

Digital Marketing

strategy & tactics

Instructor Lecture Guide

CHAPTER 12

Emerging Channels and Opportunities

1 or 2 sessions

Chapter Outline

- Getting up close and personal
 - Location, location, location (LBS)
 - Point of sales systems
- Gaming gets serious
 - Video games: the industry
 - Gaming styles and users
 - Around game ads; in game ads
 - The value exchange
 - Custom branded games (advergames)
- Voice, visual assistants, and beyond
- Wearables, cars, and homes
- Marketing in face of change

Key Objectives

- Location based services (LBS) are any information, entertainment, or marketing offer that is personalized based on the location data provided by a mobile device.
- In-store navigation uses in-store devices to track the location of a shopper (by their phone) and use the data to help them find items or showcase specials.
- Gaming has become a multi-billion dollar industry, with a number of new and attractive options for brand or product integration by marketers.
- The world is moving to voice and visual controls and interfaces; but it is still not completely known how to best integrate or advertise against these commercial voice searches.
- Outputs like augmented, mixed, and virtual reality are emerging ways to overlay digital information into a user's real and virtual environments.
- As more people get selective information from dedicated "smart" devices, the possibilities for targeting and the complexities in reaching them increase dramatically.
- The transition from traditional mass media marketing techniques to digital and now to the mobile world has disrupted the way marketing operates at every level.

Teaching Notes

- **Slides 1–2:** There's always something new and exciting coming down the road, and this lecture is where we review the innovations that aren't just cool, but are likely to have a big impact on marketing and business. Professors should swap out as needed, if they have covered in other areas, but most important are gaming, voice/visual interfaces and "smart" products and appliances that are revolutionizing our homes and the way we live; and the data they provide marketers.

- **Slides 3–4:** Location based services, and all the marketing possibilities associated with knowing where and when a consumer is, are a critical evolution of the mobile platform. *Geofencing*, for example, allows targeting around a physical location like a store. Coupled with *Dayparting* (*knowing the time of day*) one can create restaurant ads that promote breakfast in the morning, lunch around noon, and dinner at night for example. Point of Sale systems—enabled computers in their own right—are closing the loop on attributing these sales.
- **Slide 5:** A note on the technology—we are not actually using GPS, Global Positioning Services; this requires satellites circling the earth. Most location is determined by cell phone tower triangulation; the phone’s location is computed by pinging the three nearest cell towers. (And you thought you’d never use that high school trigonometry.) It’s worth noting this isn’t a good method for vertical location; we still can’t tell what floor someone is on in a building for example.
- **Slide 6:** Location Based Services are actually a broad array of enabling technologies and services, made possible by almost every person on the planet carrying around a smartphone with location data and motion sensors. These services rely on mapping and social media based networks as well.
- **Slides 7–8:** These services are disruptive in ways that change our behavior. Ridesharing services built on LBS are now a common feature of the nightly news because they are part of the fabric of our transportation. Waze—bought by Google for more than \$1b in a bidding war—has changed traffic patterns in some towns. One town added speed bumps to certain streets to keep cars from Waze-driven visits.

Class Discussion: What are other social applications that utilize location based services? Are there downsides to location based social network apps? Do the advantages outweigh the risks? (For example, Tinder is a representative example of a “stranger” dating app that allows users to search the strangers around any range. Most conferences, events, or sports venues also offer apps to connect to others with similar interests in close proximity. These can be an efficient and convenient way to build a connection with other people and save communication/distance costs—but privacy issues and fraud may come into play.)

- **Slide 9:** In-store navigation is one area being explored by retail. Using in-store devices called beacons, stores can track the location of a shopper and use the data to help them find items on their list or showcase specials.
- **Slides 10–11:** The loyalty program is changing as well. Instead of punch cards, new loyalty cards are digital and can simplify payment, encourage repeat business and referrals, and provide data.
- **Slides 12–14:** Examples of beacons in use. Macy’s is an upfront retail example, while Estimote makes the tools for others to use.

