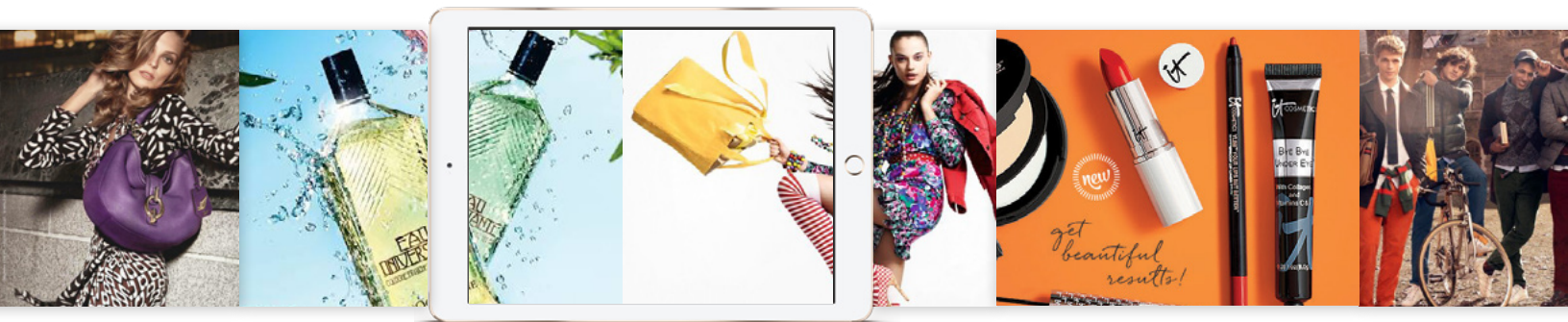




Retail in the Age of Autonomous Marketing Platforms

September 2015



Introduction

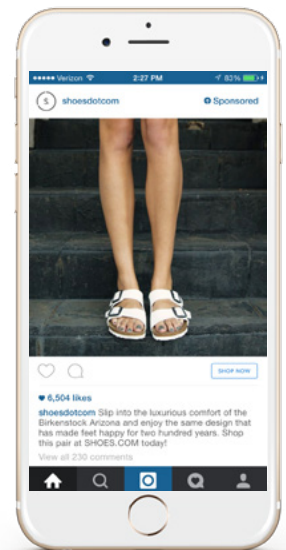
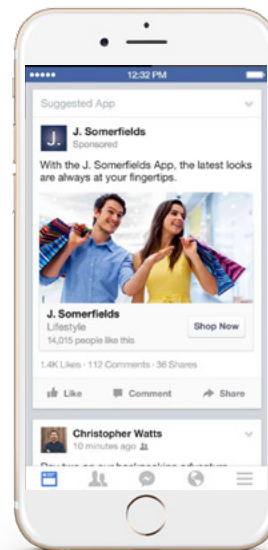
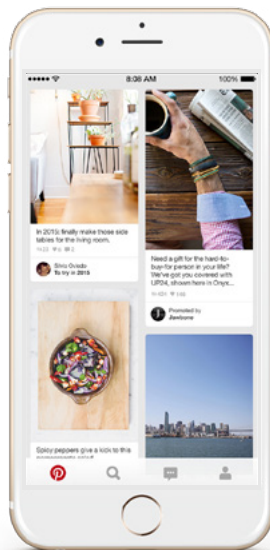
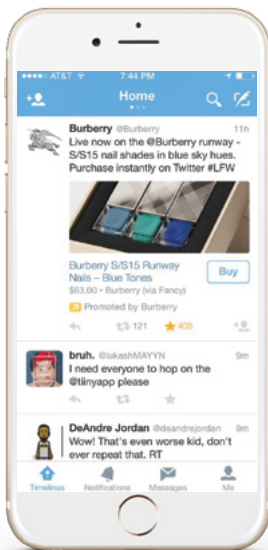
More than ever before, people engage with products and retail brands on Autonomous Marketing Platforms like Facebook, Instagram, Pinterest and Twitter. Whether it's Tweeting about a recent purchase, Pinning a product on a must-buy board, or watching a retail brand's video on YouTube, Autonomous Marketing Platforms are where people discover, collect opinions and share what they want and plan to buy.



