

**THE ROLE  
OF TECH  
IN THE NEW  
CONSUMER  
LANDSCAPE**

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**M&CSAATCHI  
SHOP**

**TECHNOLOGY HAS  
FUNDAMENTALLY  
TRANSFORMED  
THE WAY WE SHOP  
AND THE CHANNELS  
THAT BRANDS USE  
TO COMMUNICATE  
AND INTERACT WITH  
THEIR CUSTOMERS  
(AND VISA VERSA)**

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**Navigating this change is both exciting and challenging, but brands need to take an intelligent approach to make the most of it. There is little use or business sense in using technology for technology's sake, where short-term fame displaces long-term value. It needs to drive real behaviour change and tangible business results.**

To do that effectively, brands and agencies need to think about the consumer need or challenge first, then fit the technology to the problem (if it's relevant). No one platform can be judged as any better, worse or gimmicky than another without considering the audience, the brand objectives and the consumers' environment.

The value to both the end user and the brand, must be examined. By taking the wider customer needs and behaviours into account it avoids platform-first solutions being developed, which might risk generating fame, but little else. This report illustrates this point and looks at examples of brands that are getting it right.

However, brands will need to overcome a few barriers to make the most of the change that's coming their way. They will need to adopt a customer-first approach, one that is free from silos and legacy ways of working. The benefits of accepting these challenges outweigh the short-term rewards of a technology-first approach.

# THE NEW CONSUMER LANDSCAPE

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Emerging technologies are opening up more and more exciting opportunities for brands to win with their customers; delivering real-time, personal, often memorable experiences that add tangible value. Ironically though, despite most of these solutions being designed to simplify the world, they are also adding complexity for customers and brand managers alike.

The problem is, as communication channels develop and consumer behaviour evolves at a rapid pace, many brands and agencies are falling into the trap of jumping on the bandwagon; trying all the new and shiny ways to go to market and forgetting the main goal - delivering sales revenue.

Greater accountability for results is being called for across the board. Just look at P&G's dramatic move to increase the effectiveness of their digital marketing and the recent round of cuts from Unilever's agency roster. There is a pressing need for agencies and brands to prove why their work is being done and what it's achieving. Admittedly, some activities are harder than others to put solid metrics to. But for too long the industry has been allowed to continue without its work without being assessed based on the behaviour changes and business results it delivers. After all, this is the ultimate lifeblood of any business, whether it's in beta or it's a centuries old legacy brand.

Technologies deliver the power and measurability to help brands and agencies in this environment. For FMCG brands particularly, who don't own the sales channel, technologies are starting to collapse the gap between awareness and conversion. The challenge for businesses now is to identify how best to harness established and emerging communication tools to drive results.

With this in mind, the value and effectiveness of these emerging technologies needs to be looked at critically. This report aims to do so, by looking at the opportunities and barriers to effectively use augmented reality, voice, chatbots and virtual reality. It will shed light on who is getting it right and why and how technology is being used well to deliver streamlined experiences for today's consumers.



# TECHNOLOGY TO MONETISE CHANGE

More than ever, agencies are under pressure to deliver on the bottom line. Some disciplines are more attuned to that than others, such as shopper and retail marketing and e-commerce.

**M&G SAATCHI SHOP** is founded on a clear mission: to help brands and businesses navigate and monetise the increasingly complex and changing consumer landscape. Across the whole consumer ecosystem both on and offline, we deliver solutions to drive business growth, contributing to our clients' bottom lines, not drawing from them.

We recognise and understand the power of technology to deliver greater customer value, convenience and experience and gather insights. However, we don't believe in using technology for its own sake. It must drive accountable business change.

The examples that follow demonstrate how, by considering the consumer need first before choosing a platform, brands can leverage emerging technologies successfully to drive effective business change. We will see that the most successful applications are those which consider the choice of technology in a far wider context.

