10 TRENDS FOR 2018

CARAT
TRENDS FOR 2018

The worlds of media and technology are moving very fast. We publish trend reports every year to focus our minds on major themes for the year ahead.

We are seeing an evolution in a number of areas including retail, media use and consumption, and business models, that will continue into 2018.
This presentation looks at ten trends, and what implications they will have for brands:

1. The Convergence of eCommerce and Retail
2. Loyalty & Rewards
3. Chinese Influence
4. Niches
5. Voice
6. Partnerships
7. Shared Experiences
8. Augmented Maps
9. Smart Cities
10. Blockchain
Once very different experiences, retail and ecommerce are converging, with eCommerce giants like Amazon and Alibaba buying into physical retail, and offline giants like Walmart buying online companies.
THE CONVERGENCE OF ECOMMERCE & RETAIL

Amazon is now a physical retailer through its purchase of Whole Foods and others, and is the second largest employer in the US, after Walmart.

Walmart has bought a number of online retailers to build its digital footprint, including Jet.com for $3bn.

Alibaba has blended online and physical commerce together, especially in its Singles Day shopping festival, where it has thousands of smart stores and physical fulfilment centres to help people shop.
THE CONVERGENCE OF ECOMMERCE & RETAIL

Amazon is learning from Singles Day, and this year has introduced ‘Smile codes’ – similar to QR codes – where people can shop items in store through their app, for home delivery.

Smaller retailers are also blending online and offline. For example glasses retailer, Cubitts, reports that online traffic spikes whenever they open a new store, as people become aware of the brand for the first time.
Almost every aspect of life is now an opportunity to shop or experience a brand.

Brands need to be available to buy wherever their consumers expect them to be.

Commerce is increasingly global, where we now think beyond national boundaries.

Retail is also about having a physical marketing presence, including experiential activity.
In the US alone, $48bn in rewards points are issued each year, but over 1/3 are not redeemed.

Loyalty is now evolving from coupons and cards to apps that aggregate purchases and reward points, and make them easier to spend.

A number of apps exist both from brands and aggregators that will store transaction information and rewards safely. The next stage of this could be the creation of brand currencies.
Rewards are now tied to your identity.

Starbucks has over 13m members of its reward programme in the US alone, growing at over 10% a year.

A number of start-ups are trying to lead a land-grab for data. Drop is an app with 500,000 users across the US and Canada. It integrates with a user’s payment cards to collate receipts and collect any rewards for which the user may be eligible.

Yoyo is a European payment app that collects rewards automatically. It can be integrated with payment cards and even bank accounts.
LOYALTY & REWARDS

The next stage could be the creation of branded currencies.

Burger King has done this in Russia with the creation of its own cryptocurrency, the Whopper Coin (modelled on the Bitcoin) which diners can collect in its own mobile ‘coin wallet’ app.

Messaging app Kik has created its own cryptocurrency called Kin, which can be traded for ‘real’ money, or used for payments on the site. For example, a user might get payment from a brand for creating a branded chatbot, or a popular meme.
Loyalty is evolving as technology makes measurement and rewards frictionless.

Loyalty apps will aggregate deals, offers, payments, and loyalty. It will unify online and offline and put mobile at the centre.

It is also possible that strong brands will try to create their own global currencies.
Chinese brands are starting to have a bigger influence on the West, both through investments and acquisitions, and through innovative ideas being adopted by Western companies.
In the West people talk about GAFA (Google, Amazon, Facebook and Apple), or FANG (Facebook, Amazon, Netflix and Google), but in China the three to watch are BAT: Baidu, Alibaba and Tencent.

Tencent recently bought 12% of Snapchat, potentially giving them a voice in how the app develops, and has stakes in Spotify and Tesla.

Chinese taxi app Didi Chuxing is a major investor in the new ‘Taxify’ app that is taking on Uber across Europe.

Musical.ly, one of the first Chinese apps to get traction globally, was sold for over $800m in November.
Perhaps more importantly, Western companies are monitoring and learning from innovative Chinese ideas like Singles Day and the celebrations around Chinese New Year.

Facebook has copied lots of elements of WeChat within Messenger, including video calling, money transfer, and the integration of Uber into the app (in China it’s been possible to order rides in WeChat for several years).

One controversial idea that may inspired Western versions is ‘social credit’, a scoring system for users based on social connections, consumption behaviour and more, that is being tested by both Tencent and Alibaba.
Monitor the actions of the BAT companies to spot new ideas and trends.

Look for partnerships both in China and globally.
As new business models like Airbnb and Uber approach their 10-year anniversary, other companies are starting to copy the models for small but potentially lucrative niches, for example in luxury and B2B.
Plum Guide is a luxury version of Airbnb. To be listed on Plum Guide, properties need to pass a checklist of 150 criteria, including shower pressure and quality of linen.

