

Outlook 2014

The Year of Serendipity

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Hello.

We are really looking forward to a new year and the marketplace innovations that we hope will have a profound effect on media audiences in 2014.

While we didn't get everything right regarding our thoughts we had for 2013, that's OK! To us, what's important is not what didn't happen, it's about why things didn't happen. By understanding the "why," we are better able to fine-tune our perceptions for what's next.

For 2014 we would love nothing more than to point to 10 guaranteed disruptions, but we all know that it's never safe to make assumptions in this business. To be effective, we need to be fast and we need to be curious. Our curiosity will lead us to discover, test, learn — and refine. And through this process we will fuel the next generation of communication strategies, tactics and creative.

These pages will give you a sense of what excites us for next year. Take a look and let us know what you think @ipglab or www.ipglab.com; we'd love to hear from you.

See you in the new year!

David Rosenberg & Chad Stoller, Managing Partners, IPG Media Lab

2013, A Year in Review.

Looking back on 2013, we underestimated the speed and unpredictability of innovation in a world where change can spring from anywhere, at any time. Though we said 2013 was the year of refined anticipation, The “Kickstarter Effect” showed all of us how disruptive and unpredictable progress could be. And with little tech companies sharing shelf space with the big guys, anticipation was not quite as refined as we thought, and there were a few other things we talked about last year that are worth noting – check out this handy sample of where we were last year, and where we are now.

“Sometimes serendipity is just intention unmasked”

- Elizabeth Berg, *‘The Year of Pleasures’*

THE KICKSTARTER EFFECT

WHERE WE WERE:

“The success of Kickstarter is flipping the purchase funnel, with consumers now paying for products before they are in market or on the shelves. Brands who take advantage of this new model can build a ready market of customers, and save on market research and guesswork.”

WHERE WE ARE:

The “Kickstarter Effect” showed all of us how disruptive and unpredictable progress could be. The crowdsourced-funding platform has introduced us to products like PowerUp’s smartphone-controlled paper airplane and BIA, a safety-oriented sport watch. With that said, a history of manufacturing blunders has taught us that funding does not guarantee success.

CONTENT GOES SHOPPING

WHERE WE WERE:

“In 2013 we will continue to see the purchase funnel being squeezed at both ends as companies strive to satisfy consumers’ need for instant gratification. Content and commerce used to be different, but now we are starting to see the two come together more and more.”

WHERE WE ARE:

Media owners have embraced commerce, integrating purchase into TV, online video, editorial and more. See Shazamable ads for movie tickets and Cosmo’s shoppable content. Beyond this, we are also seeing media properties embracing new revenue streams through affiliate programs like The Wirecutter, stickers and even more unlikely ventures like Conde Nast’s fashion college.

BEHAVIOR MODIFICATION

WHERE WE WERE:

“Apps like Lift help establish good habits, and Daily Feats offers tangible rewards such as gift cards for good deeds. But be warned, there is a danger in creating compelling motivations outside of the behavior itself, and encouraging the wrong habits.”

WHERE WE ARE:

Intrinsic rewards are still paramount, but now data is the catalyst for behavior modification. Smart devices like Nest’s thermostat and DASH Lab’s automotive tracker provide feedback loops based on your behavior and make it easy to be cognizant of your actions and adjust them.

THE NEW NOSTALGIA

WHERE WE WERE:

“Now that most of us are armed with smartphones with sophisticated cameras, the cost of immortalizing our lives has entirely disappeared, leading us down the path of ‘hyper-documenting.’ This hyper-documenting is resulting in a new breed of ‘accelerated nostalgia’ where what happened only a year ago seems like a bygone era.”

WHERE WE ARE:

Nostalgia still plays a large role as our memories become even more photographic and are documented as a visual remembrance. But people are now aware of this “hyper-documenting” and have responded by curating their pasts. People are embracing a more selective memory over a comprehensive one and Snapchat Stories is the perfect case in point.

2014, What's the Big Story?

