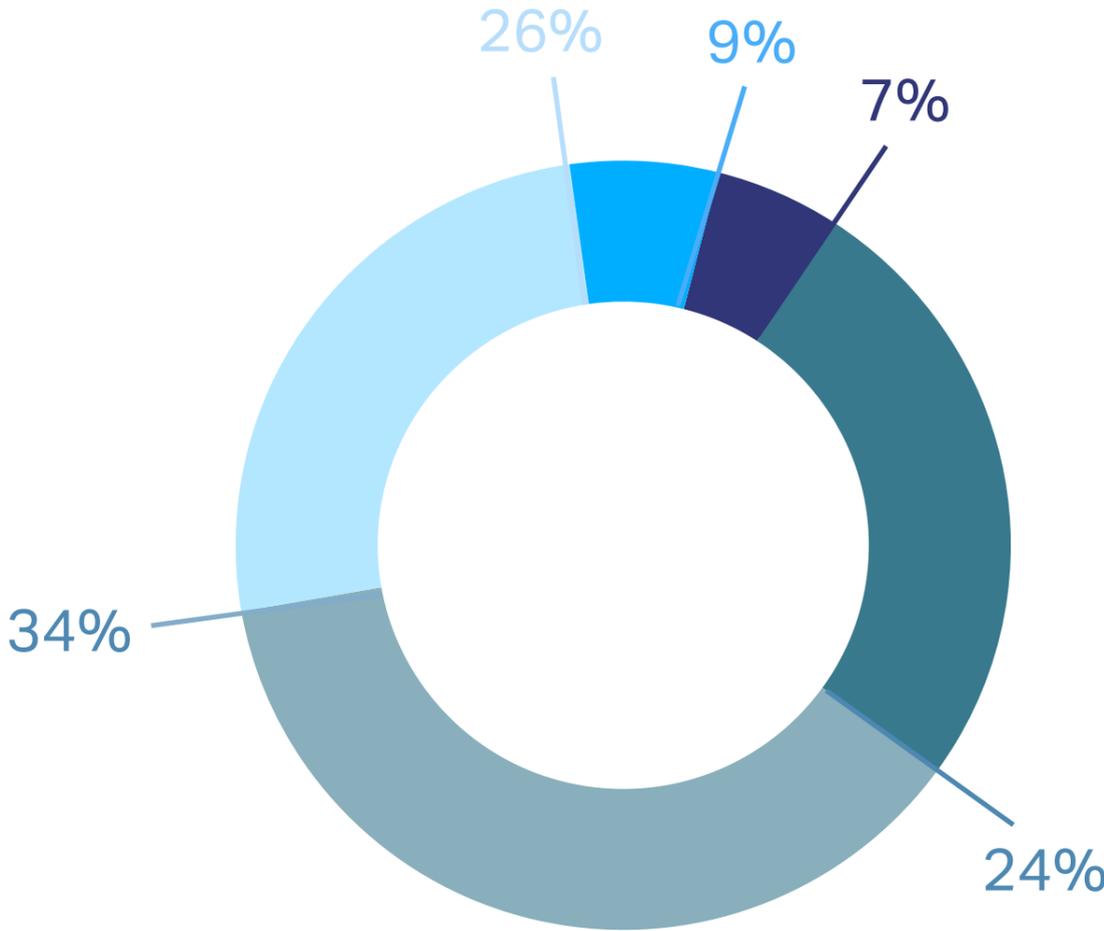
- NOT IMPORTANT
- QUITE IMPORTANT
- VERY IMPORTANT



# Marketers see 5G as an enabler

5G is set to have an impact, but is largely seen as enabler, particularly around enhanced content strategies. Only 31% see it as a transformative tech – a similar proportion to those deeming the technology 'very important' for their organisation in 2019 (29%).

Respondents in Asia are significantly more bullish on 5G — 46% in these markets see it as transformative. This perhaps reflects the importance of mobile in many of these markets.



**5G will be transformative for us / our typical clients over the next 12 months**

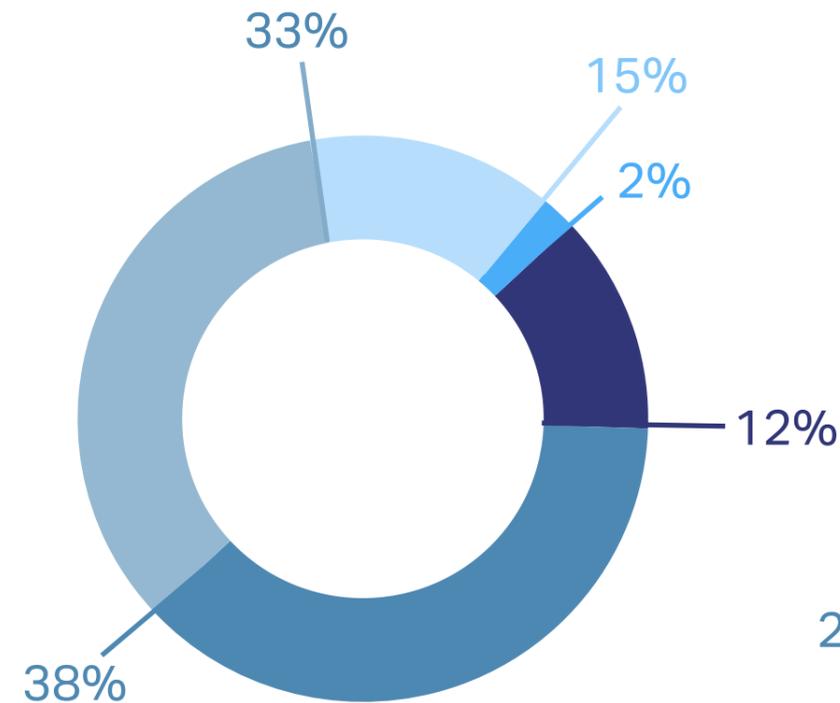
- STRONGLY DISAGREE
- DISAGREE
- NEUTRAL
- AGREE
- STRONGLY AGREE

## Context is key as brands look for more from programmatic

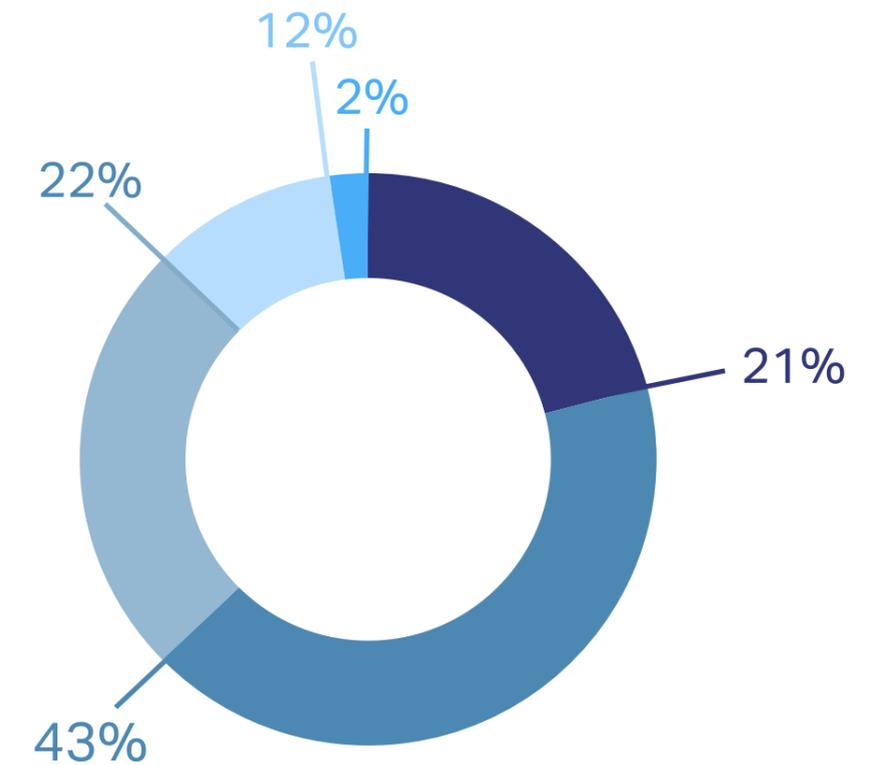
Programmatic is at a crucial moment in its development. It has been transformative for some areas of ad trading, but half of our respondents believe it has failed to live up to its potential.

The limits of audience-based buying are clear in concerns around context and brand safety. There is widespread agreement that these factors are now more important than cost when planning media, and context is set to be a key debate for 2020.

These safety issues are causing some brands (though a minority) to report increased spending on traditional media, where brands can retain control over where, when and in what context their ads appear.



**Programmatic has failed to live up to its potential**



**Brand safety and context are now more important than cost when planning media**

- STRONGLY DISAGREE
- DISAGREE
- NEUTRAL
- AGREE
- STRONGLY AGREE

# In depth: Context and connected TV: reinventing programmatic

*WARC subscribers can go deeper into the next phase of programmatic in the Technology spin-off report of Marketer's Toolkit 2020*

## **Contextual targeting is returning to the forefront of media planning.**

In light of concerns around programmatic audience targeting, media owners have revived age-old arguments over the benefits of context. Their claims are supported by plenty of evidence.

Recent research by Kantar found that site context and ad congruence can boost campaign impact significantly; for instance, purchase intent can be “significantly higher” when consumers are exposed to brands on category-related websites.

The message seems to be resonating with brands: nearly three-quarters (72%) of advertisers surveyed by WARC concurred with the statement that brand safety and context have become “more

important” considerations than cost when planning media campaigns. More contextual targeting products are expected in the market in 2020.

## **The next wave of programmatic will be driven by quality environments**

Programmatic media stands at the cusp of its next phase – one which will see the automation of traditional media channels through connected TV, online audio streaming services and digital out of home (DOOH).

Media owners argue that these nascent addressable channels do not suffer from the same challenges facing digital media. A brand video running on connected TV is likely to be in a quality environment.

In 2020, much connected TV advertising investment

will focus on ad unit insertions around on-demand content, exemplified by UK broadcaster ITV, which has partnered with ad tech firm Amobee to serve addressable ads on its VOD service, ITV Hub.

For many marketers, however, the most interesting opportunities will arise when TV companies and OTT providers can dynamically insert tailored and targeted video ads into live television streams. Viewers are on average 21% more engaged by addressable ads, and attentiveness can be as much as a third higher (35%), according to research by Sky's AdSmart.

# CMO comments



“

Most programmatic is brand-damaging in the way it ends up being executed. I'm really wary of addressable TV. From my point of view, TV is about driving fame, broadly, and fame is [based on] massive collaborative experience. My problem with addressable TV is it massively fragments [audiences].

**Cheryl Calverley**

CHIEF MARKETING OFFICER, EVE SLEEP

“

We're making a fairly big bet next year on streaming TV. We'll be looking at some of the biggest streaming services, like Roku or Hulu, but also upstarts like Samsung. We're going to place our bets in multiple places and see what's the most effective.

**Jill Baskin**

CHIEF MARKETING OFFICER, THE HERSHEY COMPANY



“

Measurement, viewability, [media] quality: all of these are pretty much daily topics. I don't think we've said, 'Well, we've cracked it, this is over, we can move on.' But things seem to evolve for the better, and I'd say the system is maturing overall.

**Olivier Bockenmeyer**

REGIONAL HEAD OF CORPORATE MARKETING, SOUTH EAST ASIA, SAMSUNG

# Potential pitfalls

## **Brands must navigate a 'mess' of standards and formats**

One of the key benefits of programmatic media is its efficiency. Sadly, the same cannot be said of connected TV as yet. Managing buys across networks is fiendishly difficult, with advertisers being forced to navigate a bewildering assortment of systems and standards. OTT players are releasing new formats, such as Hulu's 'pause ads', which display a brand message when users press pause during a video. Some media owners, such as RTL/Adconnect, are creating distinct 'connected TV' and 'addressable TV' ad products to make sense of the mess. Moves are underway to standardise formats, but this process may take some time.

## **Avoid over-targeting at the expense of reach**

An increasing body of evidence recommends that marketers pursue "quality scale" through their media mix, combining meaningful reach with consumer relevance. As addressability infuses traditional media such as TV and OOH with targeting capabilities, brands should be wary of losing the benefits of mass reach. Rather than seeing connected TV as a means of eliminating perceived 'wastage', advertisers would be better off using that addressability to increase relevancy across the full spectrum of audiences and segments provided by the medium – with a firm grip on frequency to prevent campaign overexposure.

