Contextual Campaigns

Content, Context, & Consumer Connections in a Post-Screen World.

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Executive Summary/Introduction

The good news? Marketers will soon be able to hyper-target consumers, and reap unprecedented levels of data in the process.

The bad news? It's about to get exponentially more complicated to do so.

The right message to the right person at the right time. Digital marketing's original promise, once so bold and full of promise, is beginning to seem quaintly outdated. Personalization is almost a given, and "right time" is just one of a myriad of contextual factors that can govern campaigns as well as content. Contextual marketing enables:

> The Right Service
> The Right Product
> The Right Platform
> The Right Person
> The Right Time
> The Right Place

Marketers are now empowered – and will very soon be *expected* by consumers and their organizations alike - to deliver context, i.e. content that is finely honed by a myriad of hyper-relevant factors that take critical and previously very disparate elements and data into account. This enables new levels of relevance, for example: location, real time, conditions (e.g. weather, sales and promotions, inventory, etc.), product or service performance, product interaction, or purchase and transaction history.

The result is far-reaching value for brands as well as their customers and prospects. Benefits and opportunities include greater return on investment (ROI), rich customer data, and better customer experience. Context also can aid and facilitate lines of business beyond marketing, including (but not limited to) customer service, supply chain/distribution, CRM, and product development, innovation, operations, even finance.

For these reasons, contextual marketing will soon enter a period of rapid growth and adoption. Consumers will very soon come to *expect* contextual communications and experiences, regardless of whether they are in a bricks-and-mortar location or using a connected device. Brands must begin now to rise to this challenge, adopting a test-and-learn approach to determine where the benefits and value of contextual marketing lie, for their own businesses, their ecosystem partners, and the benefit of their customers and prospects.

The untapped opportunity is migrating from noise to value; shifting marketing to a service/utility function. "Push" becomes invisible, while "pull" is solving a consumer's immediate need.

Additionally, contextual marketing offers extremely granular understanding of customers, then anticipate their needs, wants, affinities, and expectations and develop unique insights to power better marketing across all devices, channels and localities.

Digital content has moved beyond screens. It now infuses and surrounds objects, too. Content is more contextual, more mobile, more omnipresent. Consumers expect an
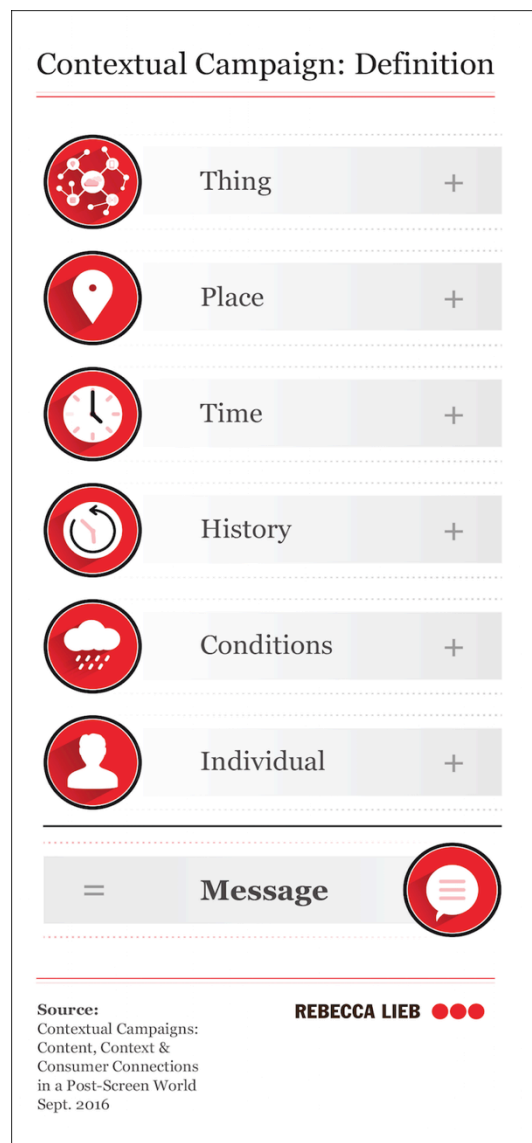
ever-higher degree of relevant, personalized and more highly contextual content. This expectation will only rise as technology evolves and brands become more adept at meeting consumers along their journeys regardless of time, place or device.

Contextual Campaigns: Definition

Contextual marketing provides content, experiences and/or information that serve an immediate and circumstantially relevant purpose.

It's "phygital," bridging digital and physical worlds. Its scope often goes beyond traditional interfaces, such as screens (see Fig 1, at left)**.** Finally, the resultant data can inform and benefit business functions beyond marketing, as well as ecosystem partners. Contextual marketing, in short, opens a world of possibilities that don't exist with one-way marketing or advertising.

Contextual Campaign: Definition

- Thing +
- Place +
- Time +
- History +
- Conditions +
- Individual +

= **Message**

Source:
Contextual Campaigns:
Content, Context &
Consumer Connections
in a Post-Screen World
Sept. 2016

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Drivers & Trends

Contextual marketing, as stated above, goes both beyond the screen and blasts far beyond "the right message to the right person at the right time." The primary contextual drivers are:

Digital Pervasiveness: This concept is sometimes termed "phygital," a portmanteau word for digital + physical. You may roll your eyes, but buzzwords tend to emerge around new concepts. Contextual content and experiences are what bridge physical and digital. The convergence of embedded sensors, networked services, mobile and cloud technology, often coined as the Internet of Things (IoT), means that any 'thing' can now simultaneously have a digital and physical lifecycle. From wearables like watches and clothes, to in-home appliances and entertainment systems, to [connected] cars, fobs, beacons, even in-store infrastructure, sensors and connectivity are pervading the physical world.