Videos to stimulate discussion: What is the future of in-store location? Is this something you’d want? Why or why not? Shopkick/Macy’s <https://vimeo.com/129155659>; Estimote <https://www.youtube.com/watch?v=wtBERi7Lf3c>; Retail innovations from Phillips <https://www.youtube.com/watch?v=QCXiTOT7vGE> (this last one on YouTube offers other options to choose from).

- **Slide 15:** Gaming has become a multi-billion dollar industry. The old stereotypes of a teenage boy in his basement no longer applies. Grandma has a segment too! Once impenetrable to most marketers, today there are a number of options for brand or product integration. To understand the industry

we must first look at it from a gameplay or distribution perspective. Casual games are short, low investment, and often played on a mobile device; genre type games often offer 40-80 hours of gameplay and are more immersive; and MMOG (Massively multiplayer online games) or MMORPG are often completely immersive, open ended in their gameplay.

- **Slide 16:** Gaming consoles—essentially dedicated gaming computers with speed and graphics—are major platforms in living rooms around the world. Sony Playstation, Microsoft Xbox, and Nintendo Wii are three of the biggest, with a presence in tens of millions of homes.
- **Slides 17–18:** As noted, gaming is big business (\$134b and growing), and it's notable that mobile, the biggest part, is also the lowest priced segment... most games are free or low priced! New Zoo (slide image) offers amazing market intelligence, trends, device utilization and user segmentation for marketers; <https://newzoo.com/trends>.
- **Slide 19:** E-Sports—watching others play games is also big business. The media rights are approaching a billion dollars in value. The leagues and championships have millions of dollars in prizes and are consistently selling out arenas.
- **Slide 20:** Gaming franchises are also generating value. Grand Theft Auto 5 is now the single most valuable entertainment property in the world—the fastest ever to make a billion dollars. The franchise is bigger than Star Wars, Harry Potter, and the like. “In game” purchases alone account for hundreds of millions of dollars—fake items in a fake world.
- **Slide 21:** The emerging standards for advertising in games are well thought out, but the main problem remains: how does one advertise a real world consumer product in a gaming environment. For sports games, ads seem natural; for swords and sorcery worlds, it's more difficult. The next few slides offer greater detail on ad types for games; and can generate active classroom discussion as you walk through the examples.
- **Slide 22:** Around game ads use the space around a game for ads and sponsorship.
- **Slides 23–26:** In game ads are more creative; these can be in game ad units like billboards or integrations like clothing, cars, and equipment. Some, poorly executed, received more attention for their silliness—like the cup o noodles integration.
- **Slide 27:** The Value Added Exchange can make an ad welcome—a scenario where watching an ad can provide an in game benefit like “powerups” or gold is very well received. Concerns, however, are always there about gameplay.
- **Slide 28:** Some of the many payment models of gaming ads. Depending on the marketers goals these can be tied to business metrics quite easily.
- **Slide 29:** Branded integrations work similarly to what is done with movies—if you pick the right property, it can be very effective—like skate clothing in Tony Hawk's Skateboarding game. Car companies will even pay to be among their perceived competitors in the selections in racing games for example.
- **Slides 31–33:** The custom branded game, when done right, can be the best—integrating the brand into the right environment. IKEA for example, lets you buy the same furniture you had in your apartment for your Sims in their fake apartments. Chipotle won awards with its game, but for most brands the challenge is game play. To avoid a great idea with a poorly played execution, many

brands simply partner with existing games and brand them—like the movies Rio and Star Wars with Angry Birds. This combines a built in fan base with well-known playability and success.

In-class exercise or homework: Assign a few products or product categories to the class, and ask that they create a very short marketing plan for the gaming market. Which market segment and ad type would they recommend? What monetization model? What will it take to make a profit?