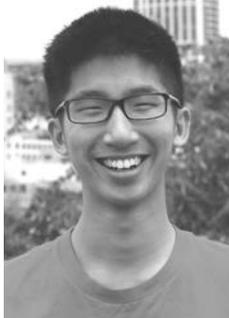
Anticipatory computing, a trend we touched on last year, is going to take our relations with machines an empathic and predictive step further with the growth of Google Now and services like Refresh.¹ We will become one notification nation, with smarter and more personalized data for all, and often at-a-glance. We'll also see data doing good as information guides and powers more intuitive, hyper-targeted messaging to make us healthier, smarter, and more in tune with our lives. And just as we're figuring out how to play in the sandbox with Generation Y, look out for the rise of Generation Z. The most fickle generation ever identified has more choices as consumers and tech adopters than ever before. This leads us to the overarching theme for 2014 — welcome to the year of serendipity.

In April, a piece in The New York Times called "Engineering Serendipity" explored the connection between workplace serendipity and creativity and made us think of something more; with smarter and more robust data usage, serendipitous encounters with consumers will take center stage as we anticipate what they want, before they even know they want it.²

Behold the era of the happy accident, where each and every unexpected aha moment is a mindful mix of just the right stuff (so don't get it wrong). Science is full of examples of serendipity — penicillin was discovered by a sample mistakenly left open and turning to mold, the humble Post-it started as an experiment for adhesive, and Christopher Columbus discovered America while looking for a new route to India.

These all fall into the happy-accident category, but we're going to show you how 2014 is going to usher in a more engineered approach to serendipity, with a little (OK, a lot) of help from machines that know us better than we know ourselves, a constant influx of reminders about everything from running to a meeting or running a marathon, and smart data in service of every one of our needs.³

All of this serendipity will inspire a new, diverse generation of consumers to challenge us with their tech know-how, smarts, and cynicism. So, here's to a healthy, happy, and well-engineered new year.



WHAT THE EXPERTS SAY:

"Kiip is about taking these moments and helping brands to be there to reward you serendipitously... it's about looking at how my phone can be sensitive to the moments of achievements I have in other areas of my life. I could be hitting my mileage consumption goals in my car, or my fridge could be monitoring how fresh my vegetables are or my Nest thermostat could reward me for my energy consumption. All these things are connected with the phone as the hub. It's about taking the natural behavior patterns that exist in apps and services and helping brands be there in the moments when you're actually feeling something and are happy."

— Brian Wong, Founder, Kiip

If you're looking to reach users during moments of achievement, You might consider Kiip, because they serendipitously reward smartphone users in apps and games in achievement "moments."

¹ Malik, Om. "The Coming Era of Magical Computing." *Fast Company*. 18 Nov. 2013

² Lindsay, Greg. "Engineering Serendipity." *New York Times*. 5 Apr. 2013

³ Malik, Om.

The New Anticipatory and The Internet of Things Objectified

We talked about anticipatory last year. But now, anticipatory computing is no longer scratching the surface. It's blowing down the doors. Letting information come to you before you have to look for it is going to become the new normal — think media that gives you ideas to shift your plans based on everything from weather to where to get brunch.

Google made the lives of Londoners and tourists easier by installing Google Outdoors, “160 digital screens using bespoke search technology incorporating a journey planner, city guide and weather reporter.”⁴ If there are delays on the Underground the screens may suggest alternative travel information for example, or on dry days promote outdoor activities.” It uses Google Now’s technology but is not personalized, but rather contextual, and is a great example of how “mass” media (1: many) can be tailored and anticipatory. Also look out for 2014 to unite us by unifying systems and backing away from individual services — the AllSeen Alliance, a consortium spearheaded by Qualcomm, plans to create an open-source framework that will connect smart devices across platforms to power a connected world.

IS THIS THING ON?

Connected devices, paired with the right operating system, ladder up to the emergence of the connected home: A family of four will move from having 10 connected devices in 2012 to 25 in 2022 to keep us always on without even realizing it.⁵ For quite some time now, industry watchers have been talking about how the Internet of Things is going to change how we view connectivity.

Simply put, “the internet of things describes a growing phenomenon in which every physical object can have some form of connection to the Internet.”⁶ The Internet of Things will be coming soon to an object near you, and it’s going to make your home a whole lot smarter. Household devices figure very prominently in the Internet of Things — Nest’s smart thermostat system allows users adjust the temperature in their homes, all over the Internet, and smoke detectors, refrigerators and Icon Mobile Group’s pet doors that can sense rain and lock are going to keep Fido dry this year. Look for mobile to grow by powering the Internet of things — it will be the convergence point for all of our always-on media and the place where all technology meets.⁷

