

5x5

5 Marketing Predictions for the Next 5 Years



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Introduction

Not that long ago, brands dictated the interaction with customers. Retailers controlled the channels, and if a customer wanted to buy something, they had to do it through the brand-controlled channel and process. Retailers picked the location of the sale, store hours, and the products to be sold. It was a very brand-centric universe.

The digital world changed all that. Now customers determine where and when the interaction will take place, including the devices and channels to be used for both browsing and purchasing. With more choices, more data, and more channels, the customer has a much greater say in deciding how their interactions with brands will go, and the discussion about who owns that data will become one of the driving themes of the next 5 years.

Data is the greatest single asset for both brands and consumers. Google, Apple, Microsoft, Amazon, and Facebook are arguably the five biggest, most powerful brands today, yet just 10 short years ago, they lagged far behind the leading brands of that time. Considering the rapid growth of these five most successful and well-known brands over the past 10 years, it's likely that technological innovations will only accelerate over the next 5 years.

The one thing these powerful brands have in common? Data. The growth of data has brought us to the tipping point between brand and customer. Before the digital age, the biggest and best brands had just that – a brand, which THEY controlled. Now, a brand is powerful because of the data it collects and how it uses it to serve its customers. The value of data is only going to increase as we move from a handful of brands owning first-party data to a greater democratization of information. As a result, consumers will have much more control over their personal data and more companies will be able to generate their own first-party data.

Once again, it's time to look ahead to identify the trends and technologies that are most likely to survive the hype cycle and become the must-haves of the near future. Here we take all we learned over the past year and craft our strategies for the future. We explore the five predictions we believe marketers should be excited about and prepare for over the next 5 years.

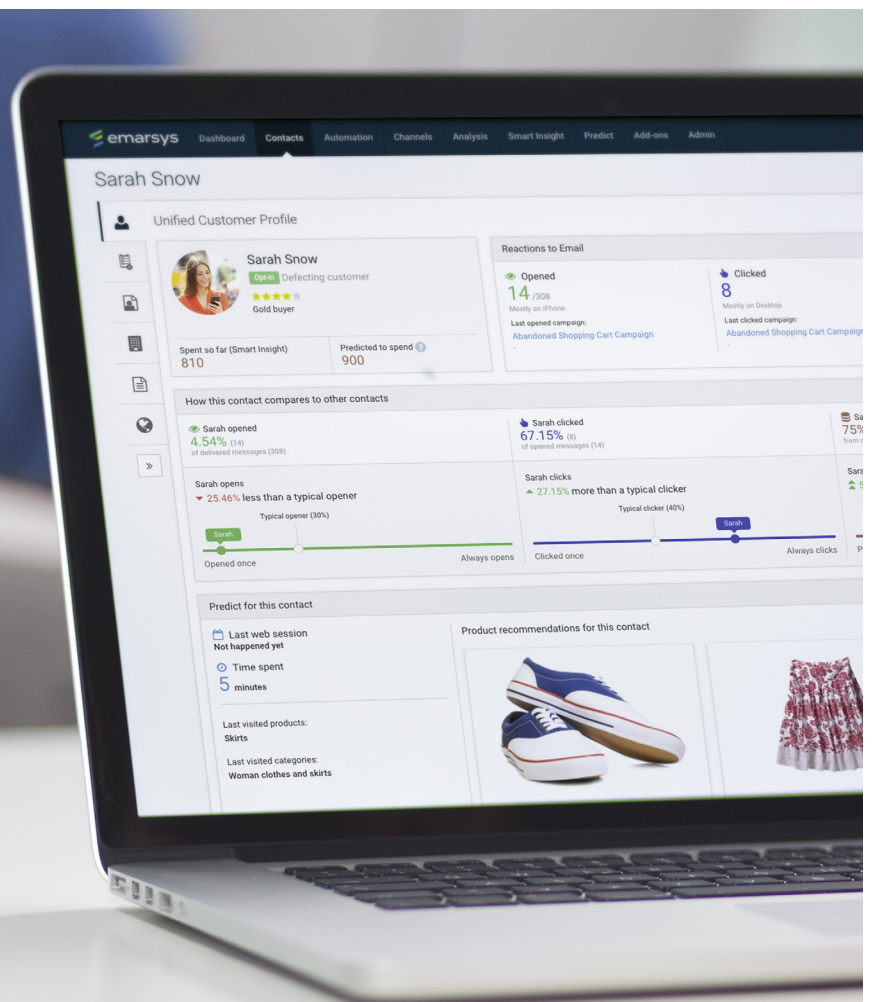
Prediction #1

First-party data will emerge as the single most valuable asset anyone can have.