Appear Here, Storefront and others use the Airbnb model to let people rent retail space for pop-up shops. Find a space in the right location, and book easily.

CoWorker is a TripAdvisor for shared desk space. Users can find space to work, and read reviews from others.

Trouver Le Bon Taureau is a ‘dating app for bulls’ – farmers can list their bulls for other farmers to hire.
Lots of digital business models have now been proven over 10 years or more.

Is there a new service model that could work in your category?
Voice recognition has improved significantly in recent years, and error rates are currently estimated to be only 5%.

Devices like Amazon Echo are predicted to hit 66% in some markets within 5 years, and voice is actively disrupting categories like search.

Chinese brands like Baidu, Alibaba and Xiaomi have also launched their own versions, with subtle twists – for example, Alibaba is intended to be placed in stores and hotel rooms to act as a voice-activated assistant.
Studies show that voice is changing the way people use search.

It’s easier to talk than type, so people use longer queries in spoken search than in text. This means that brands need to optimise for a variety of ways of asking a question like ‘how to I make...’ rather than on their brand name.

Amazon is also trying to encourage discovery through Echo, with initiatives like ‘Oprah’s Favorite Things’, where the TV star describes her favourite items of the season, which people can then buy.

U2 has created special content on Alexa for fans to find – Say ‘Alexa, play the U2 Experience’.
But there is more to ‘voice’ than search. There has also been a rise in audio content and new advertising opportunities.

Podcasts continue to rise in popularity, with Edison reporting listening growing at approximately 15% a year.

Innovations in content include interactive ‘choose your own adventure’ style dramas

Programmatic advertising has come to audio, both through Spotify and DAX, the digital audio exchange.

Dynamic creative is flourishing within audio. For example the company, A Million Ads, enables advertisers to make ads that can be varied according to weather, time of day, location and more.
IMPLICATIONS

A strategy for voice is becoming very important.

Test search results on devices like Amazon Alexa and Google Home.

Consider the new possibilities of audio content and advertising – especially as connected cars will drive listening figures higher.
Brands are starting to work more closely with disruptors, rather than replicating what they do. Many partnerships are being forged, combining the skills and infrastructure of tech brands with the needs of consumer brands.
Westfield has partnered with Uber to create waiting rooms for shoppers in its American malls.

Newgard Developments, a property company, has teamed up with Airbnb to create a 300-apartment block where the owners will be able to easily list their properties for short-term rentals.

McDonald’s has selected UberEATS as its first ever delivery partner, offering delivery in the US and other markets.

Mattress retailer Tuft & Needle has opened stores in the US in partnership with Amazon; Amazon handles all of the fulfilment.
Partnerships have moved beyond media and advertising tie-ups.

Don’t try to pioneer or replicate a technology yourself when there could be a company to collaborate with who already has what you need.
Digital media allows us to read, watch or listen to what we want, when we want it.

Live video has increased the emphasis on involvement; when you post a selfie you will look back later to see how many likes and comments it received; when you go live you want interaction then and there.
New apps and features are making this easier.

Game Show app, HQ, broadcasts a live 15-minute quiz show twice a day for people to engage with. When you get a multiple choice question wrong, you drop out of the game, but are still able to watch along.

Houseparty is a video chat app that lets multiple friends take part in a group chat. Apparently friends use it for watching TV shows together, getting ready for bed together and more.

Instagram now lets you invite a friend to join your live video, broadcasting together from your own phones.

Uptime is a new iOS app from YouTube that lets people create a viewing room for videos to watch simultaneously with friends.
Netflix allows its users to watch any content at any time, but it’s increasingly trying to create events for its shows. Stanger Things 2, which was released for the Halloween weekend, had an estimated 16m fans watching in the first weekend.

Tech companies like Amazon, Netflix, Snapchat and Facebook are also interested in live sports rights, which have a collective experience built in.
As digital media tries to replicate the collective experiences from analogue media and the offline world, think about creating experiences or people part of existing ones.

The solitary experience of enjoying music on an iPod led to the resurgence of live music. The rise of on-demand video may do the same for screened experiences.
We’ve seen lots of location-specific augmented reality, for example Pokémon Go and Snapchat Maps.

Niantic, the company behind Pokémon Go, has just raised $200m to develop a Harry Potter AR game for release in 2018.

The next stage is going to be user-generated, with friends and others tagging spaces.
AUGMENTED MAPS

The app Gruesome Gotham, places details next to famous New York City murder sites for people to explore during Halloween.

Users of the Star Wars app can see spaceships above famous monuments, for example the Eiffel Tower, the London Eye, and the Golden Gate Bridge.

Snapchat users can currently see specially commissioned digital art from Jeff Koons in similarly high-profile locations.
AUGMENTED MAPS

Google Lens shows details about cafés and restaurants within AR, including ratings and reviews, without the user even needing to go inside.