Example: Marantz's connected audio speakers enable the manufacturer to understand how its customers use the product. They know where the product resides, how often it's turned on and off, and what music is played from which streaming services. The company uses this data for proactive customer service, as well as for cross- and upsell campaigns - to great effect. "We absolutely, 100% have evidence that these targeted campaigns have a 5 to 7% purchase rate on all the emails we send. The email is so targeted that our open rates are 40 to 42%," says Scott Strickland, D+M Group's global chief information officer.

The Five Ws: Journalists have traditionally asked "Who, What, When, Where and Why?" Contextual demands the same, which is why "the right time" is only one component of potential context in contextual messaging and campaigns. Saturday evening at 8:00 p.m. may be an indicator of free time, but the Where (cinema, bar, restaurant, airport, electronics store or home) adds an enormous layer of additional context to temporal information for potential messaging. So do Number of Visits, Purchase History, Product Interaction, Proximity, Weather, News, and a host of other factors.

Example: Disney resort guests receive a MagicBand, which functions as a park pass, credit card for concessions, room key, and more via thousands of sensors embedded throughout the park and hundreds of connected backend systems. Customer can be greeted by name at park attractions, shop, or order food at restaurants that "finds" them at their table. Another feature is, as Disney SVP Direct to Consumer Gunjan Bhow puts it, "Using my data in terms of line length, and capacity, to make my day more magical, entertaining, delightful. If a customer is waiting on a particularly long line, based on the context of what have you done in your day, and how long different lines are, we can present to you a preferable line with the notification: 'There's only a two minute line at 'Alice in Wonderland.' We also get tremendous customer engagement, app downloads, and word-of-mouth."

Product as Real-Time Brand Extension - Products and infrastructure become a *real-time* extension of the brand. Through sensors/data and content, they provide brands with an opportunity to touch customers more often and more relevantly.

Example: The MyQ garage door opener alerts users if they left their house open and vulnerable, and also sends garage door activity alerts so homeowners can track comings and goings.

Contextual Marketing Enables

- The Right Service
- The Right Product
- The Right Platform
- The Right Person
- The Right Time
- The Right Place
- The Right Conditions

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Shift from cookie-based to individual targeting: Cookie-based targeting has long been in decline[1] due to the fact that cookies are tied to devices rather than to individuals (and many of those individuals delete cookies). Targeting specific consumers, independent of device via CRM, loyalty, proximity or other data is an essential element of contextual marketing.

Smartphone Adoption: Increasingly, consumers' smartphones are likely to have Wi-Fi, GPS, NFC, RFID, accelerometers, cameras, microphones, BLE, iBeacon, and other interactive features turned on, the latter function estimated at 40% and growing[2]. These features are essential for enabling contextual marketing. Because phones are all but expected to communicate with wearables, gaming, home devices, within retail, and automobiles, younger consumers especially are entering an always-on mode in terms of these features[3], making them reachable. A Mobile First strategy means leveraging the sensors in mobile hardware; smartphones are the remote control for everything.

Infrastructure Adoption: Retailers and location-based businesses are rushing to embrace contextual technology such as embedded sensors, Beacons, geo-fencing, and wifi. Adoption of devices has, and will continue to surge[4], with 6.2 million proximity sensors in use in spring, 2016. Additionally, IoT, smart packaging and other devices are on a similar growth curve.

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[1] https://www.comscore.com/Insights/Blog/When-the-Cookie-Crumbles
[2] http://blog.roverlabs.co/post/117195525589/the-straight-goods-on-bluetooth-how-many
[3] Ibid
[4] http://adage.com/article/datadriven-marketing/mobile-beacons-grew-22-q4-2015/303655/

Customer Journey/Customer Experience: Interest and attention to the customer journey, across channels and media, and throughout the purchase funnel, has spiked in recent years. According to Google Trends[5], searches for the term have increased by a factor of 20 over the past 12 years. Contextual marketing will soon be an essential tool for keeping track of customers across devices, locations and purchase cycle.

Decreasing Ad Effectiveness As traditional banner ads plummet in efficacy[6], marketers remain continually challenged to reach consumers with messaging that's relevant, useful, persuasive, or that creates engagement, particularly on mobile platforms that lack the "real estate" for display advertising. Context is a powerful tool in the new marketing arsenal that is far less paid media-centric.