Data is the most valuable asset that anyone has, and there's more being produced every day, 2.5 quintillion bytes to be somewhat exact. Just think about what takes place in a typical internet minute, from 156 million emails being sent and 70,000 hours of Netflix viewing to 3.5 million Google searches and an average \$750,000 being spent. Each of these interactions generates data about us, and as we move into a world where consumers will control their own data, first-party data will become the most valuable kind of data there is.

“Data is valuable, but there will continue to be a discussion about who owns the data, how can it be used, and ultimately what do we value?”

— Allen Nance, CMO, Emarsys



First-party data becomes even more valuable in the future.

More control (and power) will be given to individual customers over their own data, which makes any first-party data that a company can generate even more valuable. In some parts of the world like Europe, regulations are going into effect that require brands to obtain extremely specific, and explicit consent from customers to collect this first-party data and clearly state how it will be used. A sound marketing strategy must account for this.

Cookies will be replaced by a digital ID.

Cookies expire and only track web visits in the moment. They are not a long-term way to identify customers. But an email address is a great digital ID that can be used anywhere to represent a specific customer. Taken one step further, we could introduce a new kind of digital identifier, an encrypted blockchain that would contain all of an

individual customer's data but would also be used for identification in conjunction with an email address, essentially establishing two pieces of digital identification for each individual customer.

Make a first-party data plan today.

Marketers will transition from worrying about the data they don't have to focusing on the data they do have. Therefore, companies need to know immediately what their first-party data strategy is, based on these questions:

- ▶ Where — specifically — do you interact with customers?
- ▶ How are you collecting data from your customers?
- ▶ Where is that data stored?
- ▶ How are you leveraging that data?

What Happens in 1 Minute

(@LoriLewis/@OfficiallyChadd)

\$751,522 spent online

SnapChat: **1.8 million** snaps sent

Netflix: **70,017** hours of content watched

156 million emails sent

Facebook: **900,000** logins

Instagram: **46,200** posts uploaded

16 million text messages sent

Twitter: **452,00** tweets sent

Spotify: **40,000** hours of music listened to

YouTube: **4.1 million** videos viewed

342,000 apps downloaded

Amazon Echo: **50** voice-first devices shipped

Google: **3.5 million** searches

Prediction #2

Customers will demand **full control of their personal data.**

Consumers are uneasy about the amount of data they share with brands, and we really only think about it when a database gets hacked and we learn about the breach. Over the next 5 years, consumers will demand control of their data, and blockchains provide both data security through encryption and a way for individual customers to control their personal data.



“First-party data is the most valuable asset any marketer has, but consumers will demand to control their own data.”

— Allen Nance, CMO, Emarsys

Data protection measures mean more security for the customer.

With high-profile hacks becoming way too commonplace, it's no surprise that Europe is enacting the General Data Protection Regulation (GDPR), which gives individual consumers much greater control of their own data. Even without the hacks, many consumers feel uneasy about having so much of their personal data circulating unprotected — further driving the demand for data control.

The dawn of the blockchain as a personal identifier.

Up to now, brands use cookies to track a customer's journey through a website, but as the need for digital personal IDs grows, cookies will be replaced by a technology, like blockchains, that still allows companies to track customer behavior. The difference is that with blockchains, the data itself will be encrypted to provide individual customers with security and control. Blockchains and similar identification technologies have enormous implications concerning how brands will interact with customers in the near future.

Customers, not companies, decide who has data access.

In the future, rather than a company taking your data as the prerequisite of a purchase and then doing whatever they like with it,

a company will have to get your explicit permission to use your data. Then the brand can credentialize the data, but when the customer wants their data back, the brands will be forced to de-credentialize it and return all of it to the customer. Clear consent is already becoming official policy in some parts of the world. Decentralized data means greater control over it. It used to be that brands had a relatively binary relationship with customers, centralizing access so that only the brands could use the data, but with blockchains, the data becomes decentralized and can be turned on or off by customers to be used with specific brands anywhere.

Be very clear about consent.