Both iOS with ARKit, and Android with ARCore, have developed powerful tools for mobile users to create their own augmented experiences.

It should soon be possible to tag businesses so that friends could see if a place to eat were dog friendly, toddler friendly, had rude staff, dirty toilets, and so on.

This could be equivalent to a one star TripAdvisor review!
It could soon be possible for your customers to tag your premises and create augmented reality experiences for others to see.

Make sure that you can check how you are referenced and spoken about in AR, just as you are in online text.

Augmented reality could also become part of an influencer strategy!
Cities are now incorporating data from its citizens as they travel around and use apps like Uber, CityMapper, Waze and Strava.

The next step is to use data from other connected things, including cars and traffic lights.
SMART CITIES

Strava, the running and cycling app, discovered that city planners were using its data to get intelligence, and so now has a consultancy department enabling better use of the data.

Google’s navigation app, Waze, shares data with city planners and transport bodies to allow them to see traffic flows in real time, and to plan for the future.

Navigation app Citymapper is using insights from its own data to create new services, for example new night bus routes.
Strawberry Energy has created a smart bench that offers free Wi-Fi and charging, whilst monitoring pollen counts, air quality and the temperature.

Australia has created a smart electricity network using sensors to better forecast the demand for energy.

The South Korean city of Goyang is creating a network of sensors to support fire and dust-storm detection and also to monitor the location of the elderly.

Alibaba has won a contract to provide the technology to turn Macau into a smart city.
Smart cities are already bringing more data to use out-of-home targeting.

There will also be lots of opportunities for the provision of new technology, such as smart street furniture and transportation, which is likely to be partly privately funded.
Blockchain is a term that has become a misunderstood buzz phrase, like AI or Big Data.

Blockchain is a technology that uses cryptography to create a network of trust between users. It can record transactions between several parties in a verifiable, transparent and tamper-proof way.

Bitcoin is the best known use of the technology and is a currency where there is no central authority or bank, all transactions are instead backed up by records kept collectively in the community.
Blockchain is a technology or operating system that allows other apps, called DApps, to be built on top of it.

In this way it is like HTML or iOS, the technology that Google, Facebook, Instagram and services now used by billions of people are built on.

In 2017 over $800m has been invested in blockchain projects, to create applications for the Blockchain as life-changing as those companies.
Early uses include:

Food – Tracking the provenance of food in China from farm, to shelf, via different companies in a way that can easily be proved to shoppers.

Travel – Allowing direct peer-to-peer trust between individual travellers and providers, without the need for aggregators.

Media – Making transactions between advertisers and publishers, and the individuals exposed to messages, transparent and trusted.
The technology could change the media industry as much in the next five years as programmatic has in the last five.

We’re still at an early stage in application of the technology, but brands need to understand it, and think of ways in which it could help solve issues of trust and transparency.

Brands, including media brands, also need to understand where they fit into the new ecosystem that will emerge.
**RETAIL & ECOMMERCE**

Amazon is the 2nd largest employer in the US  

Walmart bought Jet for over $3bn  

Walmart bought Bonobos for $3.3bn  

Alibaba tested 60 smart stores during Singles Day  

**LOYALTY & REWARDS**

$48bn issued in rewards points per year  

Starbucks has 13m members of its rewards programme  

Drop has more than 500,000 members  
[https://blog.earnwithdrop.com/drop-1-12-more-ways-to-get-rewarded-a12e16cbb669](https://blog.earnwithdrop.com/drop-1-12-more-ways-to-get-rewarded-a12e16cbb669)

Burger King’s Whopper Coin  

Kik’s Kin  
APPENDIX 1

CHINESE INFLUENCE

Tencent owns 12% of Snapchat

Didi invests in Taxify

Ant Financial & Moneygram

Musically sold

Messenger copies WeChat
https://www.techinasia.com/facebook-messenger-wechat-fintech-features

‘Social Credit’ in China
http://www.wired.co.uk/article/chinese-government-social-credit-score-privacy-invasion

NICHES

Companies mentioned:
Plum Guide
https://www.plumguide.com

Appear Here & Storefront
https://www.appearhere.co.uk
https://www.thestorefront.com

Coworker
https://www.coworker.com

‘Dating for Bulls’
http://www.trouverlebontaureau.com/nos-taureaux
APPENDIX 1

LINKS

VOICE

5% word recognition error rate
https://venturebeat.com/2017/05/17/googles-speech-recognition-technology-now-has-a-4-9-word-error-rate/