The Integration Imperative: Context in marketing cannot exist without closely integrated software systems. Disney's MagicBand relies on over 100 backend systems. That APIs are now standard with most software systems creates the ability to connect people, places and things. Systems, networks, security and devices are increasingly interoperative.
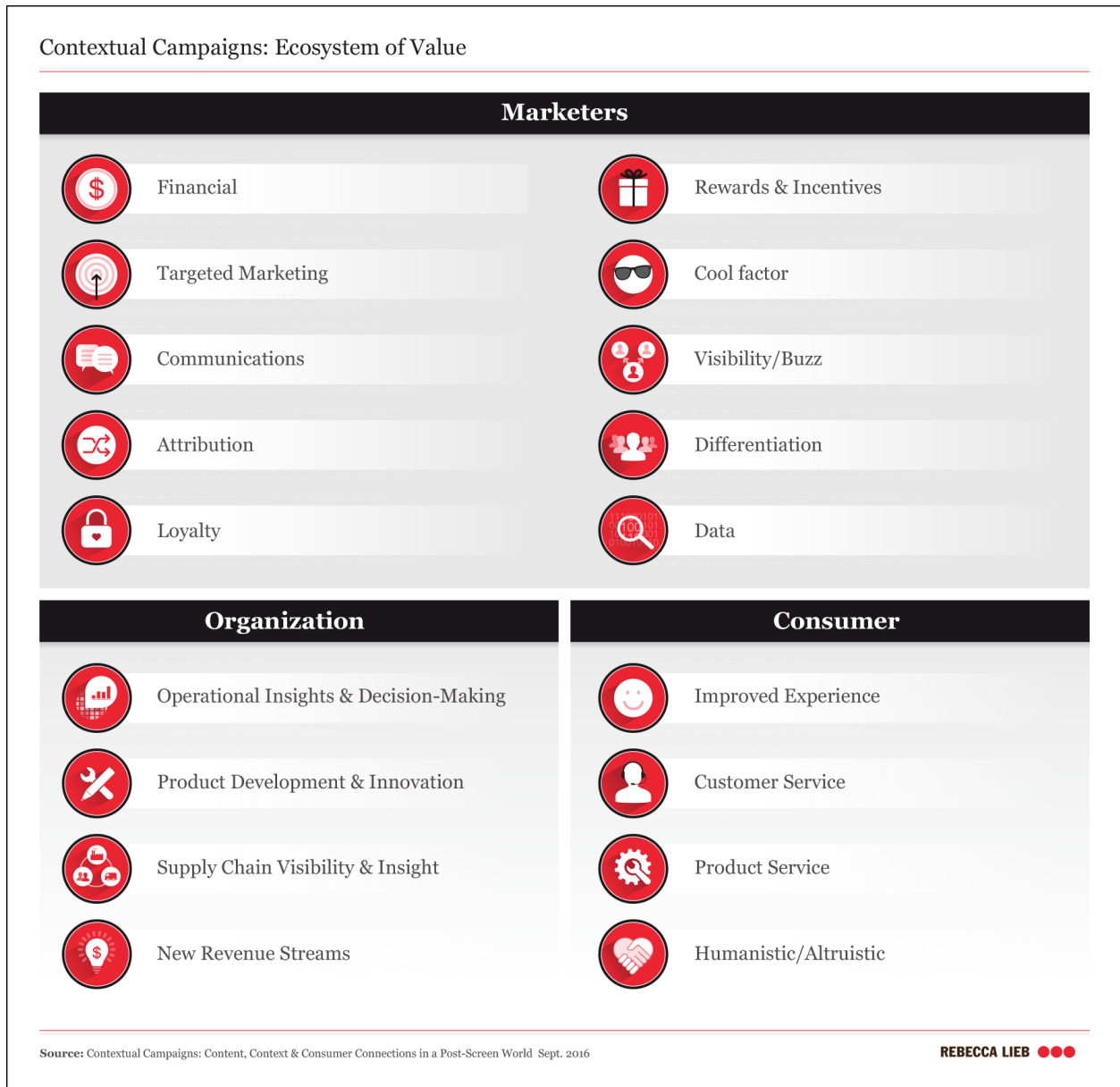
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[5] https://www.google.com/trends/explore#q=%22customer%20journey%22
[6] http://rebeccalieb.com/sites/default/files/downloads/The%20Eclipse%20of%20Online%20Ads%20-%20Final.pdf

Contextual Marketing: The Rewards

Contextual marketing is complex, requires significant upfront investment and a reimagining of strategy. Why bother? Marketers who test the waters quickly become committed for a myriad of factors, with ROI, higher sales and profitability topping the list of potential rewards to marketers, as well as benefits that go well beyond sales and marketing to functions such as sales, service and retention.

Contextual Campaigns: Ecosystem of Value

Marketers

💲 Financial		🎁 Rewards & Incentives	
🎯 Targeted Marketing		🕶 Cool factor	
💬 Communications		👥 Visibility/Buzz	
🔀 Attribution		👥 Differentiation	
🔒 Loyalty		🔍 Data	

Organization

🔲 Operational Insights & Decision-Making

🔧 Product Development & Innovation

🔗 Supply Chain Visibility & Insight

💡 New Revenue Streams

Consumer

🙂 Improved Experience

👤 Customer Service

⚙ Product Service

🤝 Humanistic/Altruistic

Source: Contextual Campaigns: Content, Context & Consumer Connections in a Post-Screen World Sept. 2016

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Benefits for Marketers

Financial

ROI: Disney's Gunjan Bhow puts it bluntly: "The more context there is, the more ROI." Disney recouped the research and development costs of tying in video pre-order campaigns with geo-fenced in-theatre and in-store promotions (with partners including Fandango and Walmart) in less than six months with only three such promotions. As mentioned earlier, Marantz is currently seeing a phenomenal 5-7% *purchase* rate on email campaigns targeted by IoT data from speakers.

Targeted Marketing

Campaign & Sales Effectiveness: IoT products provide visibility into customer channel affinity, leading to more effective media buys. Using deep customer data to understand who buys and under what circumstances (e.g. sales-motivated, new features, etc.), enables manufacturers both to reduce inventory, lower write-offs, and not sell at huge discounts. Because real time is a factor in most contextual campaigns, promotions can easily be designed to craft special offer and/or service to move excess inventory, e.g. food in a restaurant or empty theatre seats.

Precise Targeting Integrating data sets such as CRM, purchase history, and psycho-profiles results in surgically precise targeting, enabling marketers to craft offers that are far more compelling that those in broader-based initiatives.

Communication Opportunities - Innovations such as smart packaging (e.g. NFC-enabled) can provide information beyond the label at point-of-purchase such as freshness or additional nutrition data. This can build trust and provide a nudge toward purchase at the point of decision, of interest to major CPG brands such as Nestlé. Contextual campaigns can also monitor use or conditions to alert consumers when to purchase or service a product, and/or provide news, updates, or public awareness.