Why Are Autonomous Marketing Platforms Important for Retail Brands?

The channels retailers can use to communicate with consumers have multiplied, audiences have fragmented and the effectiveness of the channels that were once considered to be mass media are being called into question. Instead of water cooler discussions, driven by a shared experience of seeing the same ad at the

same time the night before, we now have Autonomous Marketing Platforms such as Pinterest, Instagram, and Twitter where almost immediately and at enormous scale, consumers like to learn about new products, learn about the possibilities by engaging with brands and get recommendations from friends.



Social Influence

Consumers are less likely to engage with brands through traditional mediums. Their brand experience is increasingly determined by content on Autonomous Marketing Platforms.



For consumers...

These platforms are an integral part of the shopping and buying experience year-round.

Shoppers are now comfortable shopping and buying online. They think about their digital and real-life experiences as part of one single shopping experience.

Autonomous Marketing Platforms surface content and provide recommendations. 46% of back-to-school shoppers surveyed by the National Retail Federation* in 2014 said that peer reviews guided their shopping, while 34% are guided by expert reviews. Both types of content are prevalent on these platforms and as such, they play an important role in the path to the checkout counter in-store or checkout page online. 64% of people surveyed by the National Retail Federation said that social media would play a role in their back-to-school shopping. 63% said they purchased something for back-to-school that they saw on social media.

Mobile, in particular, plays an important role in the journey to purchase. The same study found that nearly 37% of consumers conduct research on mobile.

And these platforms play an increasingly important role in big retail seasons.

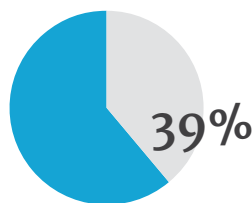
The holiday season is when retailers drive their highest revenue. Last year, overall retail sales grew 3.5% during

the core holiday season months of November and December, according to eMarketer, while ecommerce sales grew 16% over the year prior to reach \$72.03 billion, roughly 8.5% of total retail sales.

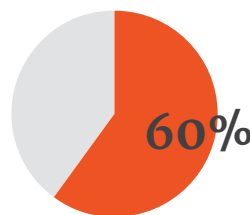
Not coincidentally we see an uptick in social engagement during the holiday season. On Twitter, where 81% of users say they love holiday shopping, purchase conversations began as early as September. Between October and December 2013, 39.5 million holiday-related shopping conversations happened on the platform.

These consumers visit a mix of retailers to complete their shopping, but 39% say these platforms are their new holiday shopping list, 60% use it to learn about new brands and products and 54% check Twitter while they're shopping in a store. They also use the platform before, during and after their holiday shopping.

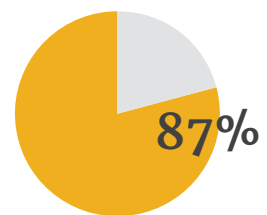
Consumers on Twitter are especially valuable because they tend to spend more than non-users, and 87% say that they purchase items that they didn't intend to buy when they shop.



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* <https://nrf.com/resources/back-school-headquarters>



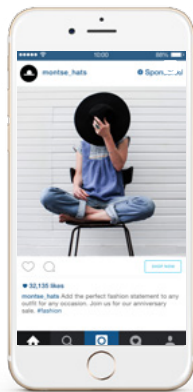
For retailers...

Autonomous Marketing Platforms bridge the gap between DR and branding campaigns.

Retail marketing budgets skew more toward direct response campaigns (65%) than branding campaigns (35%), according to eMarketer.** But as mediums like rich media and native advertising flourish, the boundaries between direct response and branding vehicles aren't as clear cut as they once were. A study by Extol found that the top two digital marketing tactics used by US retailers were pretty evenly split between DR methods such as email and branding methods such as social media.

“Retailers will target a population with a video, with a brand awareness message like: *“Here’s our new collection.”* ... they’ll be able to retarget the viewers of that video with more calls to action.”

Nicolas Franchet,
Global Direct Response, Facebook.



But increasingly, we are seeing platforms applicable to both DR and branding campaigns. A tactic that blurs the line between brand building, performance and direct response is called “sequencing.” Nicolas Franchet, Head of Retail & Commerce, Global Vertical Marketing at Facebook, uses video as an example of sequencing.