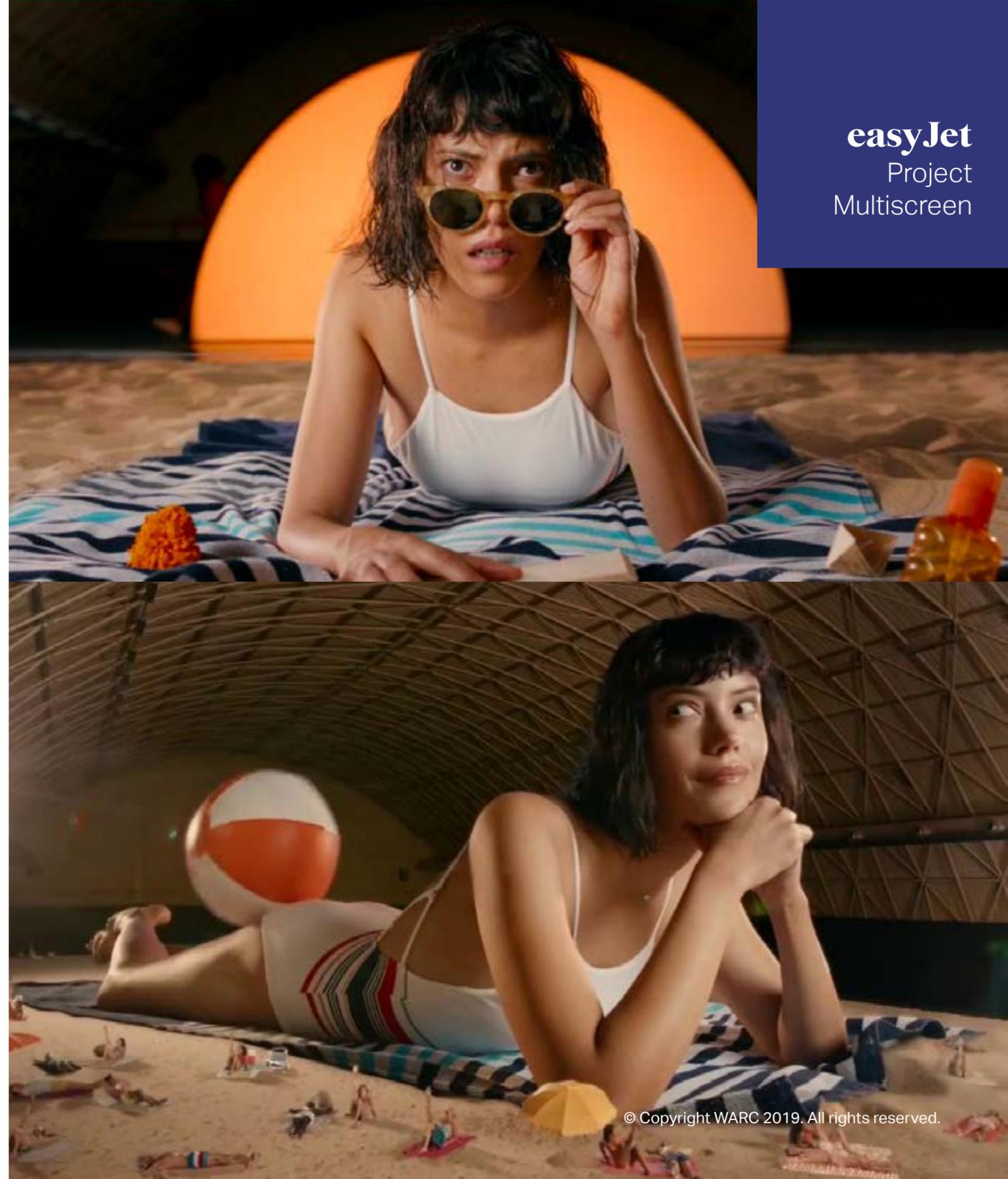
## **Marketers must remain vigilant of privacy concerns**

Just as advertisers must ensure they are allowed to exploit user data when executing programmatic campaigns in digital media, brands also require permission to target audiences in newer addressable channels. A connected TV ad for an auto brand served to a household in the market for a new car is still subject to privacy regulation such as GDPR in Europe and the forthcoming CCPA (California Consumer Privacy Act) in the US.

**Faced with a gloomy economic outlook, easyJet, a low-cost airline, adopted a rigorous “total video” media plan, taking advantage of the incremental reach offered by connected TV formats.**

Research carried out in 2017 found that broadcaster VOD is consumed in a similar way to TV, with over 50% of views happening on the big screen and mostly unskippable. The advertiser therefore used the channel to rebalance its frequency distribution.

EasyJet’s media agency OMD has subsequently continued to evolve its planning methodology, prioritising key campaign objectives, interrogating data sources and readjusting the balance between video formats. For example, while the addressable TV ‘universe’ is 89% smaller than that of broadcast TV, it is much more efficient at reaching an in-market audience.



**easyJet**  
Project  
Multiscreen



## Addressability is about creative, not just targeting

**Angela Steele**

CHIEF STRATEGY OFFICER, CARAT USA

**I like to use the example of Procter & Gamble. Everyone uses laundry detergent. But everyone has different motivations and needs.**

P&G needs to buy all of us from a targeting standpoint, but what they say to us – that’s where it gets addressable.

We’re not suggesting giving up reach; we’re suggesting being relevant to the individuals you are reaching, and segmenting the reach that you’re buying, rather than narrowing the reach.

**Connected TV costs more**

We have some advertisers with a pretty aggressive appetite for connected TV, but the marketplace has not caught up. The clients we find taking advantage of it are those in performance-driven,

high-consideration categories like automotive, real estate and financial services – where it’s a bigger life decision, and where the brands are able to track performance. Because it is addressable and targeted and backed by data, it is more expensive if you are comparing it apples-to-apples on a demographic basis. However, if you’re factoring out wasted reach, then it’s really not more expensive. Nevertheless, if you are paying a premium, you need to be able to know that it’s working.

The challenge will continue to be where there isn’t enough inventory to meet advertiser demand.

**Brands must carry out foundational work before starting out**

If you’re going to do addressable TV, you need to have the ability

to identify your most valuable audiences, so that you can prioritise them through media. The whole point is you are going to pay a premium when you do addressable, and you need to make sure that that premium is going to pay off. A lot of work needs to be done up front to understand different segments of audiences, who is purchasing, who is most valuable, and what are their motivations. You don’t have to do it for every campaign – you can do once and then you revisit it every 12 or 24 months.

*Read Angela Steele’s full commentary in the Technology spin-off report of Marketer’s Toolkit 2020*



## Context and connected TV in 2020

**Mark Wagman**

MANAGING DIRECTOR, MEDIALINK

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### **Remember the saying that “content is king”?**

With the birth of programmatic and the ability to find an audience, regardless of context, we somehow lost sight of this core marketing concept. Now, with pressure on tracking and targeting technologies, the pendulum has swung back – understanding contextual relevance is again a key component to any digital strategy.

In a real-time world, a marketer must again prioritise targeting based on the consumer’s environment – whether text, sound, sight or motion. Publishers and content owners must too make operating against an understanding of contextual relevancy easy and painless.

### **Ask: How would your targeting strategies change if**

### **you no longer could use a cookie-based audience?**

With this level of consumer understanding comes the ability to provide ‘addressability’ to traditional media channels still operating on less precise currencies – like this thing we still call ‘television’. Whether a broadcast network, a telecom conglomerate or a Silicon Valley streaming startup, the promise of bringing people and household-based addressability to the ‘television’ channel is a pitch you can’t avoid.

But executing against the ‘addressable promise’ isn’t as easy as we’d like. The same ‘digital’ headaches that we seemed to have just finished dealing with have reared their head in this next wave of television – managing buys across networks is difficult, sharing audiences in a privacy-compliant way is hard and measuring true

performance is next to impossible without a PhD in data science.

Comcast’s Blockgraph and the industry consortium OpenAP are just two examples of tools and technologies trying to solve some of these roadblocks. To truly unlock more of the \$70b still ‘stuck’ in the world of traditional television advertising – it all has to get easy – from holistic campaign planning, cross-network execution and true people-based measurement.

### **Ask: How does your ‘television’ strategy change as some of the marketplace friction is removed?**

*Read Mark Wagman’s full commentary in the Technology spin-off report of Marketer’s Toolkit 2020*

# Further reading

**Digital growing pains: How context increasingly matters**, Kristanne Roberts, WARC, September 2019

**Impact of Media Context on Advertising Memory: A Meta-Analysis of Advertising Effectiveness**, Eun Sook Kwon, Karen Whitehill King, Greg Nyilasy, and Leonard N. Reid, Journal of Advertising Research, 2019

**Why it pays to play by the rules of attention**, Tim Elkington, WARC, July 2019

**The high value of low attention**, Professor Karen Nelson-Field and Kellen Ewens, WARC, September 2019

**Video completion rates continue to grow, boosted by connected TV**, WARC Data, July 2019

**Inside P&G's connected TV advertising strategy**, WARC, June 2019

**Why TV broadcaster RTL/Adconnect is focusing on short-form and long-form content**, WARC, March 2019

**How to balance your brand communication plans**, Faris Yakob, WARC, October 2019

**IRI cautions against "micro-targeting" or too much of a good thing**, WARC, April 2019

**Planning video effectively, Sophy Part**, WARC, September 2019

# Case studies

**easyJet: Project Multiscreen**, Sophy Part and Niall Murphy, WARC Media Awards 2018

**How Axel Springer is using its data to offer brands new insights into audiences**, WARC, March 2019

# Toolkit series

**Marketer's Toolkit 2020: Data Report**

**Technology report: Context and connected TV** – Reinventing programmatic

# Economy

## The drivers of marketing investment

**Brands are re-assessing how they balance their spending plans for 2020, as more marketers look to respond to a crisis of short-termism, and an over-investment in performance marketing. This is set to be a major trend for 2020, though there are significant hurdles to increased brand-building investment.**

The rapid growth of investment in online video is expected to continue, with Instagram and YouTube set to benefit and a significant number of brands spending on TikTok for the first time.

Search is also expected to be a focus for 2020, with Amazon's fast-growing ad business set to benefit alongside Google.

# Themes from the data

## Marketers plan renewed focus on brand-building

Senior marketers increasingly recognise that they have over-invested in short-term marketing tactics (or 'performance' marketing) at the expense of their brands. This is reflected in the Marketer's Toolkit survey – respondents see short-termism as the number one industry issue, and 40% predict increased brand investments in 2020 (versus 32% who see higher performance budgets).