# AUGMENTED REALITY

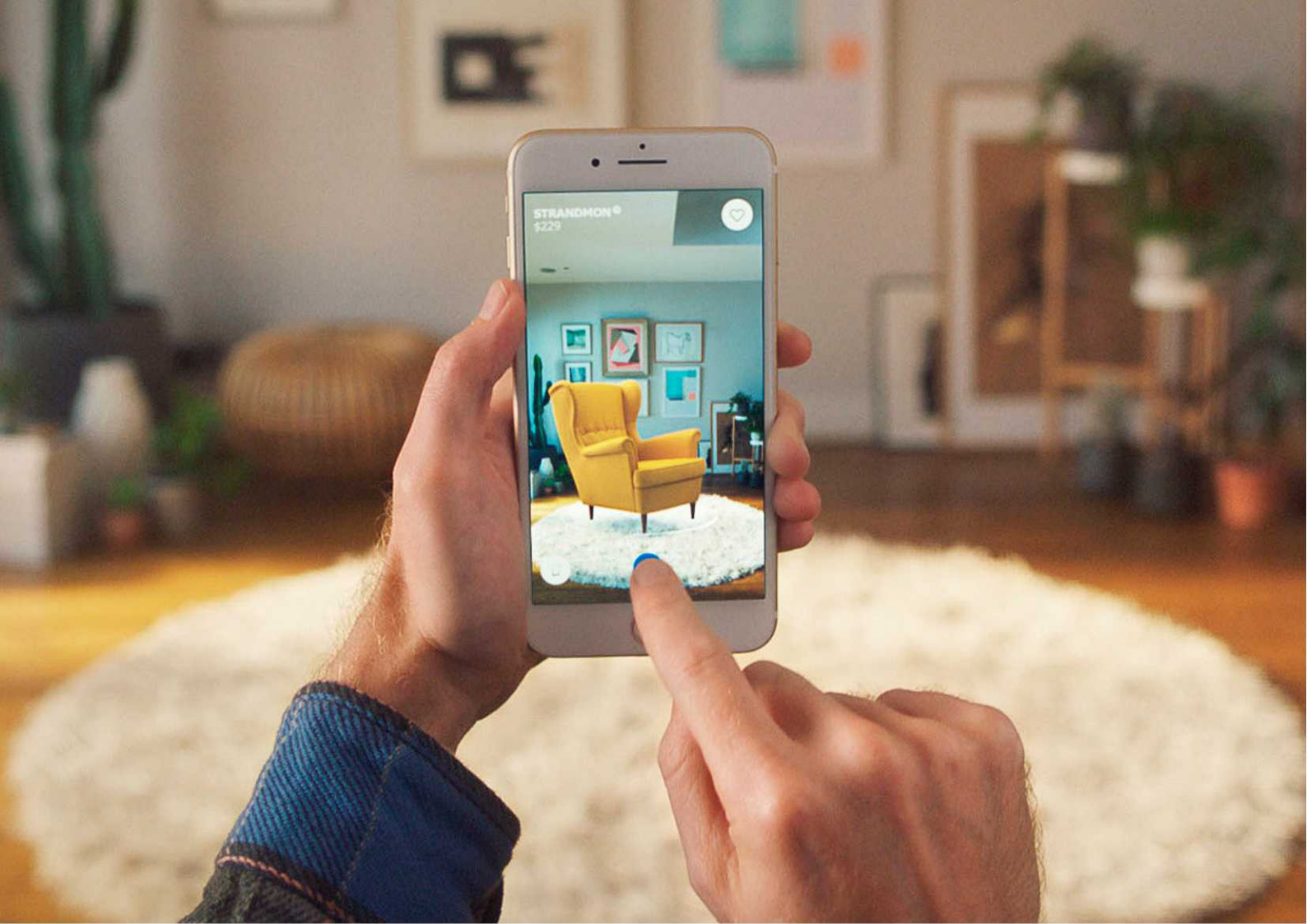
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**This year has seen technology giants increasingly turning their sights to Augmented Reality (AR). And with mobile AR predicted to be the primary driver of a \$108bn AR/VR market by 2021\*, it's clear to see why.**

Thanks to developments such as Apple's ARKit and Snapchat World Lenses, many brands are already making headway in bringing AR experiences closer to their consumers. And AR is already proving its ability to bring both experiences and utility closer to the point of purchase, improving customer experience and driving tangible results.