“Retailers will target a population with a video, with a brand awareness message like, ‘Here’s our new collection,’” he told eMarketer. “And what they’ll be able to do is retarget the viewers of that video with more calls to action, such as, ‘Here is a shirt that you might like,’ and with a ‘Shop Now’ button that links to their website or into the mobile app.”

Neha Bhargava, Advertising Research Manager on Facebook’s Marketing Science team, discussed non-video sequencing in a recent interview: “For example, the first phase called ‘Meet the Brand’ would be a brand’s introduction to the market. This phase occurs no matter if the brand is new to the market or an established brand. The next phase, ‘The Teaser,’ would feature a product-focused ad. The third and final phase, ‘The Hook,’ would feature a call-to-action ad.” Ms. Bhargava went on to say, “No marketing approach is one-size-fits-all, but based on the cases in (our) research we have seen that most of the time there is a positive lift when a campaign is designed using the storytelling framework.”

Autonomous Marketing Platforms offer the opportunity to close the loop.

We’ve all experienced it. You view an item of clothing on a website, but don’t purchase it. Then you go to Facebook and an ad for that product shows up in your News Feed.

And it’s not just Facebook that allows retailers to try and close the loop with consumers in this way. Instagram allows paid advertisers to link directly to product pages. Pinterest has already launched buyable pins, which allow consumers to buy directly within the platform.

Autonomous Marketing Platforms are an integral part of the retail consumer lifecycle. Consumers field recommendations on these platforms and rely on them during major shopping seasons such as the holidays. For brands, they provide a bridge between what were once separate campaign goals and offer a way to close the loop with consumers. As such, it is vital for retail brands to be in this space.

** https://www.emarketer.com/go/2015/ad_spend_by_industry_2015_summary?ecid=MX1087

What Challenges Do Retail Brands Face?

Retail encompasses a variety of industries such as restaurants, drug and cosmetics, groceries, apparel, home furnishings, toys, pet supplies, appliances, jewelry and general merchandise. Individually and collectively, they share some fundamental challenges everyday: new platforms, new companies and new products become incorporated into customers' daily media habits, and consumers aren't sticking to one screen. Increasingly, consumers use a combination of desktop and mobile while researching and purchasing products.

Mobile usage is surging and m-commerce with it. Nearly 81% of US tablet users and 52.4% of smartphone users who browse products with those devices make a purchase with them, eMarketer estimates. In 2015, the US retail industry will assign more than half of digital ad spend to mobile for the first time in an effort to find ways to reach customers throughout the purchasing process.

With so many channels and devices being used by consumers, it is difficult to take an accurate reading of a campaign's performance. TV and other channels are hard to measure and it's difficult to connect directly with user purchase behavior. So, what will allow retail brands to reach customers, while delivering against their objectives?

Consumers use Autonomous Marketing Platforms to fuel every stage of their shopping journey, offering a wealth of opportunities for marketers to reach consumers in innovative ways, including formats that are optimized for mobile and targeting using CRM data. When comparing them to more traditional display channels, these platforms provide precision, accuracy and scale that is unprecedented with other media.

Tracking and Attribution

Users' purchase behavior across all devices is difficult to track.



How Can Adaptly Help?

At Adaptly, we believe that advertising on Autonomous Marketing Platforms is the most efficient and effective way for retail brands to engage their audiences. Our goal is to scale the “walled gardens” around autonomous platforms and address the challenges that their silos cause, while harnessing the uniqueness of each environment to achieve true potential for your brand. We offer one consolidated platform to complete a social media ad buy across multiple social networks including Facebook, Instagram, Pinterest, Twitter, YouTube, LinkedIn and Kik, among others.