Brands have over-invested in performance at the expense of brand

- STRONGLY DISAGREE
- DISAGREE
- NEUTRAL
- AGREE
- STRONGLY AGREE



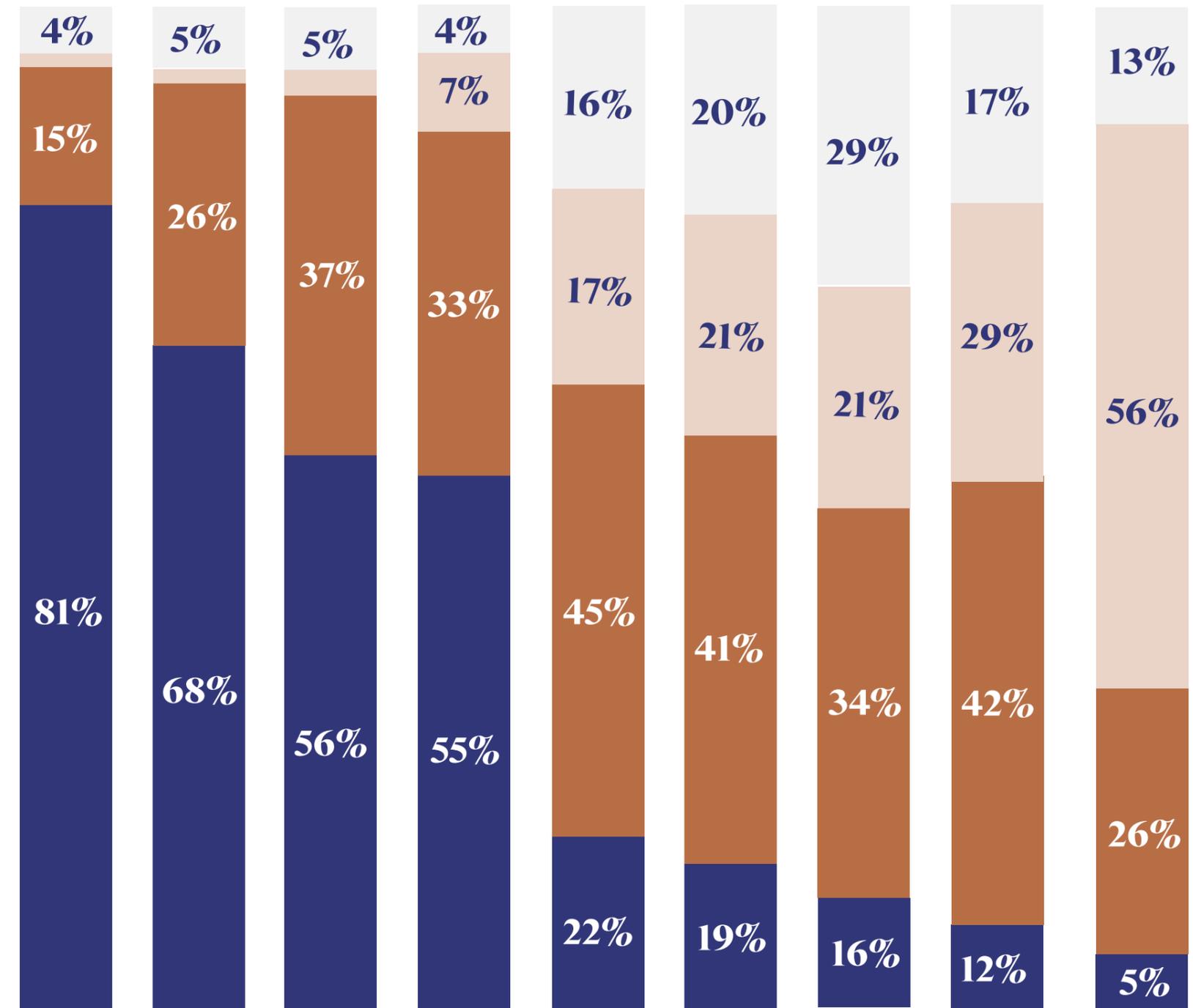
How do you expect to the current balance of your / your typical clients' investment in brand vs. performance to change over the next year?

- NO CHANGE
- INCREASED INVESTMENT IN PERFORMANCE
- INCREASED INVESTMENT IN BRAND

## How do you expect investment in the following media channels to change in 2020?

- WE / OUR CLIENTS DO NOT SPEND ON THIS PLATFORM
- DECREASE
- STAY THE SAME
- INCREASE

	ONLINE VIDEO (INCLUDING SOCIAL)	MOBILE	ONLINE SEARCH	ONLINE DISPLAY (INCLUDING SOCIAL)	OOH	RADIO / AUDIO	CINEMA	TV	PRINT
<b>NET BUDGET CHANGE (% INCREASE MINUS % DECREASE)</b>	<b>+80%</b>	<b>+67%</b>	<b>+54%</b>	<b>+48%</b>	<b>+5%</b>	<b>-2%</b>	<b>-5%</b>	<b>-17%</b>	<b>-51%</b>



### Video, search and mobile drive growth

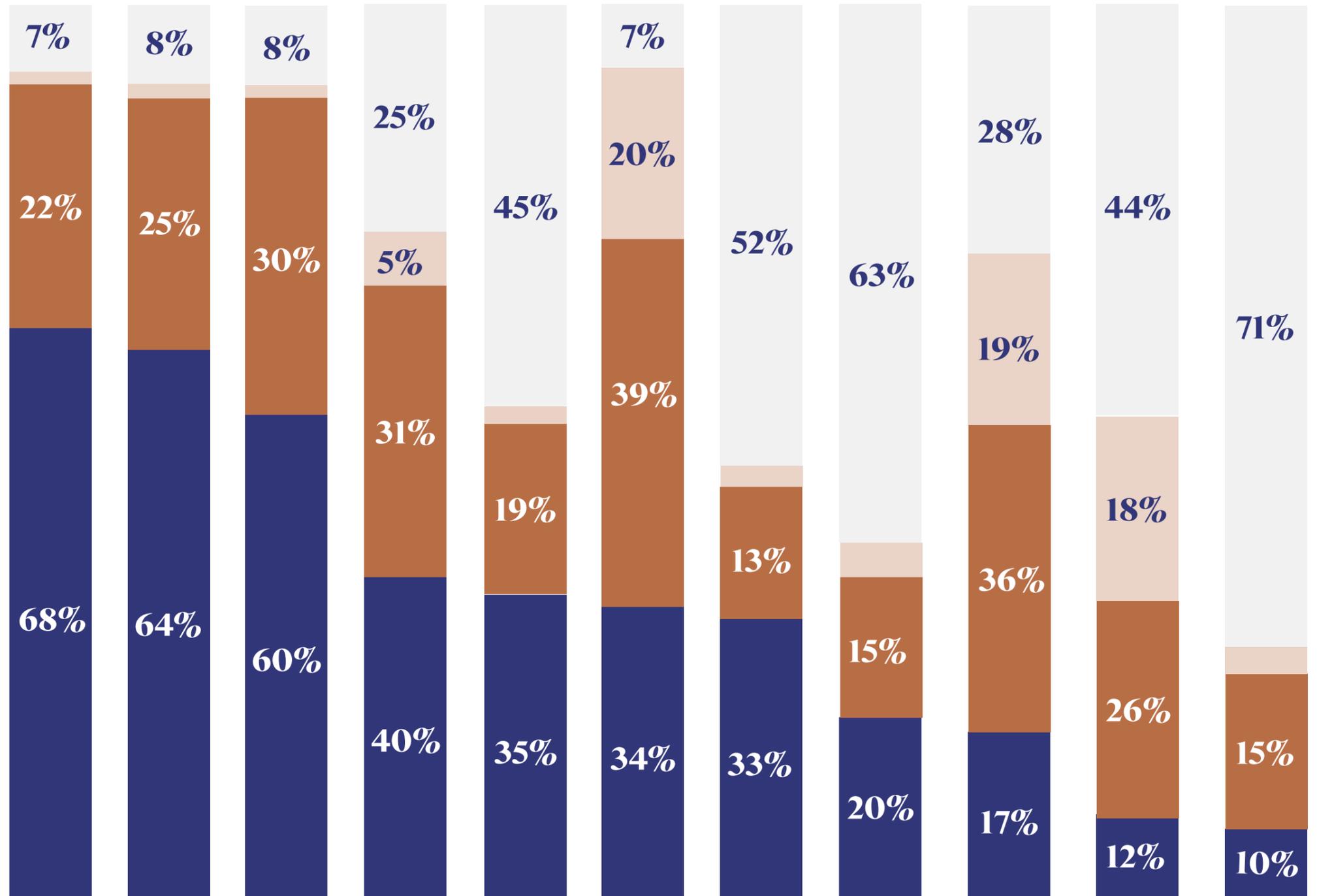
Globally, adspend is forecast to increase 6% in 2020, according to the latest forecasts by WARC Data, with the Olympics and US presidential election helping drive up investment. But not all channels will benefit evenly. According to the Marketer's Toolkit survey, brands will prioritise online video formats in 2019; video appears set to benefit more from increased brand-building dollars than television or other traditional channels. Mobile and search formats will also see significant growth.

## How do you expect investment in the following digital channels to change in 2020?

SOURCE: WARC Marketer's Toolkit 2020 survey

	INSTAGRAM	YOUTUBE	GOOGLE	LINKEDIN	AMAZON	FACEBOOK	TIKTOK	WECHAT	TWITTER	SNAPCHAT	BAIDU
NET BUDGET CHANGE (% INCREASE MINUS % DECREASE)	+65%	+61%	+58%	+35%	+33%	+14%	+31%	+17%	-2%	-6%	+7%

- WE / OUR CLIENTS DO NOT SPEND ON THIS PLATFORM
- DECREASE
- STAY THE SAME
- INCREASE



### Amazon and TikTok set to benefit

Instagram and YouTube are the key beneficiaries of the focus on video – though there is also significant interest in TikTok, with one in three respondents planning greater investment on this emerging platform.

Plans for increased search spend naturally benefit Google – but will also drive continued growth of Amazon as an ad platform, with one in three respondents planning greater spend on the e-commerce site.

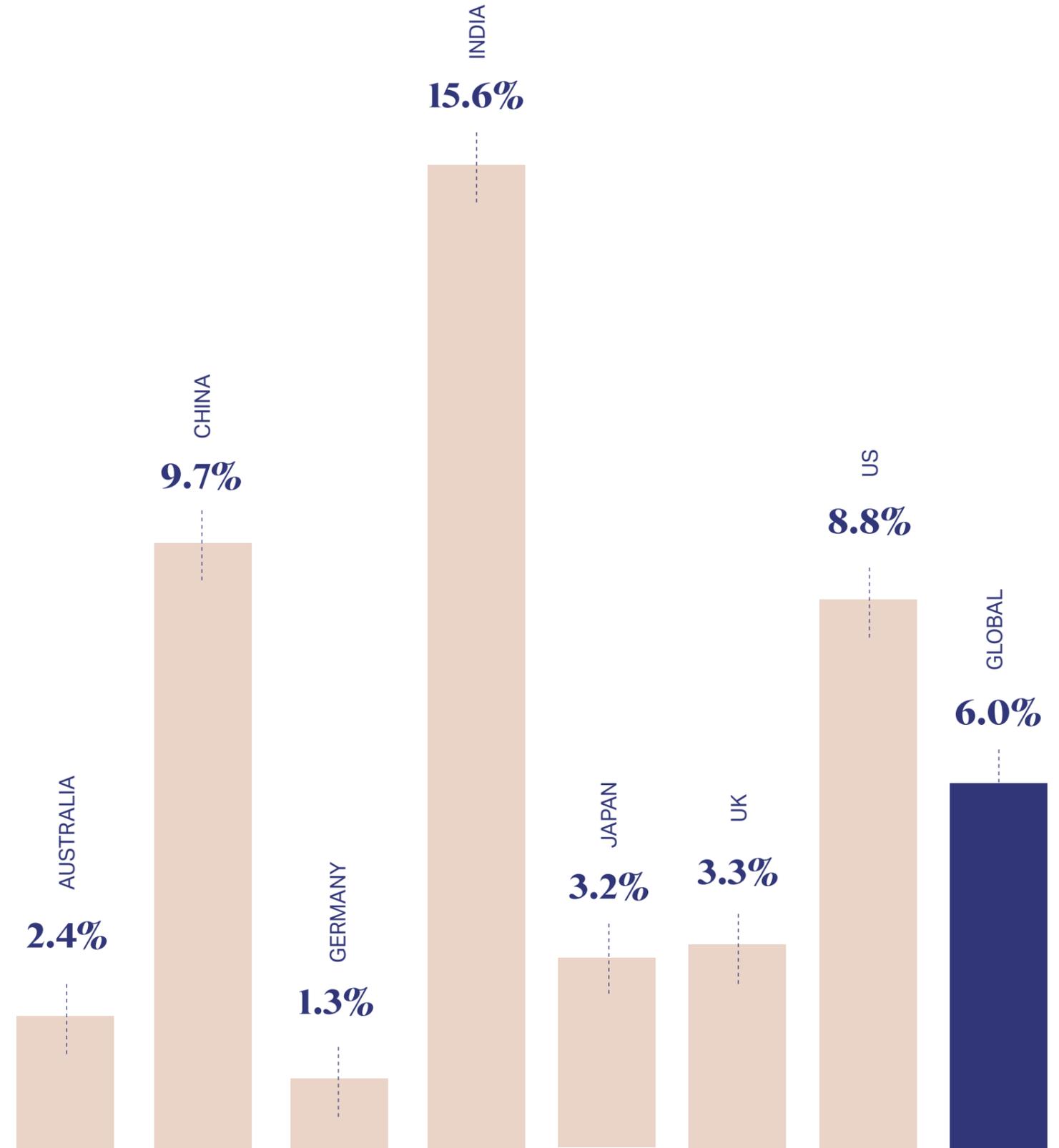
# The global adspend outlook

According to WARC Data's adspend forecasts, global ad investment will rise 6.0% to \$655bn worldwide next year, buoyed by an 8.8% rise in the world's largest ad market, the US. Here, additional ad investment during the presidential election campaigns, as well as higher brand spend around the Tokyo Olympics, will lift growth. Digital growth is slowing but will still be strong at 14.6%, taking the total to \$142bn – 59.6% of all spend.