Blockchain encryption and customers controlling their own data directly impacts the way you can market to them. You must first ensure that you have clear consent from individuals that you are collecting their data and then explicitly state what you will do with it. A transparent policy here would not only comply with the new encryption technology to meet the demand for data control from customers, but it's also good for the brand's reputation.



Prediction #3

Location data will become the most accurate indicator **of not just where, but who we are.**

Location services are tracking where we are. And more and more, where we are represents who we are. For the marketer, it means another uniquely identifiable channel that will produce even more data for each customer. A retailer can market directly to the customer depending on where the customer is. The customer, in turn, receives a more personalized experience.

“Marketers who leverage the growing amounts of locational data as part of their strategy to deliver more personalized interactions will have the clear advantage over the competition.”

— Allen Nance, CMO, Emarsys



Foreground and background.

Everywhere we go (restaurants, stores, school, vacation) and everything we do (shopping, gaming, viewing content) can be monitored. Each of our phones has an individual ID number that can be tracked by satellite.

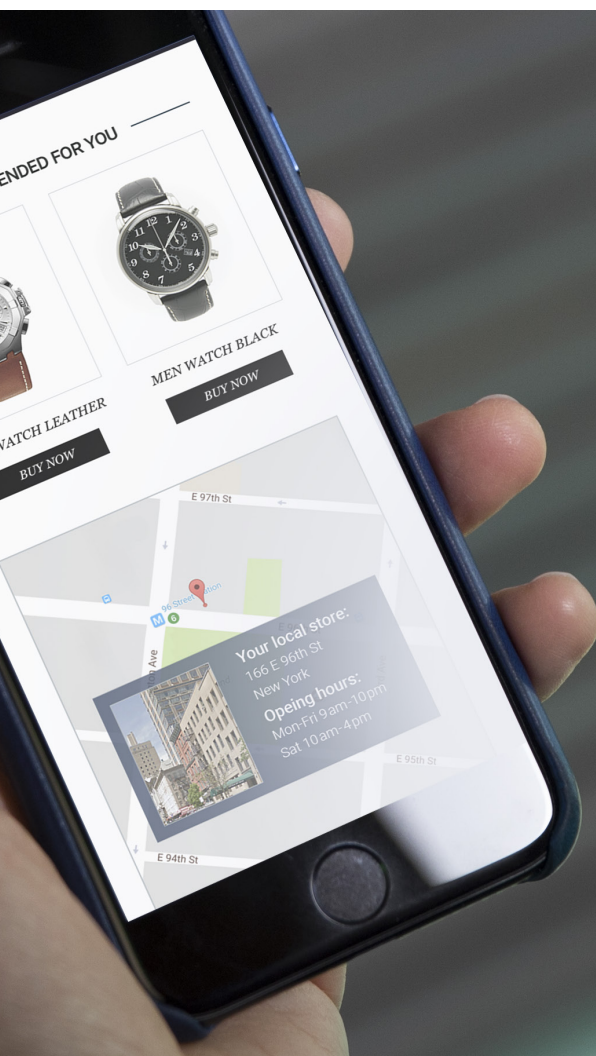
Location services provide location data in two ways. Foreground tracking happens when you have an app open and are allowing location services to track you. Many companies (but Google most of all) already have a good foreground picture of you. Foreground services have the most currency, though companies will have to give users the ability to opt-out. Background tracking takes place when nothing's open and you haven't given explicit permission to be tracked. Even though some companies, like Apple with their newest iOS update, are making their background location tracking more transparent. This will lead to an increase in the number of people who turn off background services and essentially opt-out of providing brands that data.

Better customer experience.

Like a personal blockchain, your phone is a reasonably good representation of who you are. Your preferences will be recognized in pretty much every channel where you might shop. Ultimately, that means customers receive a better shopping experience.

Improved personalization.

Over the next 5 years, location data will become its own customer data point and will greatly impact personalization by providing the marketer with better ways to know their customers.



Prediction #4

Companies will emerge to broker data that will **teach machines algorithms.**

Data is valuable in so many ways for so many different end goals. Right now, those five powerful brands mentioned in the introduction have and control most of the data. This currently puts all other brands at a great disadvantage. But in the next 5 years as data is democratized, we will see the rise of companies that broker data to brands so that they can teach their AI machines how to analyze data and act on the insights.

“Everyone is talking data science, machine learning, and AI, but like humans, where will machines go to learn?”

— Allen Nance, CMO, Emarsys

A new data revenue stream.