As technology becomes more and more human, (always available) personal cloud access will allow you to program your DVR remotely and fully automate your home. Mark Rolston, CCO at frog design, imagines that one day “your home will be sitting and wagging its tail and waiting for you to come home.”⁸ Marketers, take notice: It’s all about a custom element of surprise that’s never aggressive — think happy dog vs. a teeth-baring mongrel. A recent Wired magazine piece about Nest noted the implications of the smarter homes of the very near future, where “many devices will be sensing the environment, talking to one another, and doing our bidding unprompted”; just like that happy dog wagging its tail when you turn the key in the door (automatically, of course).⁹

WHAT THE EXPERTS SAY:

“With the Internet of Things, you are able to monitor all sorts of behaviors, not just explicit digital interactions with physical objects, or machines interacting autonomously on your behalf, but overall lifestyle data including public health sources, for instance. You can pull all of that together to make analytics-based predictions and I think that’s a rapidly emerging area. Separating signal from noise is going to become evermore important.”

— Andy Hobsbawm, Founder & CMO, EVRYTHNG

If you’re looking to access real-time data about all things product, you might consider EVRYTHNG, because they provide a range of managed applications to make products (and consumers) smarter.

⁴ West, Gillian. “Google Takes to the Streets of London.” *The Drum*, 6 Nov. 2013.

⁵ Collins, Jon. “The Internet of Things: A Market Landscape.” *Gigaom*, 18 Jun. 2013.

⁶ Collins, Jon.

⁷ Wolf, Michael and Foster, Craig. “Forecast: Smart Homes and the Internet of Things.” *Gigaom*, 28 Aug. 2013.

⁸ Hockenson, Lauren. “In the Future, Your Home Will Be Your Family.” *Gigaom*, 6 Nov. 2013.

⁹ Levy, Steven. “Nest Gives the Lowly Smoke Detector a Brain — And a Voice.” *Wired.com*, 8 Oct. 2013.

Notification Nation

In the new world order where every form of communication counts, we will see the rise of the notification as an emerging media vehicle /delivery mechanism to ensure serendipitous encounters. For an Attention Economy, it's crucial to continually monitor the value of what we're saying as the bar rises higher and higher.

CHANGE THE CHANNEL

Look for notifications to work very closely with location-based apps like Foursquare's Pilgrim, a new feature that offers suggestions based on where you are without having to start the app itself.

AT-A-GLANCE

It's true that the term "glanceable" (bite-sized visual communication) has been around for a few years now, but with the rise of anticipatory media and notifications, smaller real estate is becoming a big new reality. As serendipity sets in, it's all about media, at-a-glance. Content is going to be measured based on the ability to take it all in, and at a glance. And it's not just media companies thinking smaller; hardware is giving this trend the once-over, too. Nokia's Lumia 925 device has an improved (and self-described) "glance screen."¹⁰

And the new Moto X enables "media-at-a-glance" by illuminating the notifications section only — saving battery power.¹¹ On the design front, Samsung's Galaxy Round features a curved design that lets you tilt the handset to view notifications and never miss a thing, including battery levels.¹² LG is also getting curvier this year with the launch of its G Flex phone.

The takeaway? Developers and brands will need to pack a ton of value and condensed information into glance-worthy bites in the form of an easy-to-read UI, and at precisely the right time. To custom-build that experience, brands will need to be present messaging with immediacy and without delays, as well as display an understanding of contextual relevance and value.

WHAT THE EXPERTS SAY:

"So many companies try and chase productivity, but I think they chase it in the wrong way. They try to ensure that you got the conference call number and the details, which is all fine and great but that's not how things get done. Things get done because you remember what you two talked about, you remember their significant other's name, you remember that they were training for a marathon and you do so at precisely the right time and place. That's what we are enabling through Refresh."

— Bhavin Shah, CEO & Co-Founder, Refresh

If you're looking for smart briefs on the people you're about to meet, you might consider Refresh, because they deliver an instant dossier, and straight to your mobile.

¹⁰ Warren, Tom. "Nokia Adds 'Peek' Feature to Lumia 925." *The Verge*, 10 Jul. 2013.

¹¹ Harper, Elizabeth. "Motorola Moto X Review: The Only American-Made Smartphone." *DealNews*, 12 Aug. 2013.

¹² Bell, Lee. "Curved Screen Smartphones Could Catch On, If Apple Embraces Them." *The Inquirer*, 29 Nov. 2013.

