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RESEARCH BRIEF: New Technologies in Marketing

Overview

Rapid technological innovation is something that marketers are faced with on a daily basis. In the age of "digital everything", it is both a necessity and a constant challenge to stay up to speed with new technologies the moment they become available.

It is also vital for marketers to realize that with this evolution of technology, consumer consumption habits are changing as well. In this new era of digital marketing, the question is not about how to repurpose old efforts for new media, but how to leverage these new media in new and meaningful ways.

2010: The Year of the Tablet Computer

In 2010 we have seen a variety of companies showing off their efforts to launch a tablet computer. With all the hype surrounding this new gadget, one must ask how it differs from conventional laptop computers.

A tablet refers to a fully functional laptop PC in a more compact and portable device. Some are equipped with a stylus pen, some a touch screen and some a hidden keyboard. In terms of functionality, it is intended to offer the capabilities of a mobile PC [with the convenience of a cell phone].—CNNTech, 2010

Since the "explosion" of tablets in the marketplace, in production lines and on store shelves, PCWorld has designated 2010 as "The Year of the Tablet Computer". It seems as though all major technology providers are offering tablets to consumers.

Tablet PCs on our radar:
- iPad from Apple
- HP Compaq Tablet PC
- Google and Verizon Tablet (currently unnamed)
- Dell Latitude XT2 Tablet PC
- Microsoft Courier
- Archos PC Tablet with Intel® Atom Processor

HP Compaq Tablet

Apple iPad

Microsoft Courier

Touting the iPad's release, Apple's Steve Jobs recently predicted the device to be "the most important thing that I have ever done."

Apple

Most people would agree that Apple is the place to look for innovation. This year along with the launch of the iPad, Apple has promised a more advanced version in the works as well as the soon-to-come iAd Platform.

iAd

With Apple's development and launch of the iPad came the quick follow-up of the iAd Platform. In order to compete in the ad platform space, Apple developed its own mobile advertising platform for its iPhone, iPod Touch and iPad product lines. The iAd will allow third-party developers to directly embed advertisements into their applications sold in the App Store.

What does this mean for advertisers?

Ads that run on the iAd platform are promised to be more interactive than other platform services and users will be able to engage with the ad directly within the app (vs. opening a new browser window). Also, since Apple will sell and host the ads, Jobs says they will "give 60% of ad revenue back to developers."
Expected launch date: Q3 2010

iPad: Creative Opportunities

The iPad creates an entirely new channel for sharing content with consumers as well as a new creative medium that can be part of an entire marketing communication strategy.
Though the future holds all of the unique and innovative ideas for advertising on the iPad, here is a list of exciting ideas we came across that are sure to be right around the corner:

1. **Advergames:** In-game advertising is not new; however, the iPad is going to be able to take this form of marketing to a new level because of the screen real estate. Users could be able to play a game within the ad itself rather than downloading it and being taken away from their current content.
2. **True Real-time/Location-based Ads:** Imagine reading your local newspaper on your iPad and being served a buy-one-get-one ad for a coffee shop in your area. Location-based targeting is one of the more personalized tactics the industry can offer and now, with the iPad, marketers can serve ads that are always up-to-date and always location-aware.
3. **Interactive Product Placements:** Product placements happen all over TV shows these days, but with the advantages of a touch-screen on the iPad, users could potentially be able to touch an item within the tv show (a piece of jewelry, for example), find out more about that product and purchase the item directly through the iPad.
   -isocket Ad Platform, 2010

Augmented Reality

Augmented reality allows users to enhance their real world experience through the combination of real-life and computer-generated elements. One common application is the yellow first-down line seen on televised football games. Although this line is not seen in reality, it appears to TV viewers on the screen. Augmented Reality has a variety of uses from guiding car repairs to curing phobias. With advances in technology, it is certain that the variety of applications will only increase.

Augmented Reality In Marketing

Whether it is with an online game, a functional application or mobile app, marketers are using augmented reality to promote their products. Augmented reality can help consumers visualize a product in a new and exciting way and encourage interaction with the brand. Marketers have found augmented reality to be an exciting way to combine traditional media and digital media.

Try it on: Ray-Ban allows users to virtually "try-on" their sunglasses before they purchase online.