Attribution: Because contextual campaigns are targeted to individuals who largely opt-in to participate, attribution is much more transparent than in more traditional marketing channels. This has a twofold effect: 1. Opt-in is user-driven (campaigns must, of course, provide value to users) and consent is actively obtained; 2. The real-time nature of such campaigns offers consumers *context* for understanding what they opt-in to.

Loyalty By providing value, experiences, an opt-in relationship contextual campaigns can foster loyalty or become critical drivers of existing customer loyalty programs. In effect, brands can leverage sensors and data integrations to reward consumers for their behaviors and interactions with the brand, product, in-store experience, etc.

Rewards & Incentives Direct and highly contextual messaging can spur purchase and reward users for their actions. Taco Bell has partnered with Waze, for example, to incentivize nearby drivers to make a late night purchase and receive a free dessert with their order. An iPhone app created by Dentsu in Japan allows shoppers to see animated butterflies flitting by. Each butterfly contains a coupon for a nearby business.

Cool Factor: Both Hollister and MGM Resorts are looking to Snapchat as a branding initiative, serving relevant content when customers are near a physical location. "Is it moving the needle?" asks Andy Kennemer of Abercrombie & Fitch, "It makes us cool and relevant. We're doing because it feels right," adding the app is highly mobile, as well as highly social for teens.

Visibility and Buzz: Earned media: social, PR and word-of-mouth, are frequent byproducts of contextual marketing initiatives. This halo effect will continue for the next two years, while contextual campaigns continue to enjoy a novelty value. When Unilever's Maille Dijon mustard targeted foodie consumers in supermarkets with Beacons, the initiative garnered national media attention.

Differentiation: In addition to sparking consumer engagement in lower-interest categories (e.g. soft drinks, CPG), contextual marketing is a differentiator with partners, ranging from online to brick and mortar retail locations. Both manufacturers and retailers can, for example, benefit from joint campaigns as well as the resultant data.

Data

360° View of Customer: General location and hyper-local proximity are just two examples of a wealth of new customer data and customer journey information opened up by contextual marketing. DealerOn's Director of Search and Social Greg Gifford, for example, intends to use Beacon data to learn which customers visit automobile dealerships for service versus those who might be interested in buying by tracking their movements inside the building. Additionally, some dealers are interested in targeting browsers, who visit the lot when the dealership is closed. Triangulated with data from purchase history, Facebook and other social networks or the large ad networks, this richer data feeds into a wealth of potential messaging and CRM initiatives.

Deeper Customer Data: When provided with information and experiences that are valuable, useful, fun or interesting, consumers will, in exchange, volunteer more data and information. In fact, the more device consumers own, the more interested they are in engaging with brands about the use of their data.[7]

Context Beyond Third-Party Data: Ultimately, brands may need to invest less in third-party data and targeting once highly contextual data streams are established. This

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[7] http://www.altimetergroup.com/2015/06/new-report-consumer-perceptions-of-privacy-in-the-internet-of-things/

deeper, proprietary data can in some cases itself be productized (see below under New Revenue Streams").

Benefits for the Organization

<u>Operational Insights and Decision-Making</u>: How customers interact with brands before, during, and after their purchase experiences carries insights far beyond marketing. Many brands are implementing in-store technologies, for example, not to immediately engage shoppers, but instead taking initial steps towards tracking store traffic, layout, and inventory. While foot patterns can be used for marketing optimization, brands are also (often *initially* to 'test the waters' of such new technology) using this data for back-end operational decision-making involving stock, labor allocations, in-store layout, energy efficiencies, employee communications, governance, etc.

<u>Product Development & Innovation</u>: Contextual information from campaigns and devices feeds back into R&D and helps to maximize investment. Manufacturers can retire features they know customers aren't using, and develop new products targeted to who their customers are and how products are used. D+M noticed, for example, a large number of customers named their audio gear "Bathroom" so they developed a waterproof line to market to those consumers, which quickly sold out. A more rugged line of products is currently in development for customers who name their set up "Garage."

<u>Supply Chain Visibility & Insight</u>: Contextual marketing, sensors, and IoT functionality provides visibility into how products are used, shines new light on the supply chain and distribution. Nestlé hopes, for example, to soon only dispatch its delivery fleet to stock freezers that are empty, bypassing retailers not short on inventory. And, as one manufacturer put it, "if you know where products are you can recall them if necessary." Smart packaging on CPG products, while potentially providing unique social media tie-ins or access to exclusive content for consumers, also offers manufacturers insights about patterns and integrity of the distribution and/or retail lifecycle.

<u>New Revenue Streams</u>: Manufacturers that embed connectivity capabilities into products are amassing significant data about how consumers use and interact with those devices, as well as the services they connect to those devices. "IT could become a profit center," notes one executive, "we are considering selling this data back to streaming media services, for example, so they can directly see how they stack up against their competitors." Partnerships across distributors, manufacturers, vendors, retailers, telecom, insurance, and a diverse array of other service providers also introduce new business model opportunities through connected product data.

Benefits for Consumers

<u>Improved Experience</u> Contextual experiences can surprise, delight, assist, inform and entertain consumers, leading in turn to increased loyalty, word-of-mouth, and brand favorability.

<u>Customer Service</u> Implanted IoT technology allows manufacturers to proactively offer customer service when, for example, a device has been re-started numerous times within a specific timeframe, indicating the consumer may be having issues or requires assistance. The opportunity is both enhancing reactive support as well as enabling proactive (and eventually predictive) support.