AI is nothing without a bunch of data to teach it and produce smarter algorithms. Data brokering will provide new opportunities for companies with abundant data, and a new solution for companies that have little to no data but need it to fuel their machine learning strategy.

When only a few companies control the data and decide how it's used, innovation is stifled.

As consumers demand greater control over their data, Google, Facebook, Amazon, Apple, and Microsoft will no longer be the only ones to determine what happens with that information, and that will open the door to revolutionary developments in marketing and data analysis technology.

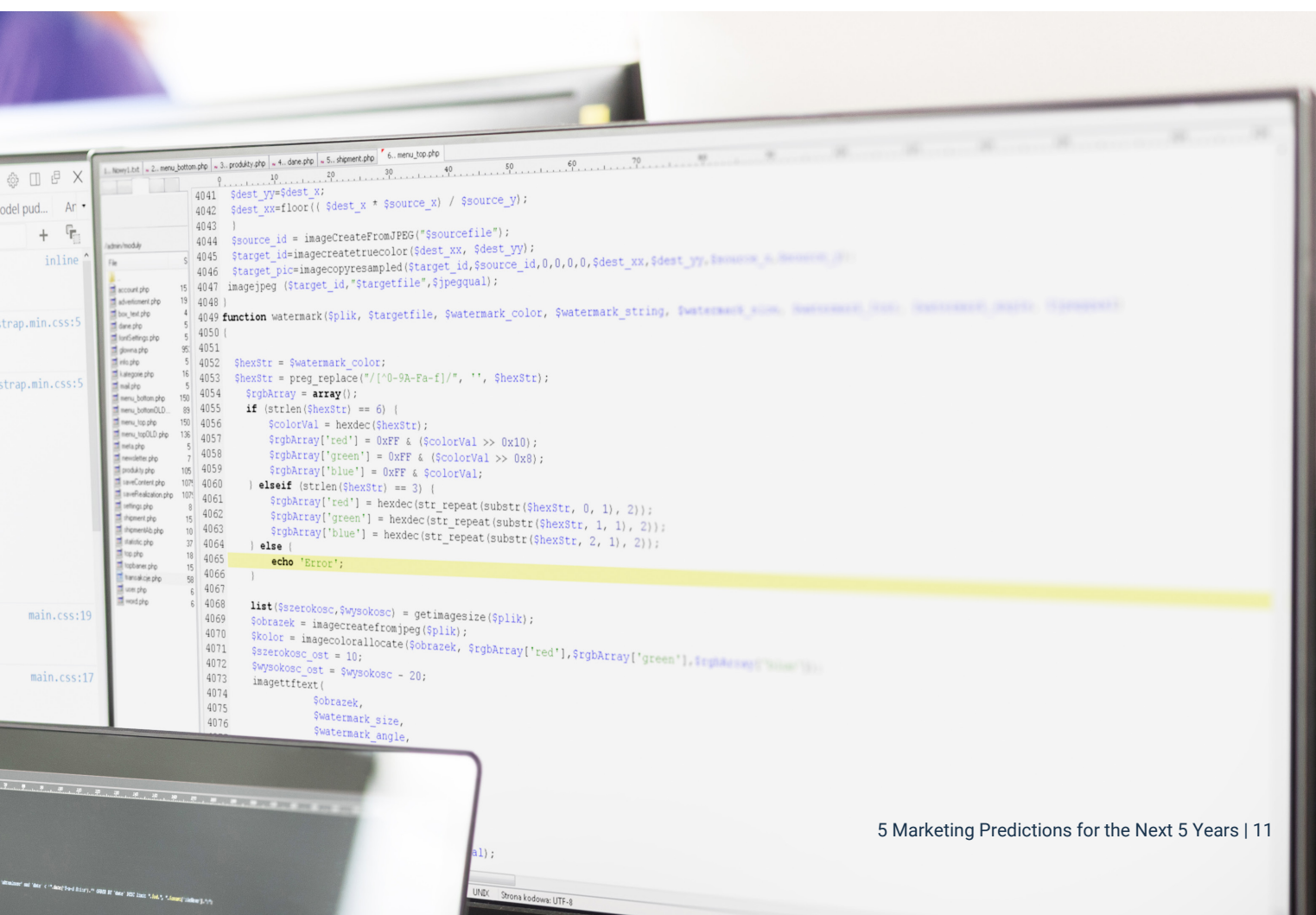
Through a democratization of data, first-party data holders can lease anonymized data to companies who don't have enough data to feed to their AI programs.

