

WPP STREAM COMMERCE

THE ERA OF LIVING
COMMERCE

FEBRUARY 5-6, 2019



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WPP'S FIRST STREAM FOCUSED ON COMMERCE

WPP Stream, an ongoing 'Un-Conference' run in multiple locations globally each year, launched the inaugural Stream Commerce at the Faena Forum in Miami earlier this month.

On February 5th and 6th, WPP leaders and partners like Adobe, Amazon, Google, Microsoft, Target, Colgate, Nestle, General Mills and Unilever participated in panel conversations, breakout sessions and presentations addressing the challenging and changing world of commerce.



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TAKEAWAYS

& WHY THEY MATTER

Nº1

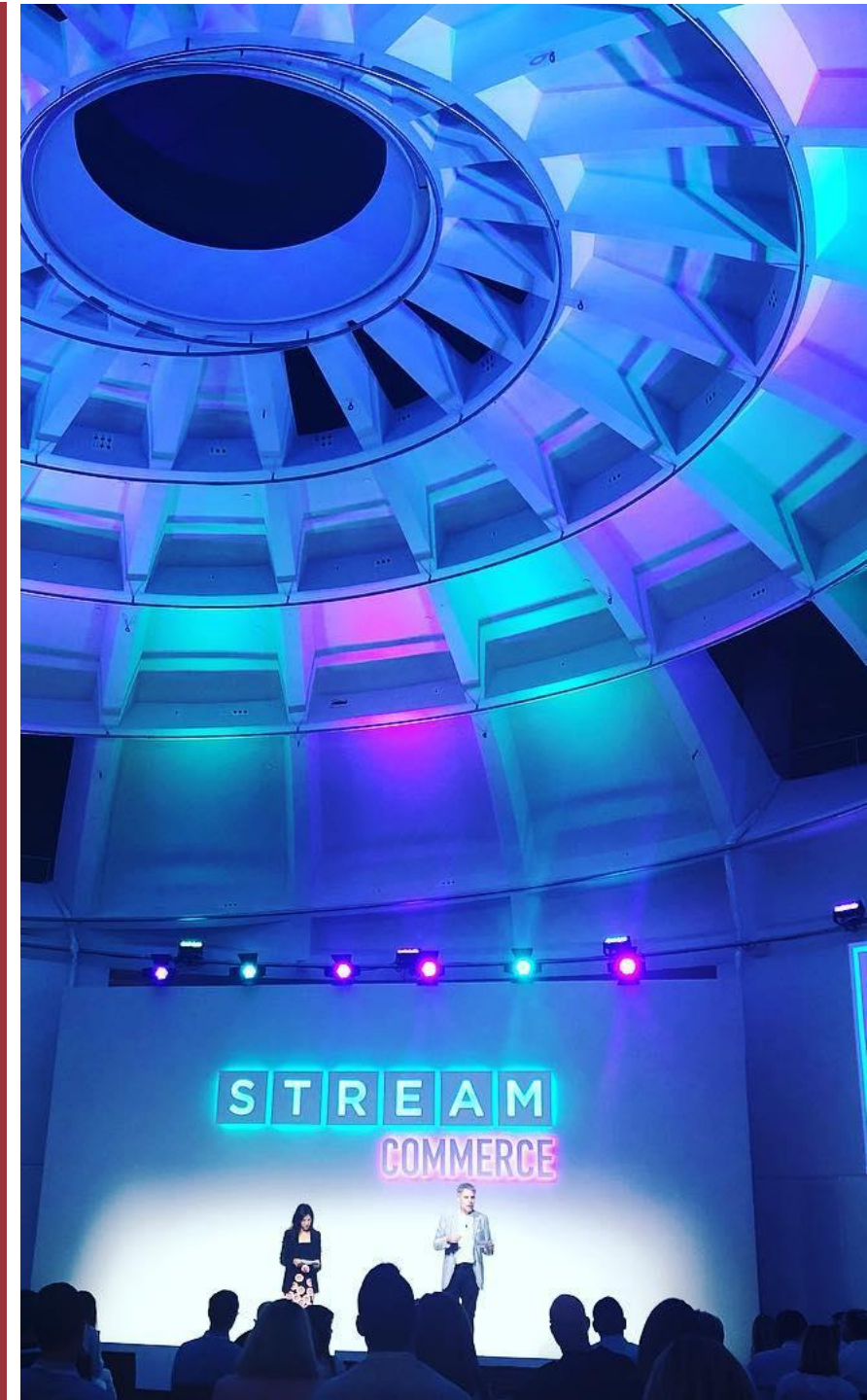
Physical Retail Lives On

Brick and Mortar shopping is not going away. Changes in demographics and consumer expectations may have resulted in shutdowns for brands like Sears and JC Penney, but physical retail success is booming for newly brick-and-mortar DTC brands like Casper, Away, Bonobos and Glossier.

Deloitte research shows that consumers are more likely to recommend 'Premier' (high-end) or 'Price Based' (value) retail experiences than those that sit in the 'Balanced' (middle-of-the-road) group. This all indicates that certain retailers, especially those high-end and value retailers, seem to be more aligned with the expectations of today's consumer when visiting physical retail locations.

How are these brands succeeding? They are creating customized, convenient, and service-focused experiences in their retail locations.

*Source: Deloitte Insights, 'The Great Retail Bifurcation', 2018



Nº1

WHAT WE HEARD

1. Amazon discussed their evolution to brick-and-mortar, including leveraging Whole Foods locations, Amazon Books stores, the 4-Star store in New York and their scan-and-go Amazon Go retail
2. The CEO of Showfields talked about a new brick-and-mortar retail model for increasingly successful digital-first brands. Their recently opened store in New York showcases a curated list of offerings from DTC brands who are looking to make forays into physical retail