China was hit by a stronger dollar in 2019 but is expected to recover to a degree in 2020 (+9.7% to \$98bn). India will lead growth, with TV, internet and print all rising to culminate in 15.6% growth to \$11bn. Ad growth in the UK (+3.3%) and Germany (+1.3%) is muted by historic standards, partially a reflection of slowing economic activity in these markets.

In terms of category adspend, global growth is particularly strong in financial services (+11.8%), telecoms and utilities (+8.5%) and automotive (+6.8%).

Find out more about the adspend outlook for 2020 at [WARC Data](#).



# In depth: the pivot back to brand

*WARC subscribers can go deeper into the pivot back to brand in the Economy spin-off report of Marketer's Toolkit 2020*

## **Marketers are re-prioritising 'long-term' brand-building**

As the Marketer's Toolkit survey shows, the efforts of researchers such as Les Binet and Peter Field to refocus brands on the long term are bearing fruit. Binet & Field famously argued that a 60/40 investment split between brand and sales activation was the 'rule of thumb'. Many CMOs acknowledge they are way off those numbers – some have even argued the role of marketing has been marginalised as a result of short-term thinking.

At the same time, fresh research is underlining the crisis short-termism is creating. Field debuted new research (with the Institute of Practitioners in Advertising) in Cannes arguing that short-termism had undermined the link between creativity and effectiveness.

## **There is a tension between what brands are saying and where they will spend**

WARC's data reveals the gap between intention and action. Money continues to pour into marketing channels best suited to performance marketing or short-term impact – there is a positive outlook for search and online display in the survey, while 'classic' brand-building channels like TV and out of home look more negative. Brands appear to view online video as key for brand-building in 2020, with more than 80% anticipating greater spend on that channel.

## **Culture, skills and metrics are key barriers to brand-building**

Survey respondents identified the general business culture of short-termism, and a squeeze on budgets as significant challenges to brand-building.

Another issue is a loss of confidence among modern marketers as to their ability to build brands. An IPA/Financial Times study released mid-2019 found that almost one in three senior marketers rated their ability to build brands as average to poor.

Respondents also point to metrics – specifically, the need for better signals that brand-focused work is having an impact, presented in a business language other members of the C-suite can understand.

Test-and-learn may be key for companies looking to reinvest in brand. Marketers should take note of an experiment by Australian insurance giant IAG. It will carry out this test to make the case for long-term brand investment, by spending 80% of its budget on brand-building activities in a targeted part of Australia for the next two years.

# CMO comments



“

We look at the holistic impact of the consumer experience through the shopper journey, of which media and comms is just one bit. Innovation plays an important role, distribution, the pack design, the product quality. All of these things have an accumulated impact on both short-term performance and long-term brand building.

**Steve Challouma**

MARKETING DIRECTOR, BIRD'S EYE



“

Being a member of this industry, you must know how to build and operate a brand. The brand is the lifeblood of a company, and is significant in the eyes of customers, the government, and the media. Many times, the marketing department is seen as a cost centre, so CMOs save money to increase output, but it is not enough. Cutting costs will only result in an incremental contribution.

**Gill Zhou**

VP MARKETING, COMMUNICATIONS AND CITIZENSHIP, IBM CHINA

“

Balance is the right word... Creating experiences that they'll remember so that you have to work a little less hard with performance marketing in the future to get them to buy, or so that you can start to charge a premium and stand out from the market to take share from competition. That long-term brand-building is something that we're focusing on.

**Ivan Pollard**

CHIEF MARKETING OFFICER, GENERAL MILLS



# Potential pitfalls

## **Failing to speak the language of finance**

To make the case for long-term investment in brand-building, tie the impact of marketing activity into the language of finance: long-term sales streams, margins, revenue, cash flow, profit and shareholder value. Intermediate brand measures are less likely to cut through outside the marketing team.

## **Over-relying on attribution modelling**

Digital attribution models tend to overstate the effectiveness of ads that consumers see just before they make a purchase. While digital attribution can measure the effectiveness of digital media channels with greater detail than econometric modelling, it doesn't always tell the full story. Sophisticated marketers tend to combine attribution work with other forms of modelling.

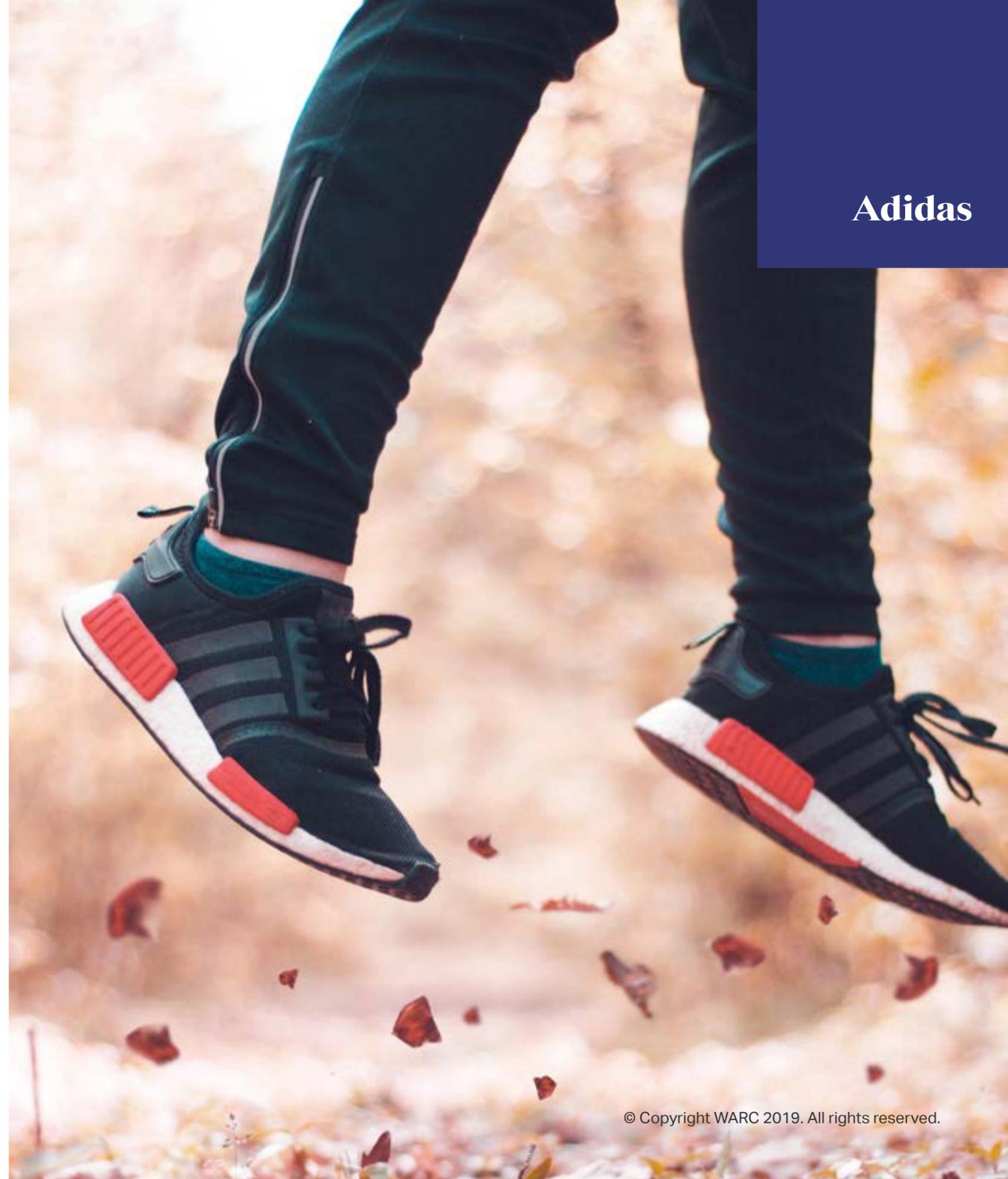
## **Assuming brand-building work won't drive short-term sales**

Good brand-building work will still drive commercial performance in the short term. The effects should not be invisible or solely measured in brand tracking studies.

**Adidas is on a marketing effectiveness journey as it shifts its focus from simple efficiency measures and embraces econometric modelling to give it a more nuanced view of the impact of its spending.**

In 2015, adidas was investing just 23% of its media spend into emotion-led brand advertising and 77% into performance advertising. It relied on last-click attribution and did no econometric modelling or brand tracking, with the primary focus on minimising media costs. To rebalance for long-term growth, adidas now invests in econometric modelling and has a 'test and learn' approach to testing hypotheses from attribution and econometrics to see which initiatives might grow incremental revenue.

**Adidas**





## Five ways to make effective brand advertising

**Orlando Wood**

CHIEF INNOVATION OFFICER, SYSTEM1 GROUP

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**While marketers know there's a problem, knowing how to fix it is another matter.**

We could start by looking at the work itself. This is what I've done in *Lemon*, a book published last month by the IPA. I look for the features that are more likely to appeal to the right-brain (dialogue, a strong sense of place, melodic and harmonic music), and others that play to the left-brain's attentional priorities (words on screen, abstracted body parts and flat, placeless backgrounds). The fewer right-brained elements an ad contains, the less it moves audiences, and the less effective it is for market share growth. Based on the findings, here are five practical ways that advertisers can make their work more right-brained and more effective.

### **1. Entertain for commercial gain**

The quickest route to building your market

share requires brands to entertain their audiences. *Lemon* shows how measuring emotional response to ads across a whole category, combined with share of voice, markedly improves share gain prediction over share of voice alone. So make ads that people will enjoy.

### **2. Think dramas, not lectures**

Appeal to the right-brain's understanding of lived time, its love of wordplay and the relationships between people. Ditch the didactic, posturing, message- and voiceover-led tone of modern advertising and portray an unfolding story instead. Humour is perhaps the most important tool in the creative's toolkit.

### **3. Play with culture, don't mirror it**

In their desire to feel contemporary, advertisers often engage with culture by reflecting its surface details – clothes, hair, tech. Appeal to the right-brain by

getting playful with culture – parodying or referencing different cultural works. Think Amazon dropping Hannibal Lecter into its Super Bowl Alexa ad.

### **4. People are characters, not 'props'**

The right brain responds to "betweenness" – a sense of connection between people (or creatures). To build betweenness you need characters who feel like they're alive and have agency – they aren't just bodies in the service of using a product.

### **5. Local richness beats global blandness**

A strong sense of place or history appeals to the right brain. The global campaign usually sacrifices this richness; a sense of place is almost always entirely lost, as it's astonishingly rare for ads to create a strong emotional response across different cultures.

*Read Orlando Wood's full commentary in the Economy spin-off report of the Marketer's Toolkit*



## Consistency and culture are key to getting ‘back to brand’

**Simon Cook**

MANAGING DIRECTOR, CANNES LIONS

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**In 2020 we can expect to witness the rise of a ‘back to brand’ mentality and approach – where data and tech will take an important supporting role and act as an enhancer and an enabler, with the brand very much front and centre**

The first major challenge is consistency. Being creative while retaining consistency of brand is key to unlocking the benefits of brand-building: from forging emotional attachments, to driving long-term brand equity and sales influences.

Snickers, for example, has won many Lions (including a Gold Creative Effectiveness Lion), with its ‘You’re not you when you’re hungry’ work – an enduring campaign that has been revived year after year with a fresh take each time. Bruce McColl, Chief Marketing Officer at Mars (2006-2016) credited a re-think of long-term

creative brand strategy with Mars’ success, when he stated that it boosted the organisation’s revenue by more than \$50 million.