\*Digi-Capital, January 2017





## CASE STUDY

# IKEA PLACE

IKEA's new app uses AR to solve a real customer dilemma in shopping for furniture – trying to picture what an item might look like in the home and working out whether it will fit.

The app allows users to virtually place IKEA products in their rooms, adjusting the scale to give an accurate image. This removes the risk of purchase, as shoppers no longer need worry about a product not looking right or fitting the space.

### Here's why IKEA is getting it right:

- The app is driven by a real customer need, intended to improve what can be a frustrating buying experience.
- It asks little from a user, beyond downloading the app. There is no manual, no special glasses or kit and no new habits need to be learned.
- It recognises the importance of peer recommendations for purchase decisions, as images can be shared through WhatsApp or Instagram and downloaded to share or consider later.
- There is a friction-free path to purchase, where users can buy online directly through the app, resulting in shoppable digital content.

# VOICE

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**The global voice and speech recognition market is expected to reach \$127.58 billion by 2024.\* Looking at the raft of devices launched and planned for this year, from the Amazon's Echo to Google Home, Alibabab's Tmall Genie and Apple's HomePod, this is no surprise.**

Rates of adoption are rising fast too. In fact, 60% of people using voice search started in the last year and 41% only started in the last six months.\*\* Voice is also now playing a pivotal role in search: by 2020, Comscore predicts that half of searches will be via voice.<sup>9</sup>

Now, brands are facing a significant risk of no longer being part of consumers' consideration when buying, because voice-assistants often only respond with one default answer. Brands are scrambling to keep up. They will have to work harder to leverage voice to stay front of mind, and top of the search results, with their customers.

However, voice still presents a real opportunity for brands to listen, and hear, their consumers, providing an insightful entry point into the lives of shoppers.

\*Grand View Research, August 2016

\*\*MindMeld, June 2016

<sup>9</sup>Branded3, April 2017





## CASE STUDY

# PATRÓN COCKTAIL LAB

Premium tequila brand, Patrón, played to its early adopter audience with a voice-enabled campaign.

Patrón was one of the first spirits brands to explore voice technology. 'The Cocktail Lab' allowed users to request cocktail recommendations, recipes and inspiration, and tips, where consumers used Alexa, Cortana and Google Home like a bartender.

The technology helps establish the brand as a voice of authority in the category as mixologist experts and provides consumers with a personalised and useful service in their homes.

### Here's why Patrón is getting it right:

- The experience taps into existing shopper behaviour, with consumers that are not only early adopters of voice technology, but are used to engaging in conversation with bartenders.
- It connects with consumers in a personalised way, giving them a reason to come back for more meaningful interactions.
- It engages with customers on their terms. This type of conversational commerce is directed by the consumer, so they don't feel they are being sold to.
- It's connected to a clear point of purchase, driving double-digit business growth. The traffic to Patrón's website also increased by 43%, thanks in part to Alexa users who spent more time on the site and downloaded more recipes.
- Part of an omni-channel strategy, supported by other channels, the recipes are housed in the 'Patrón Cocktail Lab', an interactive cocktail recommendation site for desktop and mobile.

# CHATBOTS

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Chat technology is now offering brands more personal, and crucially measurable, access to consumers than ever before. Some brands are already looking to the technology to deliver value for their customers, whether that be personalised recommendations or a more convenient service. The insights and data captured from these interactions are also beginning to inform wider marketing activities.

Branded experiments with chatbots have seen mixed success so far. Despite debates over their failure rates, we believe when used in a compelling creative way, they can prove to be a successful marketing tool and streamline the path the purchase. 2017 was heralded as year of the chatbot, but the bots that exist now are still basic.

As AI becomes more understood and easily integrated with wider CRM programmes, expect to see more of these personal conversations happening at scale.