3. Kroger is experimenting in this space through developing partnerships aimed at enhancing their retail footprint. They discussed several endeavors, including Kroger grocery inside of Walgreens stores, a partnership with Alibaba in China, and offering HomeChef meal kits in-store



WHAT THIS MEANS FOR BRANDS

Physical retail needs to be experience-led, not inventory-led

Those succeeding in retail are building or transforming unique brick-and-mortar experiences instead of solely focusing on functional or inventory-led spaces. DTC brands are leading the way by selectively opening key locations or launching pop-up stores.

Minimize friction for the consumer

Testing retail models that lower barriers to purchase have resulted in consumer expectation of multiple avenues for easy and fast product access, without checkout lines: BOPIS (buy online pickup in store), same-day delivery, and cashier-less experiences like Amazon Go.

Data-Driven merchandising

Anchor retail experiences **and** product inventory in data and learnings around your knowledge of the consumer. Stores like Amazon's 4-Star are featuring highest rated and trending products based on that geography, leveraging their available data to enhance relevance in-store.





New Methods of Discovery

Brands need more than words to communicate with today's consumer, who are discovering products and solutions through new avenues – voice, image, and AR.

Per Adobe, 47% of consumers are using voice assistants for product search or research – so while they may not be buying right away, this is a new space for brands to be discovered. As mentioned during STREAM, the future is the 'internet of things buying things'.

AR is projected to be used by 58.8MM in the US in 2019, and the tech is being tested frequently – especially in beauty, apparel and home furnishings categories.

Consumers are consistently relying on non-text-based means for communication, discovery, and commerce. Understanding how to tackle image and voice, and test into AR is essential for brands as a means to build a full and seamless commerce experience.