Data Doing Good

In this value-driven time culture, data is going to take center stage and add a whole lot to consumers' lives, and in turn, consumers are going to be very savvy about knowing their value to marketers. People are starting to see the benefits of allowing services to access their data. Google Now can help us track packages, while EpicMix, the free ski app available at resorts across Colorado, can track your vertical feet, share your progress on social media, earn pins, and share races.

Data's new utility is no longer about just knowing where you are or when, but how you are feeling before, during, and after; to be able to engineer life-enhancing serendipitous moments, scanning your calendars and social media before you meet to encourage a sense of common ground. Companies are finding sophisticated ways to delve into that historical social data to package it up into something that will be genuinely useful, and ultimately, more human.

DATA GOING THE DISTANCE (AND GETTING WELL)

Look for data to improve not only our work/home, but our waistlines too. Fitness apps like Runkeeper for the iPhone 5s (and its always-on motion sensor) can automatically track our activity, even when we're not consciously exercising; like when that daily coffee run turns into a longer jaunt through the neighborhood.¹³

And if a future smart watch processor added other sensors able to capture key physiology like heart rate and skin conductance, it could make for a powerful technology to track your well-being.¹⁴ And a few years back, Google took the next step in keeping us well with Google Flu Trend, whose site shows "real time estimates of flu activity for a number of countries and regions around the world based on aggregated search queries."¹⁵

When it comes to data, you may very well have to pay to play, but some consumers are still wary of an ever-watchful world. Though data sharing is doing good by allowing more and more people to realize the benefits of sharing, many are realizing that the more they share, the more marketable they become. Companies like Enliken are developing software that marketers can use to be more sensitive to these developing concerns; they've created a suite of ad-tech solutions that helps brands be more transparent and responsible with the data used to target and tailor ads.¹⁶ And data broker Acxiom is letting you see some of your very own data they've been selling "on your behalf"; but not before giving them more data first, like your name, address, and last four digits of your social.¹⁷ As data does more good, users will begin supplying more, and companies are realizing that they have to be in service to consumers and let them have more control. So how much are you worth?

WHAT THE EXPERTS SAY:

"When consumers see businesses using data responsibly, it becomes more likely that they will share additional information in the future. Treating data with respect kicks off a positive feedback loop. Consumers trust Nike with exact location data via the FuelBand product, which has a stellar privacy record. I expect Nike to benefit from this reputation and use it to strengthen brand loyalty and build barriers to entry with even richer data products."

— Marc Guldemann, CEO, Enliken

If you're looking for ways to gather data directly from consumers, you might consider Enliken, because they help marketers use data responsibly.

¹³ Tofel, Kevin. "RunKeeper Update Uses Apple's M7 to Passively Track Your Daily Walks." *Gigaom*, 07 Nov. 2013.

¹⁴ Talbot, David. "What Apple's M7 Motion-Sensing Chip Could Do." *MIT Technology Review*, 25 Sept. 2013.

¹⁵ "About Google Flu Trends" *Google*, 6 Dec. 2013.

¹⁶ PSFK Labs. "How Data Trading Affects Your Shopping Habits And Privacy." *PSFK*, 1 Nov. 2013.

¹⁷ Downey, Sarah. "Acxiom's Letting You See the Data They Have about Your... Kind Of." *Abine*, 1 Nov. 2013.

Generational Z



Still trying to understand Gen Y? Start looking over your shoulder at Generation Z. They are going to keep you on your toes, because their most defining characteristic is the fact that they can't be defined at all. Despite being the most connected, they're the most disconnected from each other: They're the first to be the product of three generations of parents (Boomers, Xers and Yers), and are diverse. Only 54% of them are Caucasian — and that will drop to less than 50% by 2042.¹⁸

THE OUTLOOK ON SOCIAL

This wayward generation's sudden and fickle adoption of new media platforms has everybody scrambling. Only 23% of teens now see Facebook as the most important social network, down from 33% six months ago, and 42% last year.¹⁹ And though status updates are on the wane, teens are gravitating to a more visual web, sharing photos and images to Instagram and Pinterest. To Gen Z, photos represent an authentic visual cue to illustrate a more real version of life.

With lives lived online, they're managing their "privacy settings" — so keep out. Teens want to be "social," but it's more about doing so on their own terms and experimenting — Instagram's "follower" vs. "friend" model makes it a more comfortable choice for those who don't want to overshare, and Snapchat's cheeky ephemera is proof that today's teens are choosing how much they want to share online, and for how long.