**It is also important to build a culture that can deliver creativity time after time**

Our work with global brands has highlighted three important steps a CMO can take to create a culture where creativity is valued:

1. Build internal buy-in: make the case for creativity.
2. Create alignment: build a collective understanding of what ‘good’ looks like.
3. Long-term thinking: a three to five-year plan with clear measurement criteria that are appropriate to the brand in question.

In 2019, Burger King picked up the inaugural Creative Brand of the Year Award at the Cannes Lions International Festival of Creativity. By its very nature, this award

celebrates a moment in time and a single year of unrivalled creative excellence, but it’s the sustained performance, the long-term brand building and the very deliberate journey to the stage that we should all pay attention to.

In 2014 Fernando Machado took the marketing reins at Burger King. In 2019 his team and their agency partners won 40 Lions across 15 different pieces of work. Each piece of work was described by our juries as being individually short-term, but collectively infused with a consistent, recognisable and memory-building narrative.

Marketers face criticism about the growing preoccupation with short-term activations and seductive and often ‘gimmicky’ ideas. As Snickers and Burger King show us, CMOs should focus on consistency and culture if they are to break out of this cycle.

*Read Simon Cook’s full commentary in the Economy spin-off report of the Marketer’s Toolkit 2020*

# Further reading

**Effectiveness in Context**, Les Binet and Peter Field, WARC, October 2018

**Les Binet examines how digital affects brand building/activation model**, WARC, April 2019

**The Crisis in Creative Effectiveness**, Peter Field, WARC, June 2019

**What we know about attribution and marketing mix modelling**, WARC, August 2019

**What we know about econometric modelling**, WARC, May 2019

**How winning brands grow and why stagnant brands dont**, WARC, November 2019

**Binet and Fields lessons for digital startups, disruptors and advertising refuseniks**, WARC, May 2019

**Kraft-Heinz results: a return to sound marketing theory**, WARC, November 2019

**Strategy and effectiveness lessons from Cannes Lions 2019**, WARC, June 2019

**CMO Growth Council: How the worlds top CMOs are reshaping the future of marketing**, WARC, October 2019

**Mind the gap – why brand-building too often slips through the cracks**, WARC, June 2019

**Insurance Australia Group taps spirit of Binet and Field in a two-year marketing test**, WARC, July 2019

**What you need to know about the Australian Effies database analysis**, WARC, September 2019

**The long-term impact of advertising**, Ebiquty, 2018

# Case studies

**adidas makes course correction on marketing effectiveness**, WARC, October 2019

**How reviving its original purpose reversed 8 years of decline for NRMA Insurance**, Australian Effie Awards, 2019

**Why eBay opted to reduce its reliance on performance media**, WARC, September 2019

**The AA: Sparkplugs to Singalongs**, IPA Effectiveness Awards, 2018

# Toolkit series

**Marketers Toolkit 2020: Data Report**

**Economy report: The Pivot Back To Brand**

# Industry

**The drivers  
dictating the  
competitive  
environment**

**Customer experience (CX) will remain an industry buzzword across the industry in 2020, and a priority for marketers' time and investment. Creative agencies and consultancies will battle to combine CX with brand thinking.**

Meanwhile, in-housing of adtech will continue as brands take charge of their data. In-housing of creativity remains a trend, but a significant minority of brands are going the other way and putting more work out of house.

In media, a major story for 2020 will be the growing reliance of advertisers on 'walled gardens' that combine paid advertising and payment tech or e-commerce fulfilment. Amazon's growth as an ad platform looks set to continue, and Facebook's attempts to build its own currency can be seen as an attempt to repeat the success of China's WeChat.

# Themes from the data

SOURCE: WARC Marketer's Toolkit 2020 survey

Which elements of digital transformation will be most important to your / your typical client's business in 2020?

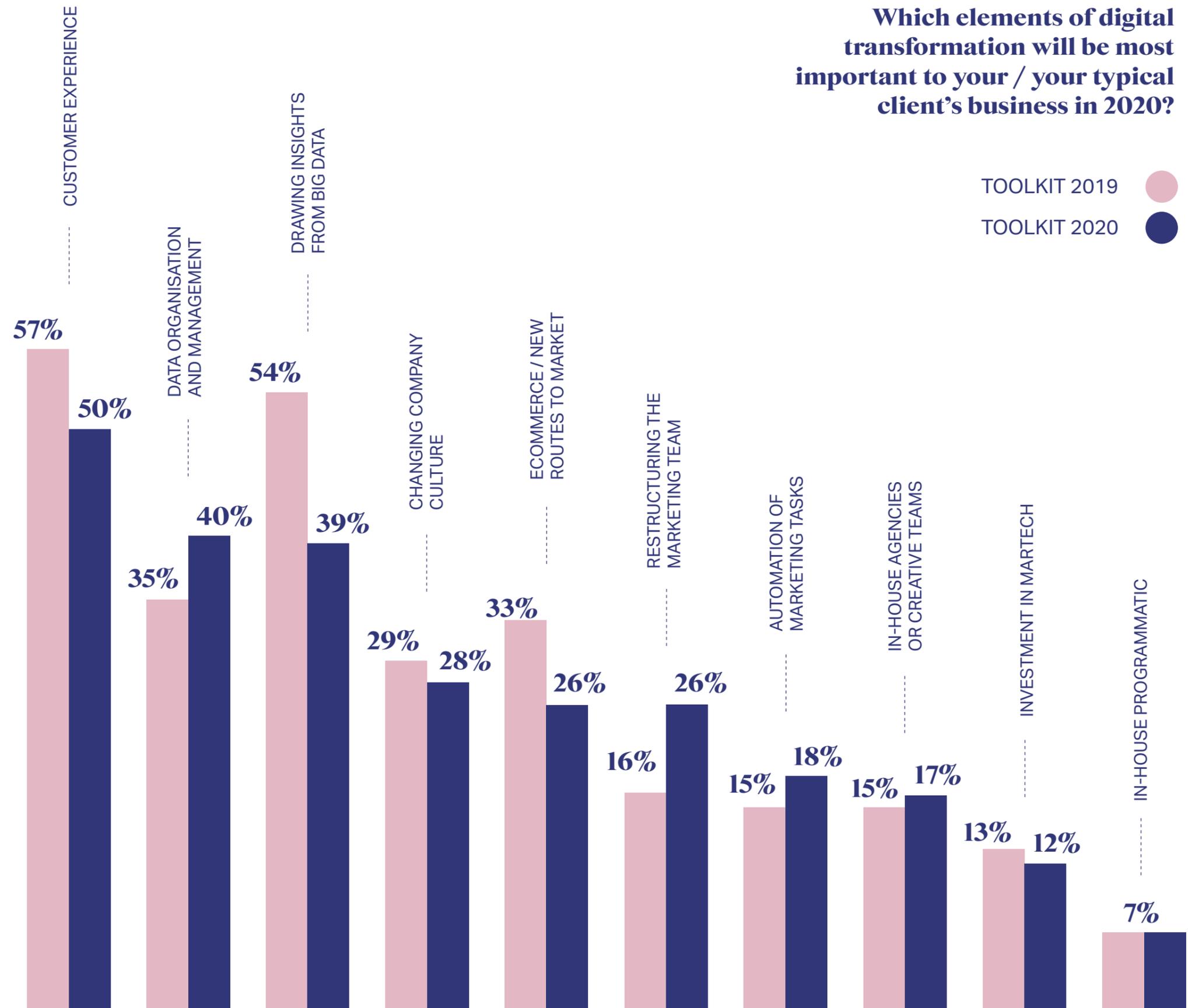
TOOLKIT 2019 ●  
TOOLKIT 2020 ●

## Consultancies and agencies converge on brand experience

Customer experience (CX) will continue to drive the digital agenda in 2020. This is good news for consultancies, which are competing with agencies for business and have developed specific expertise in CX.

However, the renewed focus on brand-building expected in 2020 (see Economy chapter) is likely to mean a growing focus on what 'brand' means within customer experience. Here agencies arguably have an opportunity to play to their creative strengths, while consultancies will look for opportunities to acquire more creative firepower.

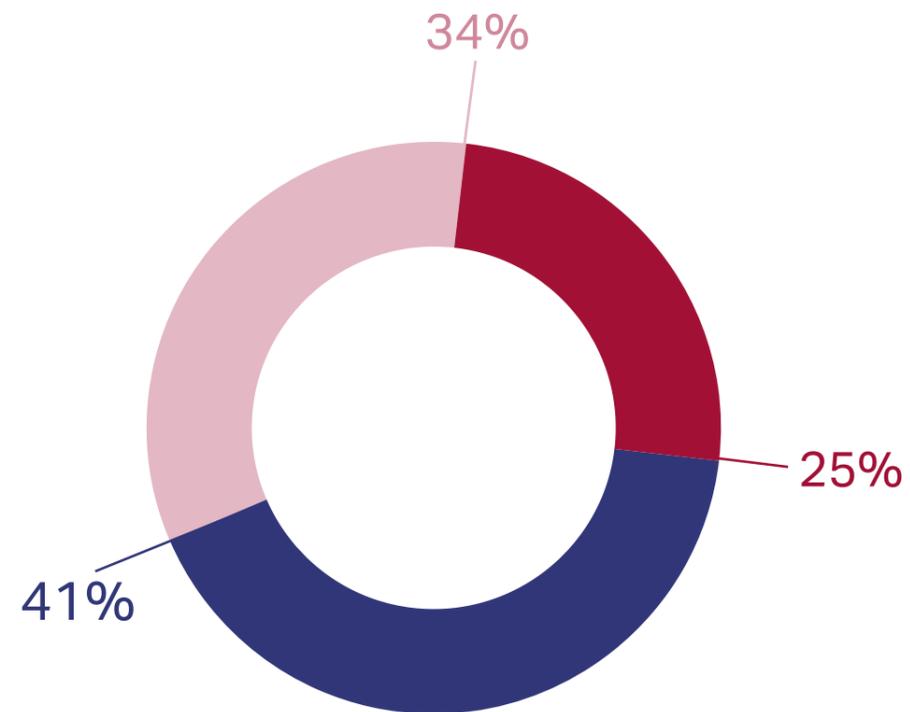
Measurement of the effectiveness of CX programmes will be a key challenge in 2020 – survey respondents had a negative view of CX effectiveness, and a majority said CX was harder to measure than advertising.



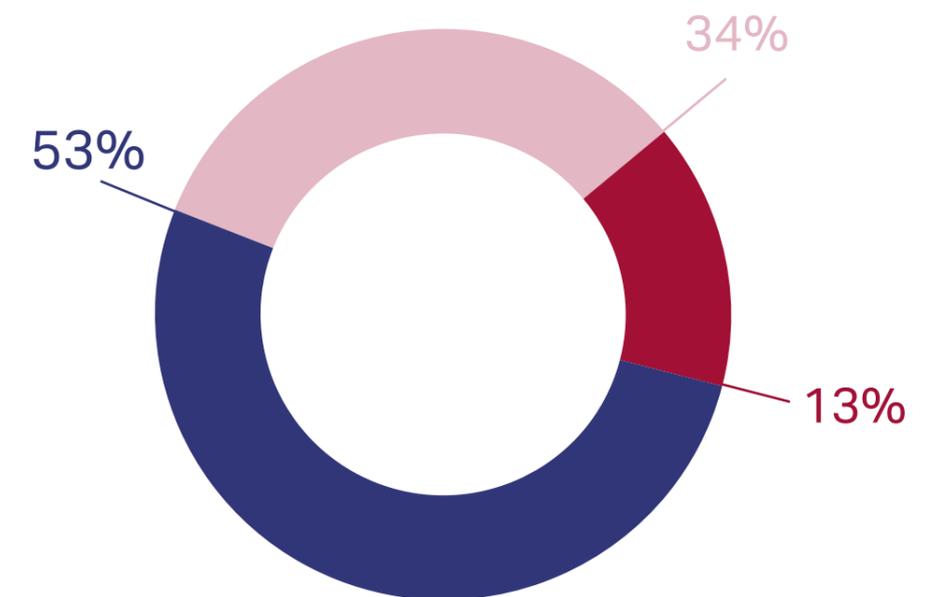
## In-housing continues – but it's not one-way

There has been a trend towards the in-housing of services and functions in recent years, and though these results show that some in-housing continues, for creative services it is not a one-way process, with a quarter of marketers planning to outsource more in 2020.