Data brokers will emerge who can anonymize the data for other companies to use in machine learning tests. After a certain amount

of time, the leased data will be automatically deleted from the third party. In this respect, data is more valuable than the algorithms that process it, because the algorithms depend on data for accurate analysis. The more data that is in a training set, the more accurate the algorithms will be. Demand for anonymized data will only grow in the coming years.

Not just more data, but better data for marketers.

When customers do control their own data, it will not necessarily be harder to market to those customers. They will still share their data with all the brands they want to. Over time, there will be more and more data repositories, companies with libraries of anonymized customer data who are ready to lease the data for machine learning. Beyond the additional revenue stream, brands will have a greater opportunity to collect their own first-party data and market in a more personalized way.



Prediction #5

Augmented Reality will become a common way to interact, especially while shopping.

In the next 5 years, Augmented Reality (AR) and Virtual Reality (VR) will have a huge impact on e-commerce and enhance the shopping experience by allowing brands to make more services available to customers.

“Beyond SnapChat, our physical lives will continue to merge with the digital and become more virtual and augmented.”

— Allen Nance, CMO, Emarsys

AR online.

AR will greatly enhance and personalize the online shopping experience. Companies will use the technology to offer more services and features that allow customers to get a realistic view of something they couldn't otherwise do over the internet.

A retailer might use AR to allow customers to try on clothes virtually and design the AR tech to provide a 3D image of the customer with their dimensions. In addition to enhanced fitting, AR can also make personalized recommendations to customers, such as notifying them about clothes on sale as well as recommending clothes that best fit the customer and match what they've purchased before. A furniture store might allow customers to do the same for furnishing a new office or home: you input your room dimensions and get an AR display of what the furniture would look like in your space.

AR in-store.

AR isn't only powerful online. The technology provides an easy way to display special sales, promotions, end caps, services, and other advertising in brick-and-mortar stores. In-store AR can also make use of location data (beacons and geofences) and provide more information about a particular store or restaurant based on your location, notifying you of current sales, providing menus, and even tying into other companies like dating apps.

AR tech means new ways to market.

In the next 5 years, the digital and physical worlds will blend together even more, and AR will provide new ways to market through existing channels and allow targeted and personalized interaction in ways customers will value for years to come.



Is Your Organization Ready?

As the marketing world continues to evolve so rapidly, and often without warning, it's key to constantly evaluate the industry and marketplace to stay current and competitive when change happens, or risk being left behind. Among the trends we will see over the next 5 years, you'll see a common theme. They all center around the continued critical importance of data and the shift in ownership from the brand to the consumer.

Data is one of the most valuable things on the planet, and as we look for ways to improve security, data — especially first-party — will only increase in value. The democratization of data is coming, where a handful of companies no longer control all of it, and this will create new opportunities for the marketer and those companies who can recognize the emerging trends with the greatest potential and build a strategy ahead of the curve.

How is your organization preparing for the coming marketing shift over the next 5 years?



About Emarsys

Emarsys is the largest independent marketing platform company in the world. Our software enables truly personalized, one-to-one interactions between marketers and customers across all channels — building loyalty, enriching the customer journey, and increasing revenue. This enables companies to scale marketing decisions and actions far beyond human capabilities.

Since 2000, Emarsys has helped over 1,500 brands in over 140 countries to connect with 3 billion customers around the world. Each day, we deliver more than 350 million personalized interactions across email, mobile, social and web, leading to millions of daily purchase events on our software. Learn more at emarsys.com.

Three Things to Know about Emarsys

Global First

Global should mean more than merely sending emails to recipients in other countries. With Emarsys, clients have more than 750 employees speaking over 37 languages in 15 offices across the globe.

Built, Not Bought

We believe so strongly in our product and the innovative developers and engineers behind it that we reinvest 25% of our revenue in R&D. This commitment keeps our product innovative and ensures that we continue to meet the new and evolving needs of marketers around the world.

Tangible, Hype-Free AI

While plenty of companies talk about AI, very few can actually demonstrate how they incorporate it into their product to drive real value to their users. Emarsys can. Our AI-enabled platform incorporates machine learning, data science, and automation to deliver truly personalized interactions to more than 3.2 billion consumers in over 200 countries.



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