## CASE STUDY

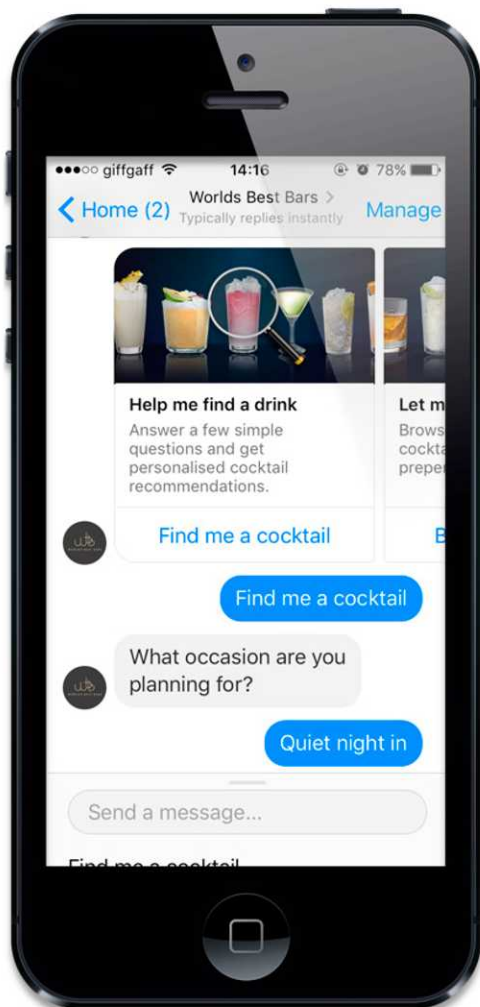
# PERNOD RICARD COCKTAIL COACH

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Alcoholic drinks maker, Pernod Ricard, added some personalised shopper inspiration to the festival season with their chatbot experience.

Created for Christmas, Pernod Ricard's chatbot lived on Facebook Messenger and acted as a go-to, knowledgeable bartender, providing personalised cocktail inspiration and tips for the festive season.