Smart speakers in 66% of US homes by 2022 – Forrester

iProspect report on voice search – The Future is Voice Activated

Oprah’s Favourite Things on Alexa

U2 on Alexa

Edison Research – The Podcast Consumer 2017

Choose your own adventure on Alexa

Dynamic Audio Ads
https://www.amillionads.com

PARTNERSHIPS

Uber & Westfield

Airbnb & Newgard Development Group

UberEATS & McDonald’s

Amazon & Tuft & Needle
APPENDIX 1
LINKS

SHARED EXPERIENCES

HQ – The quiz show app

Houseparty
https://netsanity.net/what-is-house-party-app/

Instagram – ask a friend to join you live

YouTube Uptime

Stranger Things 2’s estimated viewing figures

AUGMENTED MAPS

Niantic’s Harry Potter Game
https://nianticlabs.com/blog/wizardsunite/

Gruesome Gotham
https://gruesomegotham.com

Star Wars

Snapchat’s Art
https://art.snapchat.com

Google Lens
https://twitter.com/Google/status/864891667723300864
APPENDIX 1
LINKS

SMART CITIES

Strava’s City Data

Waze’s Connected Citizens programme
http://gisuser.com/2016/10/waze-connected-citizens-program-celebrates-100th-partner/

Citymapper’s Bus
https://citymapper.com/smartbus

The Strawberry Smart Bench
http://senergy.rs/proizvodi/strawberry-drvo/?lang=en

Other Smart City examples from Dentsu & MIT’s Smart Cities whitepaper
http://thoughtleadership.dentsuuegisnetwork.com

BLOCKCHAIN

A good explainer here – (Blockchain for Dummies)
https://www-01.ibm.com/common/ss/cgi-bin/ssialias?htmlfid=XIM12354USEN

>$800m invested in projects in 2017

Food safety in China

Travel – Winding Tree
https://windingtree.com

Media – AdEx
http://adex.network
# APPENDIX 2
## 2017 TRENDS REVISITED

### Live Video
Facebook revealed that 20% of its videos were live, and introduced live streaming to Instagram. Several media brands did interesting things, including National Geographic, whose Safari Live had 220m views on Facebook in 3 months. Nike used live video brilliantly in May in their #Breaking2 attempt to break the 2 hour time for the marathon.

### Sports Rights
Amazon outbid Twitter to win the rights to stream live NFL games, and got a bigger audience. Amazon also bought the rights to the ATP Tennis, and Facebook, Twitter and Snapchat are all apparently keen to get clips for the 2018 World Cup.

### Web TV
Facebook created a video tab to make it easier for people to watch videos on TV when they get home. Lots of the big players revealed plans to invest in content, including $1bn of new money for both Facebook and Apple, and Amazon got closer to having its own Game of Thrones with a deal to put Tolkien onto its TV service.

### Branded Content
Brands continued to pay the best producers to make their content, including Match.com who created a dating show with Vice for Snapchat, but Pepsi had a misstep with the film it made featuring Kendall Jenner at a political demo.

### VR & AR
Both grew a lot this year. VR became a ‘must have’ for theme parks, showing that people love the technology but do not own it in large enough numbers yet (although PlayStation sold over 1m headsets) including a team ‘Escape Room’ style Star Wars VR game at Disneyland. AR became a major focus for Facebook, Google and Apple, with lots more to come in 2018.
Chatbots
Thousands of bots were created, many from new start-ups including Lemonade (insurance), and Lola (travel booking). Facebook was a popular platform, with bots from companies as diverse as 7-Eleven and adidas, and many were used as promotional tools for movies and TV shows including Alien Covenant and Suits. 2018 should see bots getting more sophisticated, and more commonplace.

ID & Verification
China made moves to rate all its online citizens, and is reportedly building a database for facial recognition. Google’s DeepMind is working on an identity system for the UK’s NHS using blockchain technology. ‘Pay with a Selfie’ services proliferated, including AliPay’s ‘Pay with a Smile’.

Speed
There has been some push-back on the ‘buy from the catwalk’ model – it wasn’t much used in 2017 – but speed of delivery is still a big issue, with merchants trying to get ever faster, including Alibaba setting new records at Singles Day. Google showed that ads using AMP were more effective, and The Washington Post cut off ad tech vendors who slowed the experience.

Proximity
Proximity became an even bigger feature of Snapchat, who launched Maps in June so that people could see where their friends were. Snapchat also bought the location-tracking company Placed, to better show how brand activity drove footfall. Foursquare introduced Analytics, a new dashboard to help brands analyse footfall.

Software to Hardware
The rise of Amazon’s Echo continued, with Amazon selling them in Whole Foods stores in the US in the run up to Christmas. Google brought out the Pixel 2, and bought the development team from its partner HTC in a deal worth over $1bn. Facebook announced that it was working on two scree-based devices, probably for Messenger. Snap’s Spectacles sold a few thousand, but ultimately led to a big write-off. Apple however had to delay the launch of its HomePod smart speaker.
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