GET THE MESSAGE

We already know teens run hot and cold when it comes to Facebook, but messaging platforms are enjoying some popularity with Z. They know the Internet is a vast and permanent reminder of things they'd rather forget. This fickle generation is less willing to leave a permanent (and judge-worthy) footprint on the Internet. We'll see 2014 as a year for discovery of apps that are more anonymous.

Facebook's alleged \$3 billion offer was promptly "blocked" by Snapchat because the founders saw bigger opportunities down the road. Quad supports 500-person chats for college students, Tokyo-based Line has 300 million users and is generating over \$10M a month in stickers, and WhatsApp, a US-based messaging tool, also has over 300 million users.^{20,21} Though messaging apps are "social," they're 1:1 — single-player as opposed to multi-player, and thus more private. And as the first generation warned about the perils of posting things online, look for Z to seek alternatives in social that preserve integrity — so keep it real.

The Wall Street Journal noted that there's "little evidence that the youth have any closer insight on the future than the rest of us do," so perhaps we shouldn't be too obsessive about trying to figure them out.²² But here are a few rules that feel right — be subtle, respectful, timely, thoughtful, witty, and not always about social amplification.



WHAT THE EXPERTS SAY:

"From the time they (Gen Z) were born, everything from stuffed animals to money to friends had a digital equivalent. They not only have this double vision where they see the world half digital, but also that they have photographic memories. This is a generation that was born at a time where their sonograms were posted on their parents' Facebook pages so they have visuals of themselves even before they were born."

— Melissa Lavigne-Deville, NBC Universal

If you're looking to understand Generation Z, you might consider NBCUniversal's CURVE Report, because they know what's influencing consumers today, and what's shaping culture next.

¹⁸ Yohn, Denise. "Don't Forget Gen Z." *QSR Magazine*, Aug. 2013.

¹⁹ Bilton, Nick. "Teenagers Prove Fickle When Choosing Social Networks" *New York Times*, Oct. 2013

²⁰ Russell, Jon. "Japanese Messaging Company Line Makes over \$10 Million per Month from Selling Stickers." *The Next Web*, Aug. 2013

²¹ Meyer, David. "WhatsApp Is Growing like Crazy — 300 Million Monthly Users and Counting." *Gigaom*, Aug. 2013

²² Manjoo, Farhad. "Snap Out of It: Kids Aren't Reliable Tech Predictors." *WSJ*, Nov. 2013.

Ten Tips for 2014:

We hope you enjoy our Outlook for 2014 — here's to all your hopes and wishes coming true. And if you wish hard enough, you'll probably get what you want. Because, based on the new serendipity, "someone" out there will know exactly what that is, and perhaps before even you do.

(It's going to be a fun, and serendipitous, year.)

1. ENGINEER EMPATHY

Leverage data to enhance human connections.

2. THINK IN ECOSYSTEMS

Your tablet, smart fridge, and fitness tracker will all speak the same language — it's time to start thinking about what they will say to one another.

3. THINK SMALLER

Data is only as important as its delivery mechanism. Condense your communications so they can be digested at a glance.

4. HEDGE YOUR BETS

Gen Z is not married to any one platform. If there's a better alternative, they will seek it out.

5. BE EVERYWHERE, ANYTIME

Take advantage of new inputs — such as the always-on sensors and connected devices — to drive targeting at scale.

6. DATA DRIVERS

Only aggregate data that you're going to use for consumer benefit — data that gives back will get more in return.

7. GET VISUAL

New generations have a photographic memory, so continue to create more in the form of (quick) things to look at.

8. DON'T TALK. DO.

The most useful notifications will be actionable. Enable consumers to respond with a swipe and a click.

9. BE RELEVANT

Relevancy is the antidote to the attention crisis. There's a lot of noise out there, so make sure your message is clear.

10. KNOW YOUR AUDIENCE

"Being authentic" is entirely dependent on the audience, so make getting to know them the real deal.

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IPG Media Lab:

The Lab's single focus is to find new ways to solve problems by applying the latest technology to marketing challenges through custom-tailored, client-led experiments. We start with talking to our clients and identifying their challenges, and then determine how to use emerging technology to solve that problem. We find successful solutions that are then implemented into the real world and utilized for all to see.

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