

2015 International

CES®

FIVE TRENDS FOR MARKETERS

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INTRODUCTION

It's the time of the year again when technology companies descend on Las Vegas to showcase their latest innovations at the Consumer Electronics Show (CES). In this guide, we have distilled the array of innovations and technological developments on display at CES 2015 to five key trends. For each trend we have highlighted the implications for brands.

All five trends stem from the rise of the Internet of Things, and how this new connected ecosystem is changing the way consumers engage with brands. Consumers are going to demand more meaningful value exchanges and better control of their user experience. The explosion of consumer data, automation of tasks and programmatic marketing practices are also transforming the way brands communicate with consumers, creating new opportunities for efficient and effective engagement.





THE UBIQUITOUS QUANTIFIED SELF

Wearable devices, connected homes and connected cars were all key themes for CES 2015. Each generates increasing amounts and types of personal data no matter where you are or what you are doing throughout the day. Consider this new daily routine:

For exercise in the morning you take out your SmartMat – the first intelligent yoga mat with a companion app to coach you through individual exercises and correct your positioning. Getting ready for work you head to the bathroom where you pick up your OKU ‘Personal Skin Coach’ – a tiny cube that acts as your personal dermatologist. As you walk to work your Fitbit tracks not only your calories burnt but also heart rate. While at work Lowe’s technology notifies you of any changes at home (door locks, irrigation control, leak detectors). And finally, on the way home your car journey is made safer through eye tracking and head orientation to ensure you are alerted if you take your eyes off the road or fall asleep.

All of this connectivity and personal data ultimately creates a ubiquitous quantified self; a world where our personal data is generated at almost every point of product interaction, and where that data becomes part of the everyday product experience and value.



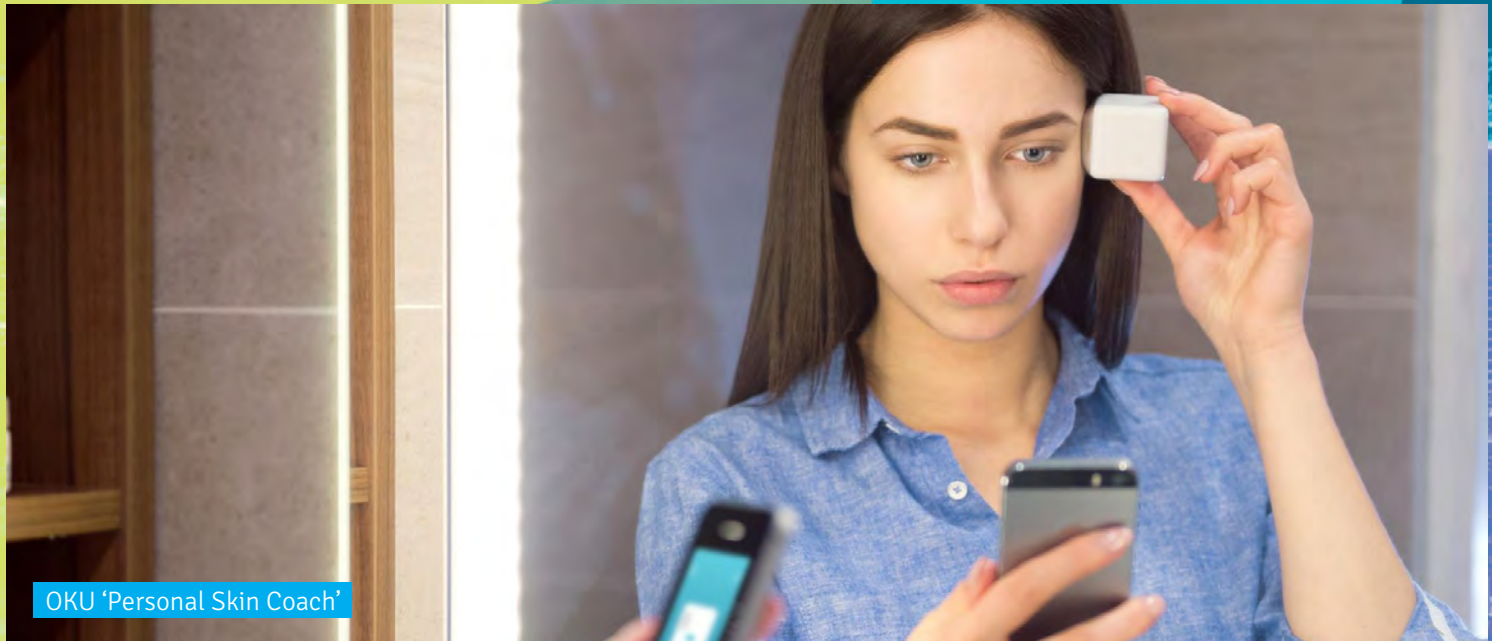
WHAT DOES IT MEAN FOR BRANDS?