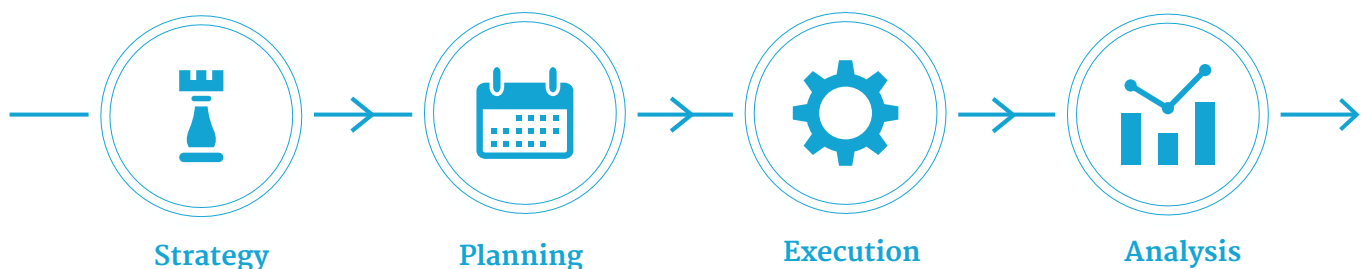
We develop enterprise-level media buying software which is leveraged by the biggest brands in the world. Our products help simplify the process of executing complex multi-platform campaigns through powerful workflow tools and advanced data management capabilities, and drive superior return-on-investment through real-time insights and optimization.

We employ the most skilled and knowledgeable digital marketing experts to help you through every step of

your campaign and ensure delivery of the most cutting-edge products and opportunities. We will create a portfolio of end-to-end solutions that help solve retail business challenges, including new customer acquisition, existing customer retention and driving in-store traffic. Each solution sits across the stages of the campaign management process from strategy and planning to execution and analysis in order to provide measurable learnings.

Our data-driven approach, controlled testing environments and tested campaign structure help us solve key business challenges such as demonstrating performance when working with attribution models and understanding the true impact of social on driving sales.

Adaptly has a range of retail solutions that provide a strategic framework for delivering performance against key campaign objectives. On the pages that follow are some of our recommendations for how to use Autonomous Marketing Platforms effectively as a part of your retail marketing strategy.



The 4 Stages of our Retail Solution

Adaptly's retail solution offers a tried & tested framework for delivering campaign performance.



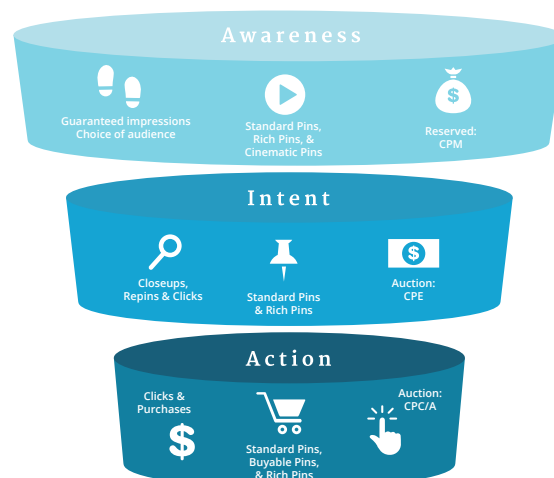
Drive Future Purchase Intent

Pinterest is the first Autonomous Marketing Platform to focus on the future and it offers marketers an opportunity to reach consumers and increase purchase intent as users reveal their interests and discover new ones.

- Pinterest lives at the intersection of Search and Social. Pinterest's guided search allows advertisers to reach users searching for specific terms or categories.
 - Build a Pinterest search strategy. Identify the key topics & categories that align with your brand and create Pin content based on these themes.
 - Adaptly's technology enables multivariate deployment, allowing advertisers to test and optimize multiple image and copy variations. Gain learnings on what is resonating with your audiences and continue to iterate your approach by introducing new creative.
- Increase purchase consideration by placing your brand at the center of discovery, providing informative Pins that are crucial to users during their planning process.
 - Create helpful, beautiful and actionable pins. Users want to find content that will help them plan for their future and take action.
 - Identify key stages of the planning process and create pin content that aligns to each stage.
- Pins are evergreen; they will continue to be re-Pinned by users.
 - Measure downstream metrics.
 - Create content that can live forever and utilize Rich Pins – product Pins that dynamically update based on the landing page.

Pinterest lives at the intersection of Search and Social

Pinterest offers marketers an opportunity to reach consumers and increase purchase intent. Users want to find content that will help them plan for their future and take action.





Acquire New Customers

Autonomous Marketing Platforms offer accurate and scalable targeting capabilities partnered with impactful native formats which can be leveraged as a powerful acquisition tool.