<u>Product Service</u>: Smart devices can "phone home" to automatically upgrade or, for example, order supplies. A printer might be connected to Amazon or Staples to automatically replenish its ink. The ability for products (like Amazon's Echo) to not only serve as platforms for content and services, but *increase in functionality, personalization, and value* over time through software updates is a disruptive customer relationship model.

<u>Humanistic/Altruistic</u>: Contextual marketing can not only spur or assist in purchases, conversions and transactions, but also genuinely help consumers by, for example, monitoring their health and making suggestions for care or remedies for underserved populations like the elderly or blind.

Contextual Marketing: The Risks

As with any new form of marketing and emerging marketing technology, contextual campaigns bring risks together with benefits. While risks can be mitigated with best practices, which are also still emerging, it's important they be carefully considered by brands embarking into contextual campaigns and messaging.

Below, the primary risks marketers say they are encountering.

Creepiness Deep visibility into what consumers are doing, where they are when, and what things they're using or interacting with can shock, jar, and otherwise come across as Big Brotherish when contextual communications are read as over-personalized.

Alienating users False positives, bad data and incorrectly configured campaigns can result in undesired effects. A nearby consumer who hates a brand might be targeted with a message from that brand. Poor profiling can damage brand credibility.

Differing privacy and data laws Brands operating on a global scale must often tailor contextual campaigns regionally due to differing laws and regulations around data, privacy and data sharing with partners. Upcoming regulations such as the Global Data Protection Regulation (GDPR) could fundamentally alter how organizations can collect, store, and analyze customer data in specific countries. Mandates such as this will have a direct impact on businesses' requirements around obtaining consent, profiling, data protection, cyber-security, certifications, etc. Cultural variations and sensitivities will also be a consideration.

Opt-in and permission requirements To operate at scale, brands will be challenged to effectively communicate value to consumers, otherwise they'll risk being shut out or ignored.

Bad data Brands must keep multiple data sources current to maintain and insure context. When a retail location moves, for example, incorrect location data may be the result.

Investment: Contextual marketing can still be expensive, not only in terms of data and enterprise technology investments, but also deployment on a mass scale. "Thin film [packaging] applications create new opportunities to engage at point-of-purchase," notes Nestlé's Mark Brodeur, global head of digital marketing innovation. "But currently the cost is still out of reach at scale as we sell approximately 1.2 billion units per day around the globe."

Customer adoption & scale: Highly dependent on category, for some brands, such as clothing retailers where an average customer shops only three or four times annually it can be difficult to justify investment. Another aspect is how many customers will be detectable in the environment via Bluetooth, Wi-Fi, or shared location,

Inevitable Tragedy of the Commons All new forms of digital marketing technology have brought with their benefits the potential for abuse, exploitation and malpractice. Irresponsible and unethical marketers will inevitably tar contextual marketing with that brush, arousing consumer suspicion and potential regulatory attention.

Attribution: While contextual campaign attribution exceeds that of more traditional advertising, multi-touch attribution is still not mature and can be a stumbling block. Connect this back to the need for systems and device interoperability. Otherwise we're just creating more silos. This also calls forth integration across "domains"-- home, car, work, in-store, etc.

Culture and teams: Establishing and scaling teams, marrying marketing and technology, education, standards and measurement remain uncharted territory in many organizations.

Lack of content strategy: The preponderance of brands still lack a formalized, documented content strategy. Overwhelmingly, mindsets remain both campaign and product-centric. Contextual campaigns require a wealth of content that's contextually and channel relevant,

personalized but not creepy, and in numerous versions that address multiple scenarios (time, locations, conditions, device, etc.).

> "Content is a big problem for many brands. We are focused on capturing and sharing authentic content from our target customer that intersects nicely with the future direction of the brand." –Andy Kennemer, VP Omnichannel Marketing, Abercrombie & Fitch

Interoperability & Integration: Walled-garden media channels and a lack of fully integrated back end systems that seamlessly integrate CRM, data, creative, advertising, creative, social media and a host of other marketing and enterprise functions limit campaign efficacy, as well as marketers' view of the individuals interacting with the campaign.

Novelty factor As with other emerging technologies that were once marketing darlings, campaign efficacy may fall off after the initial novel effect, dampening marketers' faith and enthusiasm. The utility and real value creation (vs. noise) of such campaigns becomes central to their viability and reception.

Strategically Planning Contextual Campaigns

Overwhelmingly, marketers committed to contextual campaigns extol the rewards and potential of the practice, while at the same time emphasizing the complexities of the inherent considerations. Following, the primary considerations marketers must consider before investing in context.

What Comes First: Technology, Data or the Consumer?

The primary differentiator in approach to contextual marketing seems to be the chicken-and-egg question of what drives campaigns: technology innovation, the customer journey, or data.

Marketer approaches at this point seem to largely rest of the size and diversity of the business. Smaller, more vertically driven businesses are more likely to say "it also rest completely on the technology," the approach of DealerOn's Greg Gifford.

Other marketers cite specific vision and the ability to solve problems or optimize performance as an impetus. Triangulating first, third and partner data to target in-store coupons and map online/offline conversion is one example. One retailer (who asks not to be identified) found the SKUs selling on the company's app weren't moving in physical stores. This sales and behavioral data led to a change the physical merchandising strategy. Yext CMO Jeffrey Rohrs emphasizes

that you must first define the outcome you're seeking before you can map the "story" that will lead customers through content and technology.

The largest, most diversified enterprises view tech as "table stakes," as GE's Andrew Markowitz puts it, looking instead at a broader vision corporate vision, "Tech makes all things possible, but it doesn't necessarily make them easier," he notes. Nestlé's approach is similar, considering brand DNA and "why are we in business," before technology, the latter of which Mark Brodeur calls "an enabler."