The ubiquitous quantified self creates new opportunities and challenges around personal data.

Targeting: the ubiquitous quantified self creates a plethora of new data points (e.g health, location) which can be of value for targeting in new ways. The value of the targeting, however, is only ever as good as the relevance of the message.

Services: personal data attached to physical objects creates an abundance of new service opportunities that are directly and indirectly related to the host product; consider how insurance premiums may change as product usage data is gathered for each device in a home.

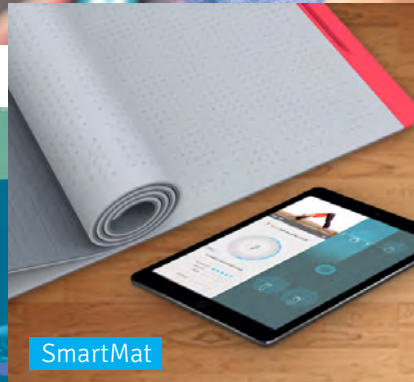
Privacy: for product manufacturers, advertisers and publishers the rise of the ubiquitous quantified self will mean a heightened awareness of the use and value of personal data. Brands will need to establish rigorous guidelines for use of 3rd party data and understand the value exchange when it comes to their own 1st party data.



OKU 'Personal Skin Coach'



Lowe's Smart Home Management



SmartMat



Intel Eye Tracking Technology



THE AUTOMATED LIFE

Marketers have spent much of the last year discussing the rise of programmatic marketing and the automation of tasks to increase efficiency and effectiveness of their digital activity, so it seemed fitting that at CES 2015 a big theme was automation and the programmable consumer life.

In the near future, you will automate your household chores easily from your smartphone or smartwatch. SmartThings, which was acquired by Samsung, is a first-of-its-kind platform that allows the objects in your home – doors, locks, light bulbs, and even sprinkler systems – to talk to one another and prioritise your needs. Specialist and generalist chore-saving robotics are approaching mass market viability in terms of effectiveness and cost. FURo-i Home is one of the more versatile robots, capable of looking after children and elderly relatives. It can be used as a teaching aid, or to remind an older family member to follow a schedule. You do not need to worry about breaking your back: Budgee serves as an able assistant, carrying up to 50 pounds indoors and out. Self-driving cars also show a lot of promise with Mercedes F 015 hailed as the showstopper at CES 2015. This model drives itself safely, through the use of a vast network of interior and exterior sensors. The interior of the vehicle was devised as a continuous exchange of information between vehicle, passengers and the outside world.



WHAT DOES IT MEAN FOR BRANDS?

The benefit of automating tasks (physical or virtual) lies in improved efficiency and/or effectiveness. The key points for brands therefore are:

Efficiency: automation can improve productivity and efficiency for the end user, but consider whether the benefit of automation outweighs the effort and cost required (by brand or consumer) to set up the automation.