- **Slides 33–35:** The world is moving to voice and visual controls and interfaces. We are in the early stages of getting voice command devices into our homes—Siri, Hey Google, Cortana, Alexa, and many more all trying to become the next portal for commercial activity. One big question for marketers is: How do we advertise against these commercial searches? We can't show little text ads like on Google... this a big unknown!
- **Slide 36:** Visual technologies are also emerging for commercial purposes. Domino's 'order by pizza emoji' is a primitive version of this.
- **Slide 37:** Innovation in retail is everywhere, but consumers just aren't sure what they'd want if anything.
- **Slide 38:** Pinterest is innovating in visual search, which shows great promise—matching things on visual characteristics, so you could see a pair of shoes and get an array of similar pairs. The vision is that the picture can be the starting point for the search journey!
- **Slide 39:** This brings us to augmented, mixed, and virtual reality. Virtual Reality is a completely immersive environment, as recently seen in the movie "Ready Player One." More promising and commercially useful day to day are augmented reality, which overlays digital information on the real world, and mixed reality, which does the same but with other people in a consensus; shared mixed reality.
- **Slides 40–42:** Examples of Augmented reality—can use as classroom exercises. IKEA uses a catalog as a trigger to show what furniture would look like in your home. You're much more likely to buy if you can see what it will look like! <https://www.youtube.com/watch?v=vDNzTasuYEW>
Living Wine Labels is a great app to show as an example of extending the marketing experience into a richer message. InkHunter also shows a great use—testing out a tattoo BEFORE you get it permanently. (Another one you can test in class)
- **Slide 43:** Review the spectrum of digital reality.
- **Slides 44–46:** New devices are out there, creating new challenges for marketers: virtual reality; wearables; smart appliances. All will create challenges in reaching the consumer with the right message at the right time! There are many more examples and visuals to add here if you want to cover smart appliances and the "Internet of Things" more broadly: <https://interestingengineering.com/future-of-the-smart-home-11-innovations-that-could-change-the-way-we-live>.
- **Slide 47:** We may even see new platforms for accessing the Internet take-over. The only constant: change. [At the end of class, I often show this video, which is a great snapshot of the near future: Corning's "A Day Made of Glass," in the *Tools and Resources* section in the book. https://www.youtube.com/results?search_query=corning+day+of+glass. With 26 million views, it's the most viewed industrial video ever—it was created for a shareholder meeting. It demonstrates so many real life situations in the near future—a great spark for discussion.]

Class Exercises

- *Class discussion:* What are other social applications that utilize location based services? Are there downsides to location based social network apps? Do the advantages outweigh the risks? (For example, Tinder is a representative example of a “stranger” dating app that allows users to search the strangers around any range. Most conferences, events or sports venues also offer apps to connect to others with similar interests in close proximity. These can be an efficient and convenient way to build a connection with other people and save communication/distance costs—but privacy issues and fraud may come into play).
- *Videos to stimulate discussion:* What is the future of in-store location? Is this something you'd want? Why or why not? Shopkick/Macy's (<https://vimeo.com/129155659>); Estimote (<https://www.youtube.com/watch?v=wtBERi7Lf3c>); Retail innovations from Phillips (<https://www.youtube.com/watch?v=QCXiTOT7vGE>)—this last one on YouTube offers other options to choose from.
- *In-class exercise or homework:* Assign a few products or product categories to the class, and ask that they create a very short marketing plan for the gaming market. Which market segment and ad type would they recommend? What monetization model? What will it take to make a profit?

Tools and Resources

- [Final Videos—Corning's “A Day Made of Glass” 1 and 2] Corning, the glassmaker, made a video for its shareholder meeting a few years ago to show how the glass it makes would be part of the incredible technologies that are becoming available in our homes, cars, schools, and offices. The video became the most viral industrial video of all time—version 1 has more than 26m views, and the second version almost 6m. https://www.youtube.com/watch?v=6Cf7IL_eZ38, <https://www.youtube.com/watch?v=jZkHpNnXLB0>.
- Virtual Reality Projects and Design Ideas
http://community.foundry.com/?_ga=2.63233319.989181735.1515763881-1281914348.1515763881