The most mature companies will lead strategy with customer journey and experience, as well as a value exchange between brand and customer. Technology and data support that vision and its execution.

Partners & Ecosystem

Internal Partnerships

Contextual campaigns require significant integration of disparate technologies, data sources, and partnerships among stakeholders. Internal alignment is critical at the enterprise level between, for example, marketing and IT, as well as among any functions embracing CRM and data. Legal must also have a seat at the table where data and privacy are concerned. Similarly, MGM Resort's Beverly Jackson also cites security's role in campaigns tied to physical locations. Operations can help keep locations data current.

External Partnerships

Contextual campaigns also require rethinking external partnerships. For manufacturers, this can necessitate finding retail partners willing to experiment with in-store technologies such as Beacons and sensors, with both parties sharing responsibility, investment, insights and data. Disney looks to partnerships with cinema chains and online partners such as Fandango and YouTube in order to target customers when they are seeing a film. The customer journey breadcrumb trail of where and what a customer has clicked on reveals more useful data, according to Disney's Bhow, than a customer's interaction directly with the brand or its products. "The big revelation is that your journey as a person is far more useful for us than even the Disney journey you took."

Market information and data services from NPD Group, Nielsen, JD Power and similar suppliers, as well as point-of-sale data are also frequently critical to shape and inform contextual campaigns.

When context and intelligence in the form of technology are embedded into objects, these partnerships extend to technology providers, design, and manufacturers.

While agencies don't yet figure prominently in the partnership equation for contextual campaigns, or when they do, it's likely to be the consultancies now competing in the agency space, e.g. Accenture and Deloitte. As one brand executive put it, "These initiatives require so much systems integration that agencies just put up their hands and leave. They only want to know what media to buy."

It's expected the equation of hardware manufacturer/agency dependence to shift in three to five years as momentum increases. So too will the landscape of vendors, creating too many point systems for brands to keep track of as well as more end-to-end solutions and evolution in standards, APIs, and other integration capabilities.

Spend

Marketers are understandably reluctant to share figures regarding investment in contextual campaigns, but by all indications those whose are investing are doubling down on their financial commitment to the channel.

> "This is the fastest-growing part of our budget now"
> – Gunjan Bhow, The Walt Disney Company

Other marketers agree. The value of providing a near 360-degree view of the customer has upped one retailer's investment by a factor of 75X over the past five years. "We're out of TV entirely," states MGM Resort's Beverly Jackson, who has more than doubled contextual investment from 30% last year to 64% of budget this year, making up that increase from traditional media spend. As marketers chase millennial consumers, this trend will accelerate.

Marantz points to more effective email sell rates, for example, to help justify continued campaign investment. "But how do you amortize the cost of the platform over the campaign?" asks Scott Strickland, "We take that generally as a capital investment," a type of accounting generally foreign to marketing and sales operations. Benefits to other lines of business (CRM, product development, service, etc.) must also factor into the calculation.

Developing platforms from which campaigns can operate, as well as collect and ultimately leverage collected data is currently the biggest investment commitment. While enterprises invest an estimated 15-20% of their sandbox budgets on actual campaigns at present, infrastructure development can be a multi-million dollar commitment, dependent on business decisions such as build, buy and/or partner.

After spending an estimated $1B on the MagicBand roll-out, Disney, for example, has carved out a new, multi-million dollar budget for anticipated platform build out with partners such as Apple, Amazon and Walmart. "These aren't campaigns in the traditional sense," notes Bhow, who stresses non-marketing aspects of the initiatives such as customer experience and service.

Another important aspect impacting investment is whether contextual campaigns are long- or short-term. Evergreen, always-on campaigns, e.g. a fast-food restaurant promoting daily specials to commuters, require multi-million dollar investments as opposed to a back-to-school promotion, which on the low end might represent $10-$25,000. Many brands haven't yet moved beyond a test and incubate stage, committing no more than $100,000 to an initiative. "It's a big opportunity," notes GE's Markowitz, "but not yet a big investment."

Other marketing channels factor into budgetary decisions. Contextual campaigns account for up to 60% to 70% of one retail brand's marketing budget, but only if email marketing costs are also factored into that budget. Otherwise, that number would be closer to 30% to 40%, still an impressive figure.

Emerging platforms from vendors such as Xperiel will soon lower investments considerably by integrating things, devices, interface and information into more integrated and interoperable platforms.

Integrations

As mentioned above, a host of integrations are essential for any contextual campaign including:

Marketing Automation Email & Other Messaging CRM Tools Data Sets Content & Creative Assets Social Platforms Third-Party Data Listening Tools Smart Devices	Semantic Technologies Workflows & Systems Stakeholders & Partners Personalization Localization Attribution Journey Mapping Analytics Real-Time Capabilities	Artificial Intelligence Chat And Service Bots NLP Conversational Commerce Machine Learning Image Recognition Cognitive Computing

Any system, platform or campaign must be designed from inception with a view toward integration.

Data: Akin to integration, achieving relevant context is reliant on numerous data points (and sets), not just one or two. Data sourcing, interpretation, warehousing, and safeguarding are core to contextual marketing, and not just from a customer or CRM standpoint. Other potential data considerations can focus on time of day/month/year; weather; holidays; inventory; location, news, etc. All of these points can become even more granular. An auto dealership will craft messaging differently to customers in the service section of the property than those browsing vehicles on the lot, while CPG manufacturers craft offers on the shelf level.