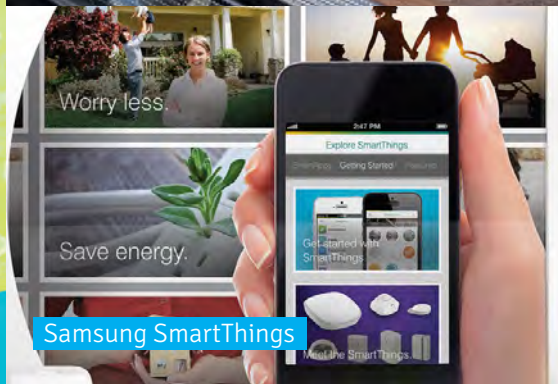
Effectiveness: automation can improve the effectiveness as well as the efficiency of the task depending on the frequency and veracity of data powering the decisions.

Optimisation: real-time data access will enable machine learning for automated tasks, which will improve both efficiency and effectiveness over time.

All this applies not only to programmable consumer products but also programmatic marketing.



Mercedes F 015



Samsung SmartThings



Budgee



FURo-iHome



SEAMLESS CONSUMER EXPERIENCE

As the Internet of Things takes hold in our everyday lives consumers must choose between different devices, different operating systems, different formats and different brands. The average consumer wants to have an intuitive, practical, and warmly familiar experience with the software that controls their devices. The question for many product manufacturers therefore is whether to partner or build for software. This has created an extremely competitive and dynamic market which was evident at CES 2015.

Samsung has suggested that in the future all Internet of Things devices should run the open-source Tizen operating system as the default consumer interface. Roku, originally a hardware company, is starting to integrate to be the default software package for TV manufacturers (such as TCL, Sceptre, and RCA). Apple HomeKit also has its own framework in iOS 8 for communicating with and controlling connected accessories in a user's home. Almost all major auto manufacturers are now offering compatibility with Apple's CarPlay and/or Android Auto, instead of investing resources to design their own systems. And LG unveiled a sleek, fully functional smartwatch, powered by the open source webOS, which integrates with Audi's new connected cars.



WHAT DOES IT MEAN FOR BRANDS?

We are seeing a fundamental shift in the relationship between hardware and software. Brands will need to consider carefully whether it is better to have their own platform, or to partner with one of the available operating systems. These decisions will impact both consumer experience and data opportunities:

Interoperability: consumers will come to expect to use your products or services seamlessly in partnership with other products and services, so connectivity and interoperability will become a key factor in the consumer experience.

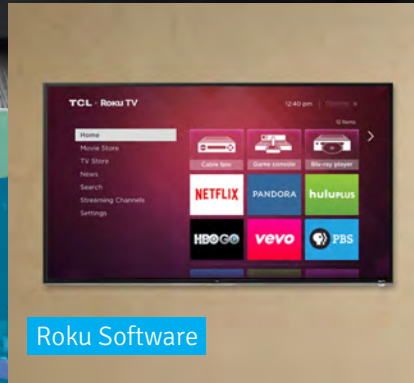
Data ownership and portability: when partnering to ensure interoperability and a seamless connected consumer experience, establish measures to protect your customers' data and privacy.



Apple CarPlay



LG & Audi Smartwatch



Roku Software



Tizen Software



VIRTUAL IMMERSION

Over the last few years technology has improved enormously the experience of consuming media, particularly audiovisual media. CES 2015 displayed many examples of what could be the next great leap for consumer immersion: virtual reality (VR).

Oculus, one of the pioneers in the field, generated a huge buzz with its Oculus Rift Crescent Bay demo. This placed users in a series of virtual environments, which they could freely explore by moving around in a padded room. In association with Oculus, Samsung demoed its Gear VR mobile headset, which is powered by a Galaxy 4 Note smartphone. This is cheaper and lighter than the Oculus Rift, but does not offer the same degree of immersion. The consumer launch of Gear VR is imminent, while the Oculus headset is due later this year. The developer kit for the Razer OSVR (Open-Source Virtual Reality) system should be available mid-2015. These launches will make VR a consumer-ready technology for the first time.