In-housing is happening to a greater extent in advertising technology: 30% of client-side respondents say they already handle adtech in-house, and 34% will bring more of this work in-house in 2020.



**In 2020 how will you be changing how you manage creative services?**



**In 2020 how will you be changing how you manage adtech and programmatic buying?**

- BRINGING MORE IN-HOUSE
- OUTSOURCING MORE
- NO CHANGE

## Which elements of digital transformation will be most important to you / your typical client's business in 2020?

- MEDIA AGENCY
- CREATIVE AGENCY
- OTHER AGENCY



### Agencies look for consultancy skills

Agencies on the whole are investing to respond to the changing market – a majority of respondents from both creative and media agencies said their employers were investing in business analysis and consultancy skills.

Creative agencies are also prioritising a range of specialist skills, including in-house production and experience design. Media agencies are more focused on data-crunching.

# In depth: building brands in the walled gardens

*WARC subscribers can go deeper into brand-building in the walled gardens in the Industry spin-off report of Marketer's Toolkit 2020*

## **Walled gardens combine advertising with payment**

The digital platforms are winning. Amazon is chipping away at Google's supremacy of the search ad market, and is projected to earn \$13.9bn from advertising in 2019. Advertising accounts for a fifth of Tencent's global revenues, worth over \$8bn, while Alibaba and JD.com dominate the retail landscape in Asia, with combined annual revenues of nearly \$450bn.

These 'walled gardens' increasingly combine paid advertising with payment options and e-commerce fulfilment. The promise to marketers is a more visible link between marketing investment and sales performance. Advertisers are responding: 23% of brand respondents to WARC's Toolkit survey said they plan to increase adspend with Amazon in 2020, with only 3% of marketers anticipating a decrease in investment.

## **Facebook moves into payment as retailers move into media**

Ease of payment is a key pillar to platforms' success. The mass adoption of apps such as Alibaba's Alipay and Tencent's WeChat Pay in China has inspired Facebook's attempts to launch a cryptocurrency, the Libra Association, and accompanying digital wallet, Calibra.

The benefits are clear: if Facebook can prove a relationship between the ads it serves and an increase in Libra-facilitated sales, Facebook will be able to increase yields from ad inventory. However, several major backers have already pulled out, and its success is far from guaranteed.

Meanwhile, the largest bricks-and-mortar retailers in the US – including Walmart, Target and Kroger – are pursuing the 'platformisation' of their own businesses.

Take Walmart: it plans to monetise the 300 million shoppers visiting its 4,700 stores each month through native-style sponsored search ads, audience targeting and measurement. It has even been seeking to build a mass family

audience through its Vudu online video streaming service.

## **Amazon is focused on winning brand advertising dollars in 2020**

As Amazon sets its sights on the brand dollars still being spent on TV media, the platform must decide the extent to which it is willing to compromise its single-minded approach to user experience to allow brands to engage consumers in more immersive and potentially less efficient ways.

A clear opportunity to trial brand-building formats presents itself in Prime Video. Amazon has spent heavily acquiring broadcast rights for properties such as the NFL and the English Premier League. Consumers' perceived tolerance to interruptive ads in live sports content may tempt Amazon to introduce ads, just as soon as it is able to prove it has an audience for such content.



# CMO comments

“

It's not just about driving a sale in e-commerce. How do you show up inside of Amazon so that people are more likely to buy your product than somebody else's? How do you make all of your marketing shoppable? The platforms absolutely offer an opportunity to make a sale, to build a brand, and to understand your consumer.

**Ivan Pollard**

CHIEF MARKETING OFFICER, GENERAL MILLS

“

The bigger ecosystem coming online is that retailers [like Walmart and Target] are starting to sell media. They'll have closed ecosystems, so we should be able to see immediately who's buying, what they're buying and whether it's working. That could be huge if it works.

**Jill Baskin**

CHIEF MARKETING OFFICER, HERSHEY



“

If you spend [a lot of] money on a vehicle then you want to know if it is the right product for you. Therefore, the 'key owned experience' is mandatory. You have to get people into your product, use your product, experience your service. The only way is for us to control the whole channel ourselves for direct access to the end-customer.

**Bernd Pichler**

CHIEF MARKETING OFFICER, ICONIQ MOTORS



# Potential pitfalls

## Platform ads can be unpopular with users

Around a tenth of all product page views on Amazon come from sponsored listings. However, recent research revealed poor satisfaction scores. While more than a third of respondents admitted to clicking on an Amazon product ad when searching for a product, only 21% find them helpful, 31% claim not to notice them, and a quarter described them as “distracting”. Such findings are likely to hinder the introduction of brand-building ad formats, given the intense focus of engineering-led organisations like Amazon on customer experience.

## Reliable attribution is hard to come by

While platforms like Amazon are moving up the purchase funnel, and enabling product discovery, the importance of other channels in growing brand and driving performance should not be underestimated. UK insurer Direct Line was able to prove its brands were earning tens of millions of pounds in incremental profitability in the form of a price premium when purchased via online aggregators, in the wake of sustained investment in above-the-line advertising. While marketers have visibility of the effectiveness of ads within Amazon, they should be careful not to discount the importance of other brand touchpoints.

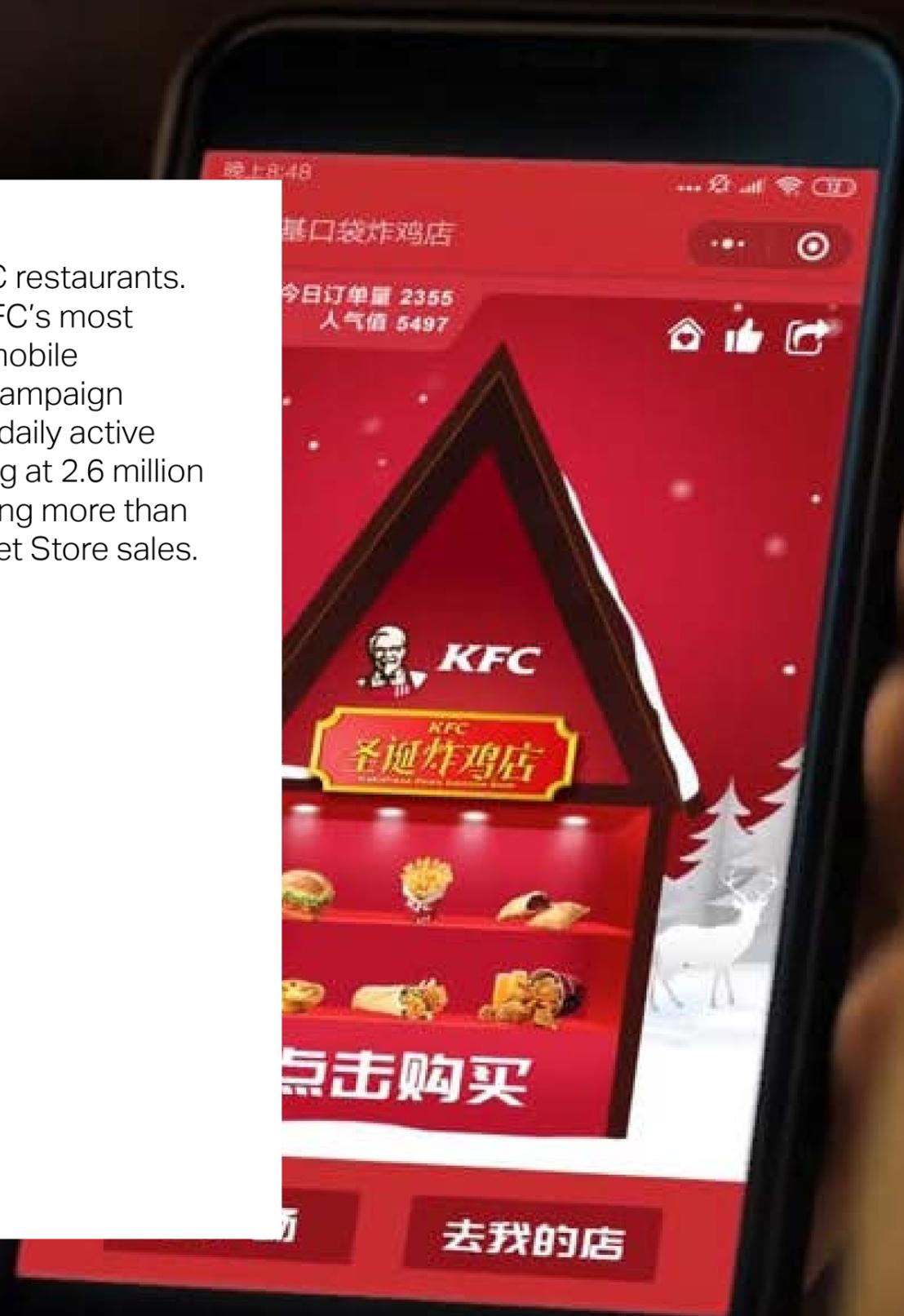
## Getting lost in the crowd

The high volume of smaller Chinese brands on platforms like Tmall and WeChat can make it difficult for larger international advertisers to stand out. This isn't helped by the limited content formats available on each platform and app, hindering the development of unique branded experiences. One way to counteract this is to invest in highly distinctive branding, including an easily-identifiable colour palette and product shots, and to build salience through other channels.

**KFC used WeChat to complement its physical store presence across China, and drive attention of its ‘Christmas Fried Chicken Shop’ campaign.**

The QSR chain launched KFC Pocket Stores on WeChat, targeting consumers in their twenties. By scanning the QR code on TVCs or clicking on WeChat ads, users were directed to the Pocket Store mini program, allowing users to order meals and pick them up from fast-track collection

points in KFC restaurants. It became KFC’s most successful mobile commerce campaign to date, with daily active users peaking at 2.6 million and generating more than \$1m in Pocket Store sales.





## Social meets shopping in China

**Xian Wang**

GLOBAL CONTENT DIRECTOR, EDGE  
BY ASCENTIAL

**Following the unprecedented success of Chinese group-buying platform Pinduoduo, fellow platforms including Alibaba, JD.com, Kaola and RED have all been leveraging social interactions along the shopper journey to attract new shoppers, drive product discovery and push conversion**

With social platforms like Instagram and Pinterest ramping up their shopping capabilities, social elements are becoming integral components to shopping globally. Brands must tap the power of user-generated content, and adapt their marketing strategies to facilitate social interaction between shoppers.

As online captures around 20% of Chinese retail, CPG must be part of the rising omnichannel environment

and support the transformation process. They can do this by providing innovation and consumer insight, as well as continuously optimising product portfolios. Failing to do this, they will be locked out of Chinese e-commerce, one of the world's largest growth opportunities.

### **Recommendations for CPG brands:**

- With the digital space controlled by domestic players Alibaba and JD.com, CPGs must partner with these platforms now rather than relying on unlikely foreign direct investment from familiar Western retailers or operators.
- CPGs should see independent and rural stores as important routes to a consumer whose purchasing power will double over the next decade.
- CPGs will need to innovate all the time to keep engaged a shopper

who gets enthusiastic about new products and technologies, but gets bored easily and moves on fast.

- CPG and retailers not operating in China should follow the market closely, as it features digital-first formats, logistics and technological innovation that are likely to be deployed in markets around the world.
- Brands will need to develop a deeper understanding of the ecosystem strategy of each retailer to align brand strategy to relevant touchpoints. Early engagement in new initiatives will be much appreciated by retailers and will help drive brand relevance.

Brands should also consider data-sharing agreements and analytics capabilities to ensure that they leverage real-time shopper data for new product development.

*Read Xian Wang's full commentary in the Industry spin-off report of the Marketer's Toolkit 2020*



## Convenience and customer insight drive growth of platforms

**Sanjib Kalita**

EDITOR-IN-CHIEF, MONEY 20/20

### Digital platforms are built for the sociographic and economic profiles of their users

Credit cards and bank accounts had high penetration in the US, so Amazon could leverage those networks for payments and lending capabilities. In China, bank account penetration was far lower, requiring additional capabilities and investments such as Alibaba with Alipay. These factors forced Asian digital platforms to incorporate more services into their user experience while, in tandem, reducing friction with simpler communications and user actions.

Digital platforms fail if they can't attract third-party service providers and developers to create engaging new experiences, but there is often tension between being third-party friendly and the goals of the digital platform owner.