Value Exchange

Value is a concept that differs enormously by industry vertical and campaign purpose, but if there is not inherent value for the target audience, there's no reason for them to participate, or to exchange information or data with the marketers. Value can be a literal offer, e.g. a coupon; information; entertainment (Pokéman Go), or a new level of convenience (REI's location-aware app[8] offers a National Park concierge service). Value must be identified at the beginning of the experience that brands drive with contextual marketing, as well as tie into campaign KPIs. This is also an ongoing effort, in which interaction data inform evaluation and re-evaluation of *what are we measuring and why*.

Permission/Opt-in & Out: Overwhelming customers with a surfeit of push messaging is antithetical to the concept of value. "Not being creepy," one of the primary concerns of marketers eager to engage with contextual marketing, is contingent on communicating value so customers will opt-in, and respecting the wishes of those who say no.

Content Strategy: Several marketers pointed to the lack of a content strategy, or myriad versioning of content for differing contextual scenarios, as one of the most difficult yet critical aspects of planning for contextual marketing. Salesforce's Lindsey Irvine states, "Customers' number one priority is delivering the right content, over everything else. You're going to turn off a customer if it's the wrong content at the wrong time."

Metrics & KPIs: Contextual campaigns can be applied to a myriad of marketing (as well as other) goals. Determining what to measure can be as challenging for many marketers as developing measurement systems in an ecosystem so rife with data.

Contextual campaign aspects that can be used as KPIs include:

• Build Audience • Increase Household Footprint • Clickthrough • Coupon Acceptance/Offer Redemption, • User Behavior (e.g. movement through physical locations)	• Increased Sales • Point-Of-Purchase Sales • Cross- And Upselling • Pre-Orders • Streamlined/Proactive Customer Service • Move Excess Inventory • Cost Per Action or Transaction • In-Store Traffic	• Increased Intelligence/Data Collection • Drive Consumers to Other Media Channels (email, social, etc.) • Downloads • Improved Media Buys (e.g. drive to contextual campaign awareness; target social media ads to targeted consumers)

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[8] https://itunes.apple.com/us/app/rei-national-parks-guide-maps/id1031987936?mt=8

Best Practices & Recommendations

As campaigns move beyond what might now be considered "traditional" devices and screens to permeate the environments we inhabit and the things we use, interact with or are even just in proximity with marketers understandably can become somewhat overwhelmed. Technology makes more things possible, but that's not to say it makes them easier.

Best practices are emerging and mutable in any digital marketing discipline, but nowhere so much as the very nascent practice of contextual marketing. Based on interview with 17 senior marketers engaged in contextual campaigns, below is a list of emergent contextual marketing best practices.

Strategy & Vision

"Definitely do it": The overwhelming majority of marketers we spoke with who are involved in contextual campaigns are unanimous that the benefits of such initiatives are too big to ignore. Small pilot projects build understanding, process, insight and expertise.

Have a Vision: Know what you want to achieve as an organization. Think creatively, beyond the technology to the Big Idea and keep the consumer point of view in mind. "Just because we can add sensors to just about anything doesn't mean we should," explains Nestlé's Brodeur.

Start Slowly: Pilot simple initiatives first, learn, then go larger while at the same time developing processes, people, and teams. "We had to create a whole new operating model around these campaigns," says MGM Resorts Beverly Jackson, "We sit down, agree on timeline, and monitor the launch." Consider ripple effects, such as potentially overwhelming a logistics provider in terms of shipping.

Hedge Your Bets: While ramping, pilot multiple initiatives. There are many areas in which contextual campaigns can succeed (marketing, supply chain, customer service, product, etc.). And important part of the pilot/learn process is not to be confined to one small arena.

Data & Analytics

Make Data-Based Decisions: Understand and incorporate data into campaigns, as well as determine what desired data outputs are. For example, what data is required to support a 360-degree customer view? What data is required to close the offer loop, making it so relevant and targeted that the deal is cinched? How do you recognize high value customers? How will you make the leap from knowing *who* a customer is to knowing *where* that individual is, and perhaps most importantly, *why*?

Share Data: Insights, trends and intelligence gleaned from contextual campaigns can have value that far exceeds marketing's reach. Usage data can funnel into product development, the supply chain, or customer service, for example. It's critical to interpret data through many lenses and ensure insight is shared with the appropriate internal line of business or external partners.

KPIs and Metrics: "Start slow" is again the rule of thumb here. DealerOn has, for example, seen up to a 46% increase in click through rates, which Greg Gifford terms "pretty awesome." The company aspires to but has not yet built the ability to track sales and lead lift via Beacon targeting in auto dealership, (and subsequent Facebook retargeting). Instead, in this pilot phase, dealers currently use the technology to build lists by encouraging car shoppers to link on social networks and subscribe to email. A host of goals can be applied to contextual campaigns (see Metrics & KPIs, above). Marketers are responsible for selecting achievable, measurable goals at the outset and to build those learnings going forward.

Create unique offers and communications in different channels for tracking purposes. A Beacon audience, for example, should receive a coupon, code or URL unique to that channel for proper attribution.

Triangulate Multiple Data Sources: Geo-data expert Neal Welbourne claims that none of his clients have ever been precise about who their real customer is. He recommends crunching internal data, such as CRM and past interaction history, with external sources such as Experian, Equifax and Transunion as well as social media to build the stories of the people who actually interact with products.

Move Beyond Insight to Action: Data can provide numerous insights (e.g. how many people in the area are buying running shoes?). You can learn that quickly, but as what problems you can solve with that knowledge, and where the opportunities lie in knowing.

Reality-Check: Physical and/or environmental interaction become a critical factor in measurement. Numerous factors, such as weather and location, will factor into why a consumer is interacting with a mobile device. "Marketers are so focused on who clicked that they forget what's going on," observes data expert Neal Wellbourne. "Targeting runners that use treadmills in a gym in areas that have high rainfall and cold temperatures for running shoes." The outdoor runner will probably not be reachable in the rain.