Will it fit? United States Post Office lets you virtually compare the size of an item you would like to ship to the size of the box you are purchasing.

Augmented Reality (cont.)

Website visitation: Honey Nut Cheerios cereal box us used as a controller in an Augmented reality game in order to drive visitors to their website.

Gaming: Augmented Reality has taken baseball cards to a whole new level. With the use of a webcam and the internet, a common baseball card is turned into a 3-D interactive card. Topps 3-D trading cards have interactive players that can controlled by consumers.

Smart phones have made augmented reality accessible anywhere. Layar, a browser used for the the mobile platform Android, allows you to pull up data from the internet that has been geo-tagged. For example, if you are looking for a place to eat, point your phone's camera at your surroundings and on the screen you will see user-generated content relating to the restaurant around you. Here you may find reviews, menus, or other content relating to identified restaurants around you.

Mobile Augmented Reality* Application Revenues Worldwide, 2010 & 2014 (millions)

2010	$2
2014	$732

Note: *digital information merged with a live view of physical surroundings, such as a mobile phone camera enhanced with restaurant reviews, transit information, nearby stores etc.
Source: Juniper Research, "Mobile Augmented Reality" as cited in press release, January 5, 2010

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While technologies continue to evolve, the uses of Augmented Reality will become more and more diverse. Marketers are working to find ways to leverage this new technology and associated revenues are expected to increase drastically over the next four years.

Near-Field Comm. and Mobile Commerce

RFID, or Radio Frequency Identification, is a wireless, near-field communication technology most familiar to US consumers in the form of wave-to-pay public transportation cards and prepaid toll collection systems such as Illinois' I-Pass or New York's E-ZPass. In Japan, many know RFID as the technology behind electronic cash cards, where more than 50% of the population uses this method of payment.

Other business applications have popped up in the aerospace, defense, logistics, manufacturing and even health care industries.

Internet Users in Japan Who Have an RFID Electronic Cash Card*, September 2008 (% of respondents)

Have an RFID card	51.9%
Had an RFID card, but don't now	3.9%
Never had an RFID card	42.3%
Don't know what an RFID card is	2.0%

Note: n=1,072; numbers may not add up to 100% due to rounding; *includes contactless "credit card" and mobile phone formats
Source: goo Research as cited by What Japan Thinks, September 30, 2008

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RFID and Marketing

The marketing implications are equally varied in breadth due to the versatility of the technology. Restaurant franchise Dairy Queen has shown some success with RFID as the backbone to a robust loyalty program, where customers affix the chip to their phone and receive text-based offers once a week. To redeem the offer, the customer uses a point-of-purchase kiosk which scans their RFID and ties the chip back to their account.

Some advantages of this type of loyalty program over more traditional methods and mobile barcodes/coupons:
- RFIDs cannot be duplicated, copied or scanned, reducing retail fraud
- There are no apps to download
- The RFID is on the customer's phone and therefore always present
- The technology appeals to a younger, hip target

Other marketing applications have less to do with relationship management and more to do with advertising. RFID enables marketers to display custom messages when they have entered a point of sale or have passed a particular advertisement. Mini Cooper rolled out RFID-enabled key fobs to new owners which, when in close proximity to a billboard, triggered the advertisement to display that user's custom message.

Since almost all cell phones are now manufactured with the technology built in, this type of marketing becomes more powerful when that user's RFID is tied back to a personal account, enabling them to make a purchase right then and there.

RFID technology, though hindered by slow growth in the US due to privacy concerns, has experienced tremendous adoption rates overseas and is predicted similar rates worldwide in the next two years.

RFID Revenues Worldwide, 2007, 2008 & 2012 (billions)

2007	$0.92
2008	$1.20
2012	$3.50

Source: Gartner, "Market Trends: Radio Frequency Indentification, Worldwide, 2007-2012" as cited in press release, February 25, 2008

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A Fragmented Landscape

Tablets, Augmented Reality, and RFID Technology are just a few examples of how technology is currently evolving. Fuor Digital believes it is imperative for not only marketing agencies and publishers to stay informed of all new technologies, but advertisers as well. The marketing industry must remember that as technology changes and advances, so does the consumer and their habits. We as an agency, will continue to stay on the cutting edge in order to reach our clients' consumers where they are spending their time.