In general, Asian digital platforms hold the reins tight. Third-party providers often need to choose between the Alibaba or the WeChat platforms, and selecting one excludes the other.

Didi Chuxing is one of relatively few companies to have successfully worked with both, and used this momentum to create its own platform, incorporating financial service elements such as payments and lending, which in turn reduces friction and increases user engagement.

Digital platforms have redefined convenience. Just as ordering from a mobile app can be more convenient than the traditional 'convenience' store, electronic payment connected to your digital identity is more convenient than using a plastic card. By eliminating the time between item selection and payment, digital platforms have maximised the opportunity for impulse purchases.

Digital platform data enables better identification, segmentation and interactions. Brands without adequate data about their prospects, customers and high-value customers will be left flat-footed. A coherent data and analytics strategy when engaging digital platforms is a key success factor.

While developing deeper consumer and channel insights has been on marketers' agenda for decades, digital platforms take this to a new level of risk and opportunity.

*Read Sanjib Kalita's full commentary in the Industry spin-off report of the Marketer's Toolkit 2020*



## Amazon's dilemma in its quest for brand ad dollars

**Richard Kirk**

MANAGING PARTNER (STRATEGY & DATA),  
ZENITH UK

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### **Amazon needs to win other marketing budget pots to maintain its growth trajectory and break Google and Facebook's grip on digital advertising**

It has to convince advertisers they can activate "full-funnel" campaigns delivering more than just 14-day ROAS.

Two routes to growth exist. Firstly, a play for trade marketing budgets, by showcasing how Amazon drives mid-funnel consideration metrics for brands. Leaning on existing trade contacts, Amazon hopes to capture a part of this \$500bn per year industry. January's launch of a "new to brand" metric is key to this.

Secondly, Amazon is pursuing traditional brand advertising budgets. It has acquired the rights to broadcast live sports via Prime, and made moves to reduce spend barriers

for brand lift measurement within the platform. In addition, Amazon is finally focusing real resource on building bridges with media agency teams.

However, growing brand advertising share is no easy task, even for a company as driven as Amazon. At its core, Amazon is an extremely rational company, justifying ads as 'good' because they are relevant, rather than effective. How does a company with such a left-brain, engineering-led culture pivot to win at a discipline (brand advertising) rooted in people's irrationality?

Winning brand advertising spend will also negate Amazon's other key selling points, such as its ability to deliver direct sales metrics. Asking advertisers that bought into Amazon Advertising for the clear-cut ROAS numbers to suddenly start judging campaigns in a longer-term manner, with new numbers, is going to be a tough sell.

2020 will undoubtedly be another year of stellar growth for Amazon Advertising revenue, but mid-term, the true test will be reducing reliance on search spend. The key to this will be whether Amazon can bridge the sizeable gap between its view on customer experience and how advertising works with the expectations of brands and agencies.

*Read Richard Kirk's full commentary in the Industry spin-off report of the Marketer's Toolkit 2020*

# Further reading

**Instagram's 2019 to-do list: shopping, long-form video and 'seamless' branded content partnerships**, WARC, March 2019

**Trend Snapshot: Walmart, Kroger and the rise of e-commerce media**, WARC, April 2019

**Alibaba is the opposite of frictionless – and it worked for its 2019 Singles' Day**, WARC, November 2019

**How Amazon will revolutionize the future of television advertising**, Andrew Lipsman, Journal of Advertising Research, 2019

**Frequency capping on Amazon**, Patrick Miller and Sandy Welsch, WARC, March 2019

**Amazon Prime Day reaches new heights in 2019**, WARC Data, August 2019

**11% of Amazon product views are from sponsored ads**, WARC Data, September 2019

**Only 21% of people think Amazon ads are helpful**, WARC Data, July 2019

**Unilever's shift to e-commerce**, WARC, October 2019

# Case studies

**KFC Christmas Pocket Store**, Case Studies on WARC

**Diageo: 'World Class List'**, WARC News & Opinion

**Direct Line Group: They went short. We went long**, IPA Effectiveness Awards, 2018

# Toolkit series

**Marketer's Toolkit 2020: Data Report**

**Industry report: Building brands in the walled gardens**

# Policy

**The regulatory  
drivers affecting  
marketing activity**

**Data privacy is both a trend in regulation, and a growing consumer demand. As such, it is one of the most important global themes for marketers in 2020**

Lawmakers in many markets across the globe are implementing stronger data protection rights which will have significant implications for marketers. In particular, the introduction of the California Consumer Privacy Act in January 2020 is already forcing many brands and media owners to look again at their data management practices.

While the new regulations change the data landscape, there are opportunities for brands to present themselves as 'privacy first' to consumers wary of how their data is being used.

# Themes from the data

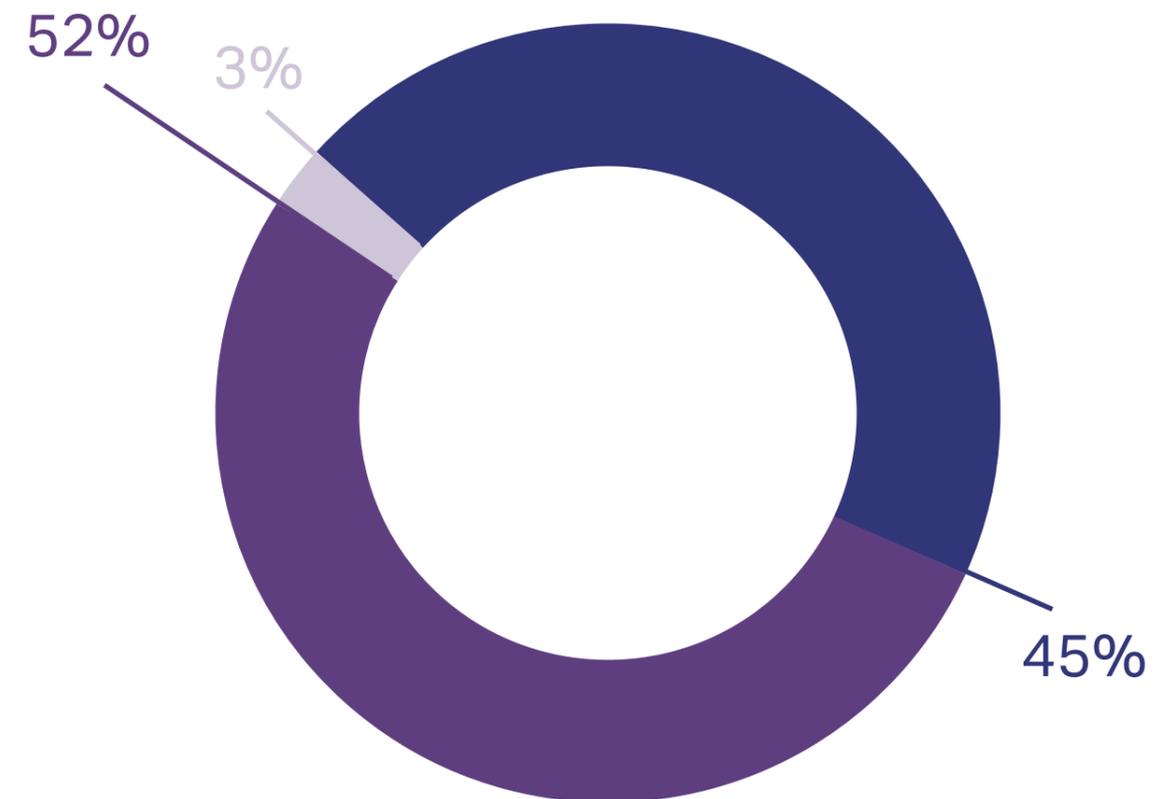
## Marketers expect greater regulation in 2020, with privacy the focus

Nearly half (45%) of respondents said they expect tighter regulation in 2020, with data privacy the common theme among responses.

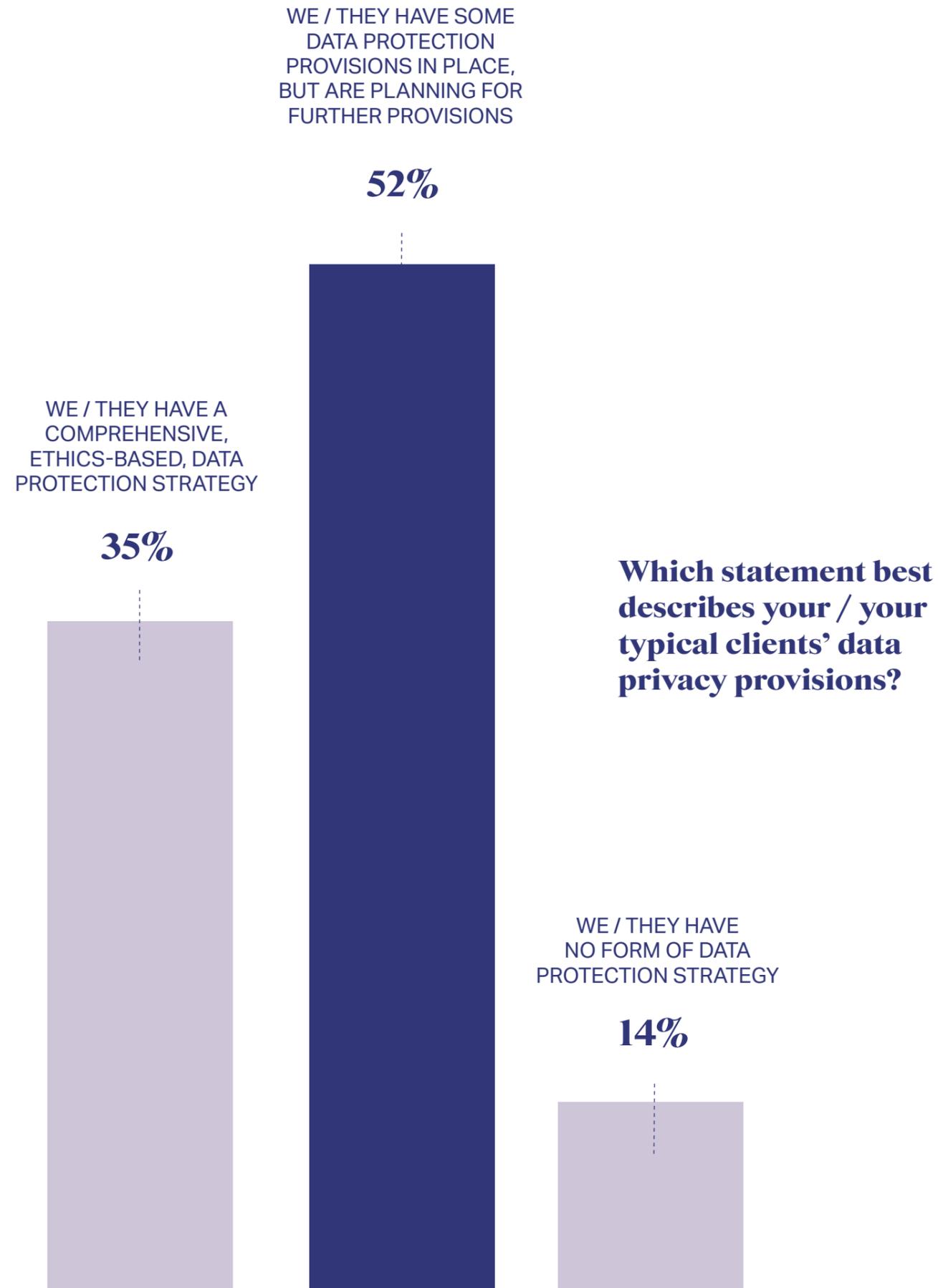
This is no surprise. In the US, the California Consumer Privacy Act (CCPA) comes into force in January 2020. Like the EU's General Data Protection Regulation (GDPR), the CCPA limits how companies can collect, store, use and share customer data and gives consumers more control over their personal information.

Regulatory pressure, plus growing consumer concern about how their data is used (see Society chapter) mean privacy will be a key theme for brands in 2020.

In 2020, do you expect advertising and marketing regulation to become:



- MORE STRICT
- STAY THE SAME
- MORE RELAXED



## Data privacy remains a work in progress for most brands

Provisions around data protection are now in place for the majority, but there is still work to do. More than half of respondents said their brands needed to implement further privacy initiatives in 2020.