Nº2

WHAT WE HEARD

1. Pinterest discussed the importance of visual search as a means to inspiration in the commerce experience. Consumers are using image as a way to discover solutions on the platform, and brands are able to inspire commerce from there.
2. Amazon called out the importance of addressing evolving search behaviors, especially as they relate to commerce. Gartner predicts 30% of searches will be done without a screen by 2020, and Forrester forecasts 50% of searches will use voice by next year as well.
3. Amazon also called out their image search partnership with Snapchat, where users can focus the camera on a product and tap/swipe up to shop



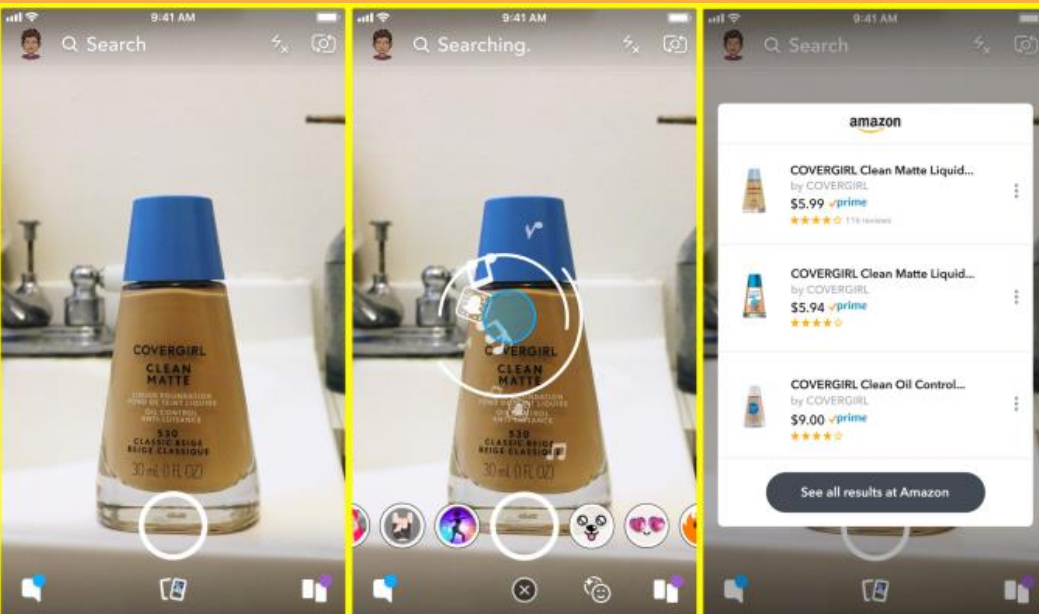
WHAT THIS MEANS FOR BRANDS

Be primed for discovery

Understand how your brand can be discovered through image and/or sound – without text. Ensure your brand identity, look, and feel, doesn't require text – and doesn't always require an image.

Build fast, fail fast

In these new spaces, brands need to test and learn. As behaviors in image and voice scale, work to iterate faster and not be afraid to take risks to determine how your brand can be discovered as seamlessly as possible. Don't be afraid to fail – but plan ahead for what you will learn through that failure.



Nº3

Experiences are Paramount

A new imperative drives consumption these days – Live Large, Carry Little.

Per the US Bureau of Economic Analysis, goods are the slowest growing part of the of consumer economy, while experience-related expenditures are growing most, at a rate 4x higher.

Consumers are finding value in experiences and relationships, not goods or services – a conundrum for brands who are aiming to sell product.