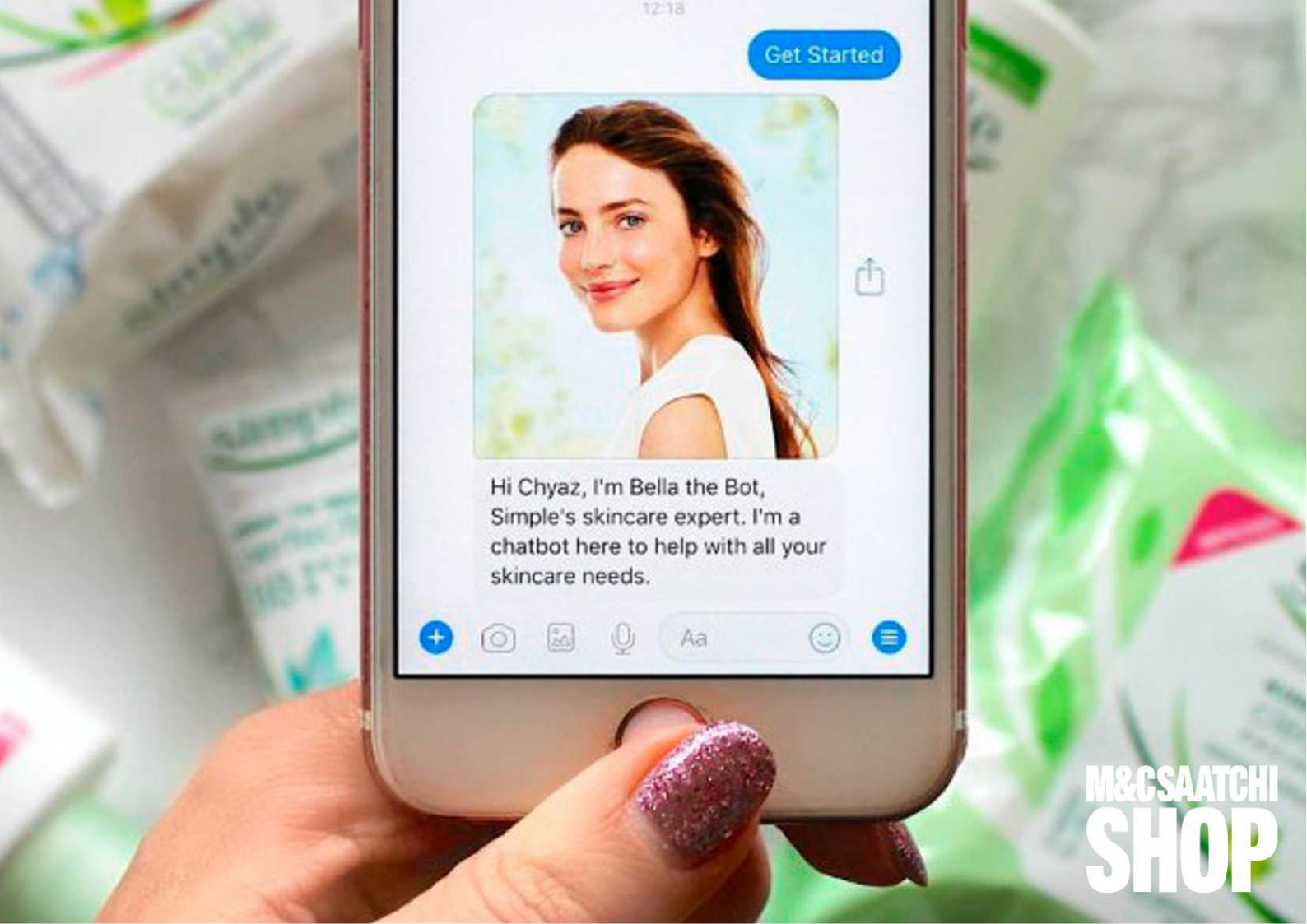
Although relatively limited in functionality for right now, the bot is a good example of how brands can use chatbots to inspire their shoppers, helping with product discovery, while driving seamlessly to online purchase.



### Here's why Pernod Ricard got it right:

- It's a customer-led experience, giving users personalised recommendations based on their taste preferences and the type and size of event they are hosting. The brand is providing relevant content based on user requirements, therefore, increasing relevancy.
- It offers a frictionless path to purchase, as the bot directly links users through to buy the cocktail ingredients on Ocado.com.
- It's more than just a transaction tool. The bot offers inspirational content about the history of the cocktails, and tips on mixing techniques. This adds depth to the user experience, encouraging repeat and extended use, and boosts the brand authority.
- It leverages existing messaging behaviour. Consumers use chat platforms every day, so by integrating the chatbot into Facebook Messenger, brands can remove the barriers to uptake, and increase engagement and loyalty.





M&G SAATCHI  
SHOP

## CASE STUDY

# SIMPLE SKINCARE CONSULTANT

**M&G SAATCHI SHOP** recently worked with Unilever to create the company's first chatbot sales assistant, for Simple skincare.

Skincare is a complex category, so the chatbot allowed users to interact in store or online, via Facebook Messenger, where it provided personal recommendations and inspirational content. It helped Superdrug shoppers navigate Simple's product portfolio with ease.

The activity drove significant sales uplift in Superdrug stores, and is a clear example of our mission to monetise the changing consumer landscape.

# VIRTUAL REALITY

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For a long-time, virtual reality was limited by the cost of the hardware. It was also seen as a standalone technology, often confined to gaming and branded experiential, without a clear way to drive uptake of a product or service, or drive real business change.

This is changing as the hardware market opens up. There are almost 200 different headsets currently available to buy on Amazon and hardware costs are decreasing. Consumer appetite for the technology is a key driver, as, according to Touchstone Research 79% of consumers will seek out VR experiences and 81% will tell their friends about it\*.