Globally, 14% said they had no data protection strategy. Marketers in Asia appear to be slightly behind the curve on this topic – almost one quarter (23%) of respondents in that region said they had no data privacy provision.

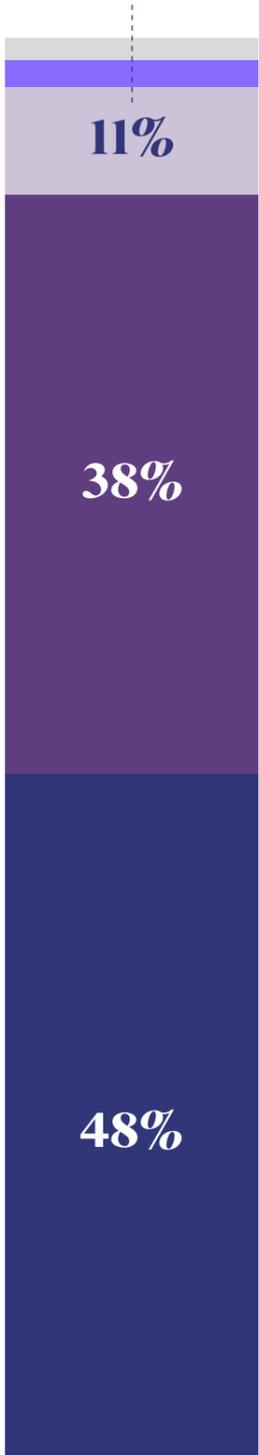
# Most brands would welcome greater regulation of tech giants

Though marketers have much work to do around data protection, they feel work is also needed from the digital platforms and big tech firms. Less than half of marketers feel that the issue of brand safety is being taken seriously by marketers, and almost all would like there to be greater regulation of big tech firms.

DIGITAL PLATFORMS ARE TAKING THE ISSUE OF BRAND SAFETY SERIOUSLY



BIG TECH FIRMS SHOULD BE SUBJECT TO GREATER REGULATION



To what extent do you agree with the following statements?

- STRONGLY DISAGREE
- DISAGREE
- NEUTRAL
- AGREE
- STRONGLY AGREE

# In depth: Privacy-first marketing

*WARC subscribers can go deeper into privacy-first marketing in the Policy spin-off report of Marketer's Toolkit 2020*

## Consent management and 'small data' are top priorities for 2020

A survey conducted by PossibleNOW, a consent management solutions firm, found 56% of US businesses are not prepared to meet the CCPA requirements. Cost, and a 'wait and see' mindset are the top two reasons cited. The WARC survey finds marketers are taking action: 57% of respondents agreed or strongly agreed that they are "readdressing consent management practices in light of privacy regulation".

Some are investing in consent management platforms (CMPs) which collect and store customers' consent data, enabling marketers to keep track of peoples' privacy preferences and permissions. Consent, permissions and transparency will be the new normal for marketers in 2020.

Marketers are also prioritising first-party data, with 58% of respondents agreeing or strongly agreeing with the statement 'my

brand/our typical clients have a strategy for actively collecting first-party data from customers'.

In China, third-party data is basically as good as unavailable in the walled gardens of China's big tech platforms, and this is exacerbated by how expensive traffic is, according to Sidney Song, of Publicis Groupe China. The resulting fight for data is "huge", Song added. That makes a strategy for first-party data – within a brand's control – a must-have.

In this environment, marketers may pivot from big data, to smaller, smarter, more secure data.

## Consumers will take more control over their data and their digital identities

A slew of surveys has found that consumers are being much choosier about where and how they share information. Research by Dentsu Aegis revealed that 44% of global consumers have taken steps

to reduce the amount of data they share online. And research by the Advertising Research Foundation found that US consumers have become less willing to share various aspects of personal data.

Brands recognise this shift. The WARC survey found 66% of respondents agreed or strongly agreed that consumers will take greater control of their data in 2020.

New tech has driven fresh concerns. Connected devices are capable of gathering rich consumer data and are increasingly common in private spaces such as people's homes or cars. Yet, often they have opaque and questionable privacy settings. US lawmakers have already scrutinised consumer privacy concerns related to smart TV tracking. Marketers engaging in emerging tech should review how they are using consumer data, and ensure they are compliant with data privacy laws, or risk a backlash.

# CMO comments



“

Google, for all the concerns about their power, is, I would say, an active partner. We are working with them as directly on business problems as we are on a search and a commerce outcome.

## **Tariq Hassan**

CHIEF MARKETING OFFICER, PETCO

“

I'm not really comfortable with it. We make a big effort not to have all of our ad tech in Google and Facebook... I don't want them owning everything. It will not be good for us but I don't think it'll be good for consumers either.

## **Jill Baskin**

CHIEF MARKETING OFFICER, THE HERSHEY COMPANY



“

Do we need to break down Facebook or Google? Are they too big, too powerful? That debate is probably felt a bit more salient in the US and in Europe. I haven't necessarily heard a lot of people sharing strong concern about that topic just yet in the [Asia] region.

## **Olivier Bockenmeyer**

REGIONAL HEAD OF CORPORATE MARKETING, SOUTH EAST ASIA, SAMSUNG

# Potential pitfalls

## **Non-compliance is a financial and brand risk**

Brands that take a careless approach to data protection laws and consumer privacy risk a hefty fine, reputational damage and loss of consumer trust. In July 2019 the UK's Information Commissioner's Office issued the two largest fines under the EU's GDPR. British Airways was fined £183.4 million (U.S. \$230 million) and Marriott's penalty was £99.2 million (U.S. \$124 million) for data breach-related violations.

## **Data use is so broad it is hard to audit everything**

While Apple has taken great strides to show it considers privacy a human right, it has come in for criticism. Earlier this year the company had to apologise when it was revealed that human contractors were secretly listening to recordings of people talking to Siri, Apple's smart assistant.

## **Failure to build consumer consent into tech-based innovation**

When experimenting with emerging tech such as connected devices, brands must ensure they do not overlook customer consent. Those that do risk diminishing consumer trust and scrutiny by lawmakers.

## Mastercard

### **Mastercard recently announced the launch of the Data Responsibility Imperative to show how organisations can establish a core set of principles guiding the ethical collection, management and use of consumer data.**

The initiative is based on the premise that businesses have a responsibility to individuals and society as a whole, in how they manage their data. Mastercard is proposing the following six data responsibilities:

- 1. Security and privacy:** Organisations must uphold best-in-class security and privacy practices
- 2. Transparency and control:** Companies should clearly and simply explain how they collect, use and share customers data, and give people the ability to control its use

**3. Accountability:** Companies must keep consumer interests at the centre of their data practices

**4. Integrity:** Organisations must minimise biases, inaccuracies, and unintended consequences

**5. Innovation:** Ensure consumers benefit from the use of their data through better experiences, products and services

**6. Social impact:** Use data to identify needs and opportunities to make a positive impact on society

These principles are meant to complement—and not substitute—regulatory compliance.

Mastercard wants 'corporate data responsibility' to become the corporate social responsibility of the 21st century. "We've embedded this thinking into our product development, and it will inform everything we do moving forward," said Dimi Dosis, president of Advisors, Mastercard.



## The CCPA: Marketers must act now

**Dave Grimaldi**

EXECUTIVE VICE PRESIDENT FOR PUBLIC POLICY,  
INTERACTIVE ADVERTISING BUREAU (IAB)

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### **The CCPA has created a minefield and there is much to do in order to comply.**

The IAB recently released a CCPA Compliance Framework for Publishers & Technology companies. Here are some important steps to take to comply with the CCPA:

- Do an audit of all your customer data and be meticulous in terms of knowing where your customer information is
- Update your privacy policy and your disclosure notifications accordingly
- Have mechanisms in place to efficiently and effectively comply with consumer requests around accessing and deleting their personal data
- Provide a clear and visible link to an opt-out notice on the home page of your site

- Test and validate everything from access to requests to security policies to data sharing

### **Calling for a national privacy law**

This is an incredibly complex area and we need a national law. We need rules of the road that are nationwide because a patchwork of state bills is bad for everybody, not just companies but consumers too. If a customer boards a plane at Dallas-Fort Worth and gets off at New York's JFK they will have a whole new internet experience. A 'patchwork' scenario means consumers will have to opt-in and opt-out in a whole new way just because they are in a different state.

What we want to do is change the whole structure around how consumers understand their privacy protections. So instead of consumers having the burden of understanding the interplay between their data, privacy, and

the online experience, the burden is in on the industry. It's imperative that we make sure we're using data responsibly in a way that consumers anticipate and understand. To enforce it, we are going to explain in the draft bill that we have the oversight of the Federal Trade Commission.

The misuse of consumer data under this new CCPA regime could be the death knell for a company. We hope it won't be, but this is why marketers must act now.

*Read Dave Grimaldi's full commentary in the Policy spin-off report of the Marketer's Toolkit*

## Using data respectfully and responsibly

**Scott Tieman**

GLOBAL LEAD, ACCENTURE INTERACTIVE PROGRAMMATIC SERVICES

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**Many consumers feel brands don't know them well enough to serve them in a way that makes them feel special.**

But when those brands seem to know too much – and act on that knowledge – they can quickly feel creepy and lose consumers' trust.

**Opt for data gathering within reason**

Brands can't rely on regulators to set the pace for their policies. They need to take the appropriate actions themselves. One such way is by limiting data gathering to information they have a right to know, and they must provide value in exchange for that data. For instance, some brands may have the ability to listen to customers through their computer mics, but should they? With 76% of consumers saying they are uncomfortable with data collection via

a microphone or voice assistant, providers of these devices will have to make clearer the value exchange when they do collect this data, or there will likely be a backlash.

Brands that treat data collection and data strategy as part of the consumer experience will benefit from greater willingness to share information.

**Be transparent**

To create a seamless experience, brands can benefit from using fresh opt-in alternatives to track users, such as encouraging consumers to authenticate on websites and mobile applications, bringing ad tech contracts in-house and using transparent data collection methods. Brands must also clearly state how consumers may opt out.

There is a real benefit to doing this. Accenture Interactive found that 73% of consumers are willing to share more personal

information if brands are transparent about how it is used, up from 66% in 2018.

**Consolidate the data you use**

Particularly in the case of digital advertising, the data generated from interactions with different formats – from banner ads to meta tags – usually sit outside a brand's purview. Consider your approach to in-housing first party data rather than having it sit with an external agency or other third party. The benefit will be owning your customer and marketing data and generating better insights about your customers, ensuring compliance and delivering better value for your business.

*Read Scott Tieman's full commentary in the Policy spin-off report of the Marketer's Toolkit 2020*

# Further reading

**Data Ethics**, WARC, May 2019

**Navigating the CCPA: Anticipating the immediate impact and long-term pitfalls for the advertising industry**, Gerard M. Stegmaier and Mark Quist, WARC, May 2019

**Data protection regulation in APAC: What it means for marketers**, Mark Parsons, WARC, May 2019

**Walking a tightrope between privacy and personalisation in China**, WARC, November 2019

**Potential implications for marketing, measurement and ROI in a post-GDPR world**, David Dixon, Sebastian Shapiro and Nicole Wolf, WARC, May 2019

**Social media has too much power as public demand more regulation**, WARC Data, May 2019

**Three-quarters of consumers have limited their online footprint**, WARC Data, April 2019

**How to use data in an ethical way: Empower the consumer**, Emma Firth, WARC, May 2019

**Digital growing pains: How context increasingly matters**, Kristanne Roberts, WARC, September 2019

**Marketers must shift from reactive to proactive when it comes to data privacy**, Darren Abernethy, WARC, December 2018

**What we know about data protection and privacy**, WARC, July 2019

**What we know about behavioural economics**, WARC, September 2019

**The convergence of brand purpose and data ethics**, WARC, December 2018

**Trend snapshot: Post-cookie identity management**, WARC, February 2018

# Case studies

**The CMO of the future: Mastercard on getting it right in data and technology**, WARC, June 2019

**FT sees revenue boost post-GDPR**, WARC, 15 October 2019

# Toolkit series

**Marketer's Toolkit 2020: Data Report**

**Policy report: Privacy-first marketing**

# More from WARC

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We believe that effective marketing is based on facts and not opinions.

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