This year's CES showcased one of the first practical examples of using VR for brand communication: the Lowe's HoloRoom allowed consumers to design and experience a new kitchen or bathroom. Other recent examples include Marriott Hotels' installation The Teleporter, which let consumers experience their different hotels around the world, and specially created

sequences to promote the films *Wild* and *The Hobbit: The Battle Of The Five Armies*.



WHAT DOES IT MEAN FOR BRANDS?

To begin with the audience for VR content will be specialised, with most of the equipment sold to hard-core gamers. However, VR has already demonstrated its potential for marketing, allowing brands to give consumers a real sense of being somewhere else, whether this is a real place; somewhere from a game, book or film; or an entirely new reality.

Compatibility: consider whether your brand is compatible with the gaming audience that will be the early adopters of VR technology, or whether you can attract enough of your target audience to a specially built installation.

Immersion: create a compelling brand experience by immersing consumers in a whole new world.



Crescent Bay Demo



Lowe's HoloRoom



The Teleporter



Razer OSVR

ONLINE VIDEO BREAKOUT

Video hardware was everywhere at CES 2015: from 4K TVs to drone-mounted cameras to robots with video streaming that allow doctors to make remote diagnoses.

Video content was also a key battleground. The Dish Network announced its new Sling TV subscription service, which gives subscribers online access to several live cable networks, without a contract. The user experience is designed to feel like television, easing the consumer transition from cable to online. HBO and CBS have also announced stand-alone online streaming services, which will extend the quantity and quality of television content that consumers can view without a pay-TV subscription. In addition, new technology is blurring the distinction between conventional television and online video for consumers. TiVo will launch a new OnePass service in February, which will integrate cable and online video to allow users to search for and record programmes seamlessly, regardless of source.

WHAT DOES IT MEAN FOR BRANDS?

New unbundled services from established broadcasters offer more opportunities to reach consumers (particularly younger audiences) where they are spending more of their time, online. The effect of these new video routes to market for brands will be twofold:

Inventory: it will increase the available supply of quality inventory. This has been a key issue throughout 2014 as audiences online have migrated to ad-free subscription services such as Netflix, or user-generated video platforms such as YouTube.

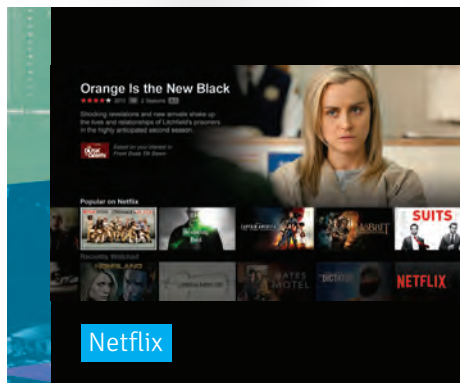
Viewability: as new video distribution platforms emerge they will pose greater challenges around tracking and standardisation of currencies, in particular viewability (ensuring that ads that are served are actually seen by consumers).



Inspire Drone



Sony UHD TV



Netflix



TiVo OnePass



ABOUT ZENITHOPTIMEDIA

ZenithOptimedia - www.zenithoptimedia.com - is a leading global media services network with over 7,500 people working in 262 offices across 74 countries. We are part of Publicis Groupe, the world's third largest communications group, and the world's second largest media agency group. As the first agency to apply a rigorous and objective approach to improving the effectiveness of marketing spend, ZenithOptimedia delivers to clients the best possible return on their communications investment. This philosophy is supported by a unique approach to strategy development and implementation across the full spectrum of paid, owned and earned contact points – the Live ROI planning process. The ZenithOptimedia Group of companies equips our clients with a full range of integrated skills across communications planning, value optimisation, performance media and content creation. Our key clients include Aviva, Bacardi Martini, Clarins, Kering, Lactalis, L'Oréal, LVMH, Nestlé, Oracle, Reckitt Benckiser, Richemont Groupe, SCA, Sanofi, Toyota and 21st Century Fox.



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