VR is still early in its lifecycle. It's harder to find as many robust brand use cases for VR, when compared to AR, and it's still quite costly for brands to develop these experiences. However, thanks to rise of 360-video and the investment and promotion of the technology by the likes of Facebook and Twitter, the industry is starting to see a rise in successful adoption in a wide range of sectors.



## CASE STUDY

# EXCEDRIN EXPERIENCE

This example from migraine brand Excedrin, uses the technology for healthcare education and awareness.

Designed to foster empathy and drive brand consideration and sales, Excedrin's experiments with VR can be considered a real success. The pharmaceutical brand allows non-sufferers to safely experience a migraine, such as blurry vision, vertigo and flashing lights, to understand how debilitating living and working with those symptoms can be. The experience provided the right level of immersive storytelling, fostering a rich emotional connection based on relevant and authentic customer insights.

Here's why Excedrin got it right:

- The brand recognised VR's barriers to engagement and worked to reduce them. The initial campaign was limited by the need to download the app and have a VR headset, such as Google Cardboard, to experience the content. The latest iteration uses 360-degree immersive video instead, where users can experience the content on their smartphones via YouTube.
- It's not a standalone tech experience, but is supported by a wider multichannel activation budget. The technology created powerful video content, which was promoted on and offline, with in-store activity, TV ads, digital advertising and longer form online videos leveraged online and via social media.
- Although the VR technology itself lacked a clear drive to buy, the wider activation campaign leveraged the technology and created a clear path to purchase, delivering significant sales results and business value.



# BARRIERS TO EFFECTIVE ADOPTION

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**Before the industry starts to see more examples of technology being used effectively, another key roadblock should be addressed.**

The biggest barrier we have experienced, for brands to leverage technology in the right context to deliver a real return on investment, is the structure of the businesses themselves. Many brands still operate in siloed teams, with siloed budgets. For the technologies we've addressed to work best, the technology-driven experience needs to be activated across the whole shopper ecosystem.

Customers don't think of shopping as moving through 'channels'. They shop where, how and when they want. For technology to deliver actionable results and provide a real benefit to shoppers, projects like these need to start with a shared ambition. Shopper, in store, sales and brand teams at a global and local level need to be brought into the process from the start. This means those teams can then buy into the project and deliver a seamless customer experience, and activate consistently across all channels. Our work with Unilever revealed the importance of this and ensured the off and online activation of Bella the Bot was optimised to drive traffic and deliver results.

From an agency perspective, many companies are reacting to clients' fear of missing out. All too often, the need to do VR or AR, or implement chatbots, is driven by the expectation of brands rather than the needs of that brand's target market. Jumping into a project with a technology-first mindset also plays to agency's egos, where they are seen as progressive in the marketplace.

There is not enough introspective viewing happening. Brands can be doing more to move away from their siloed set ups, and agencies should be doing more to push the customer-first agenda and think strategically about the use of technology to drive results.

# SUMMING UP

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**To deliver real business growth, brands and agencies need to be thinking critically about how to use technologies most effectively.**

Before jumping on the latest craze, we must assess each technology individually, taking into consideration the business need and the shopper requirements first. That is not to say that brands should not be inquisitive and flexible with new technologies. There is absolutely a role for testing and learning emerging technologies that have not yet been proved in the market. However, we believe a solid customer insight and business challenge must exist first to justify these types of investments.

We've seen that the use of technologies for marketing tools works well when:

- *They speak to a genuine customer need and delivers real utility*
- *They don't ask too much of a consumer, often tapping into existing behaviour or reducing the number of steps in a journey*
- *There is a clear and frictionless path to purchase provided*
- *The technology is activated and connected across the wider consumer ecosystem*

Brands and agencies need to make sure that they are considering these and matching the technology platform to a challenge, rather than retro-fitting.

The barriers to collaboration within client structures also need to be addressed to ensure such technologies are activated well, joining up the whole brand ecosystem. If real collaboration within brand teams and agencies can be realised, these technologies have the power to deliver seamless consumer experiences, which drive real business growth.

# M&CSAATCHI SHOP



[shop.mcsaatchi.com](http://shop.mcsaatchi.com)

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