Practitioner Recommendations

Teams: For pilot projects, initiatives can often start with one line of business (email, customer service, social or mobile) then spread through the organization. Education, knowledge sharing, agility and empowerment are essential to spark thought and experimentation.

Content Strategy: Existing content strategies must be significantly expanded to address contextual campaigns. This must encompass not only goals and KPIs, which can be myriad, but

also the many additional situations, conditions, offers, customer profiles conditions, locations, device interfaces, and other specifics that go into communication and messaging. Content strategy must be linked to product strategy for many contextual initiatives, and also address design and user experience to a higher degree than in other marketing scenarios.

Anticipate and Script Responses: The real-time nature of contextual campaigns requires outbound and inbound scenario mapping then scripting content to address numerous potential situations and reactions, both to offers as well as the campaigns themselves. When D+M, for example, is called out for being slightly creepy with proactive customer service push messaging in response to consumer behaviors with their devices, the scripted response is, "You would expect this level of support from BMW. Why not from us?," which the company has found to be a successful way to allay feelings of surveillance. This applies equally to potential consumer cross-domain sensitivities.

Real-Time Ability: Real-time and context go hand-in-hand. Location data, for example, cannot suggest a customer visit a venue when it's closed at 11:00 p.m. Iced tea is an inappropriate offer for a snow day. Follow the 12 steps to prepare for real-time readiness[9] in my earlier research, "Real-Time Marketing: The Agility to Leverage Now." Many brands already have always-on war rooms in which highly trained social media and analytics teams monitor digital sentiment and interaction 24/7, reacting and optimizing messaging in real time. The sentient world will rapidly become part of this intense, pressurized marketing function.

Permission and Opt-in: Even more than with email and social channels, contextual communications cannot be pushed on unwilling or unreceptive consumers. In addition to offering value to make messaging welcome, permission is a critical component of the brand/consumer dialogue, as is an opt-out mechanism, especially for brands leveraging data across domains (e.g. in-home, -car, -store, etc.). The four components of permission communications every brand must consider include: Education; Brand Accountability; Consent & Agency and Value/WIIFM (What's in it for me?).

Ecosystem of Internal & External Partners: Consider new partnerships, both internally and externally. Contextual campaigns touch areas beyond marketing, and the data inputs and outputs can be of value for a broad variety of stakeholders. This value can and should be used as a justification of spend, not ust from marketing budgets but also from other line of business budgets.

Technology Vendors: Understand what they bring to the table, as well as limitations. A large player can act as a backstop, but limit experimentation. A small nimble start up might be better for a pilot than a national implementation. Determine who will be responsible for the chain of technology, for example a chain of 1,000 retail locations, each with 10 Beacons.

Continuous Education and Training: In a quickly evolving sector, it's essential to keep abreast of tools, technologies, use cases, data, and best practices.

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[9] http://rebeccalieb.com/sites/default/files/downloads/1312%20Real-Time%20Marketing%20RL.pdf

The Future

After the first wave of contextual marketing because it's cool, what's next? As with all new technologies, context currently has a high novelty value factor. More strategic brands must ask themselves how will we work, play, shop, travel and interact with places and things in the future?

Marketing's future will be based on experience, service, and utility, as consumer attention becomes an ever-scarcer commodity. Content is ubiquitous. To thrive and to differentiate, brand must evolve from Content > Context > Connection. There are five ways brands can achieve this, singly or in combination:

1. **Entertaining Customer Experiences**: storytelling and other forms of entertainment.
2. **Deeper Information**: providing knowledge, decision-making tools, etc.
3. **Enhanced Services**: improved customer and product services.
4. **Streamlined Services**: more convenience, less friction, e.g. mobile banking.
5. **Automated Services**: work almost seamlessly in the background, e.g. Amazon Dash

To meet growing consumer expectations, which are evolving as quickly as the technology landscape, brands must begin not only consider but also experiment with how they will contextually engage with customers and prospects in the very near future.

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Methodology: This report includes input from 17 market influencers, vendors, and end users who were interviewed or briefed between May - August, 2016.. Input into this document does not represent a complete endorsement of the report by the individuals or the companies listed below.

Ecosystem Input
This report includes input from market influencers who were interviewed during the course of this research. Input into this document does not represent a complete endorsement of the report by the individuals or companies listed below.

> **Abercrombie & FItch** Andy Kennemer VP Omnichannel Marketing
> **Adobe** Bruce Swann, Senior Product Marketing Manager for Adobe Campaign
> **D+M Group** Scott Strickland, GLobal Chief Information Officer
> **DealerOn** Greg Gifford, Director of Search & Social
> **The Walt Disney Company** Gunjan Bhow, SVP Direct to Consumer
> **EVRYTHNG** Andy Hobsbawm, Co-Founder & CMO
> **GE** Andrew Markowitz, General Manager Performance Marketing Labs
> **GPShopper** Maya Mikhailov, Co-Founder & CMO
> **IBM** Jay Henderson, Director of IBM Marketing Cloud
> **IBM** Tom Miller, Portfolio Marketing Manager – IBM Marketing Solutions
> **InTouch Solutions** Neal Welbourne, Director Analytics Strategy
> **MGM Resorts International** Beverly Johnson, VP Social Media Marketing & Content Strategy
> **Nestlé** Mark Brodeur, Global Head of Digital Marketing Innovation
> **Salesforce** Charlie Isaacs, CTO for Customer Connection
> **Salesforce** Lindsey Irvine, Head of Global GTM, IoT Cloud
> **xAd** Monica Ho, CMO
> **Yext** Jeffrey Rohrs, CMO

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