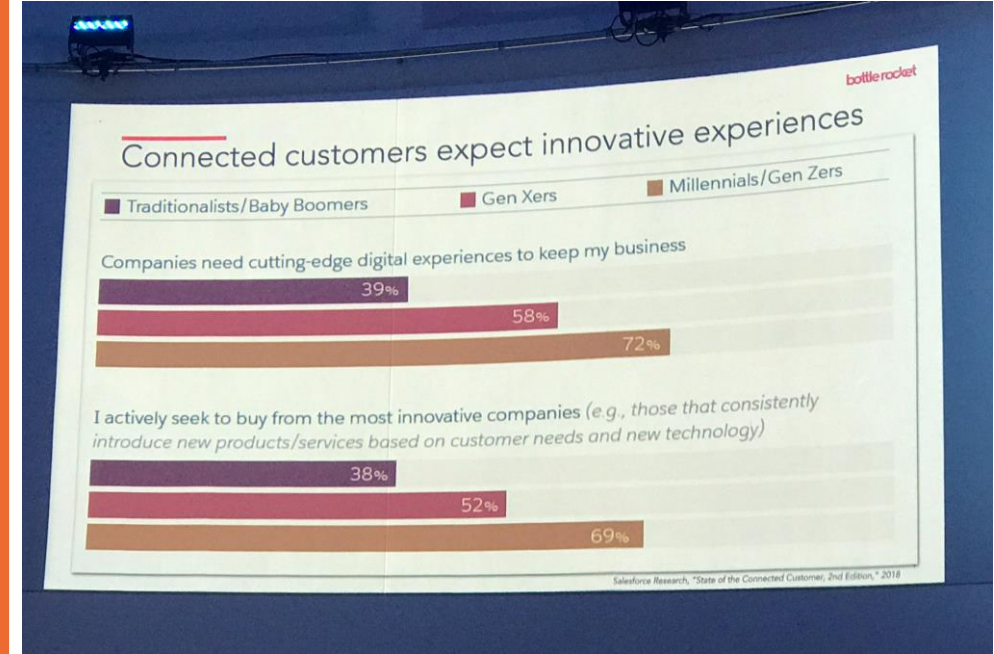
*Sources: J Walker Smith / Kantar Consulting as presented at STREAM COMMERCE
US Bureau of Economics as quoted by McKinsey and Company, Cashing in on the Experience Economy, Dec 2017



Nº3

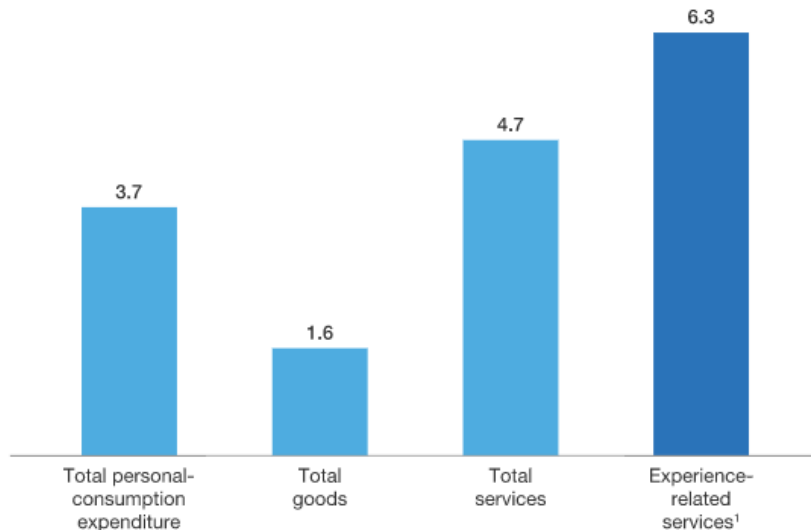
WHAT WE HEARD

1. J Walter Scott (Kantar Consulting) spoke about how influence, even amongst brands, has begun to come from intimacy, not authority. Brands need to build trust through relevant and intimate experiences with their consumers.
2. Viacom talked about their work on the 'Culture of Proximity' amongst millennials, and how the value of shared, one-on-one experiences drive the huge role influencers are playing in commerce habits of younger generations
3. Microsoft spoke about how building empathy and a human experience connection with consumers is a 'magic driver of business impact'



WHAT THIS MEANS FOR BRANDS

Average annual personal-consumption-expenditure growth, 2014–16, %



Scaled Niches, not Mass Markets

Realize that this intimacy with consumers is not gained through the old advertising model of mass market, authority-driven messaging. In order to build trust, brands need to think about how to effectively reach out to and scale niches or sub-sets of consumers, and engage with them in tailored ways that speak to what we know they value.

Data needs to drive experience

On that note, as brands build and harness more data about their consumer – both current and potential – that data needs to be mined to create the most relevant experience for that consumer. Consumers are expecting tailored, unified and innovative commerce experiences from brands, especially the youngest generations.

THANK YOU TO ALL OUR WAVEMAKER CONTRIBUTORS!

For questions or further information on Wavemaker's Commerce offer, please connect with your Client Lead or contact Bruce.Kiernan@wmglobal.com.



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