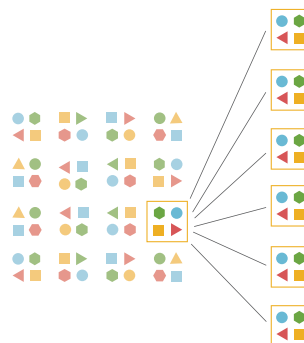
- Facebook, Instagram and Twitter all offer the capability to create audiences in conjunction with each brand's own CRM data. 'Custom Audiences' and 'Tailored Audiences' allow marketers the ability to segment their CRM data and create audiences that can be utilized for campaign targeting. Data is matched by: email address, user ID or mobile ID.
- Exclude 'current customers' from your acquisition efforts.
 - Create an audience of your most loyal customers and create a Lookalike audience to find similar users.
 - Place Website Pixels on site to exclude any users who have recently made a purchase and to create Lookalikes.
- Make your acquisition campaigns more effective by using a Sequential Messaging approach to drive users through the funnel to purchase.
 - Brand message: Reach your target audience with a brand message showcasing the latest product collection using native video.
 - Consideration message: Hone-in on the audiences who have shown a high propensity to engage with your content, and serve them with a product-focused Link Ad or Carousel which can showcase up to four products in one ad unit.
 - Conversion message: Re-target users who have watched a video on Facebook & Instagram, engaged with your content on Twitter or visited your website with a 'Call-to-Action' ad. Include any incentives or promotions.
- Measure effectiveness of your campaign activity by analyzing platform conversion data and utilizing cross-device targeting to understand the purchase behavior of users on desktop & mobile.

Lookalike Audiences

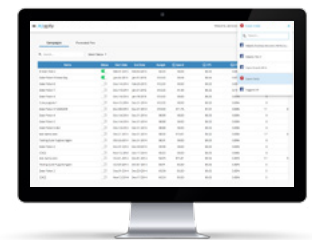
Create a highly targeted prospecting strategy with Lookalike Audiences



Create an audience of users based on your current customers or high value customers



Create a Lookalike on each of these audiences and select the % lookalike, e.g. 1%, 5%, 10%



Target your Lookalike audiences and ensure you exclude current customers



Increase Customer Purchase Frequency

Facebook, Instagram and Twitter's CRM data matching & audience creation capabilities make them an extremely effective customer retention tool.

- Create an audience targeting strategy by segmenting your data into different customer types, e.g. lapsed customers, frequent buyers, loyal customers, etc.
- Re-engage with lapsed customers on Instagram with beautiful, inspiring creative.
- Increase purchase frequency by re-targeting customers with 'Call-to-action' formats with promotions, deals and incentives.

Custom Audiences

Reach existing or new customers with CRM data matching.



Identify key audiences within existing CRM list



Ensure your customer segments see the most relevant ads possible



Find your customers on their Autonomous Marketing Platform



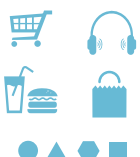
Drive In-store Sales

Leverage the scale of Autonomous Marketing Platforms to reach your target audiences to drive footfall and in-store sales.

- Reach up to 130MM unique users a day on Facebook in the United States with over 90% targeting accuracy.
 - Optimize reach & frequency buys in real-time with Adaptly's technology platform, increasing cost-efficiency vs. fixed price CPM buys.
 - Extend the reach of your TV campaign – use Facebook & Instagram to drive incremental reach or increase frequency of your campaign.
 - Measure the effectiveness of your targeting & reach with Nielsen's OCR reporting, or cross-channel incremental reach with Nielsen XCR reporting.
- Engage audiences with impactful native video with auto-play functionality and full suite of video analytics.
 - Facebook and Twitter's auto-play video units provide an engaging, premium video experience in-feed.
 - Utilize Instagram's new short-form video product that plays up to 15-sec looping video.
 - Analyze the performance of your video campaigns with a full suite of video measurement: video views (3 secs+), completed views, % completion.
- Close the loop between online ads and in-store sales.
 - Work with Adaptly to set-up measurement studies working with 3rd party data partners that will demonstrate the uplift of in-store sales as a result of activity on Autonomous Marketing Platforms.

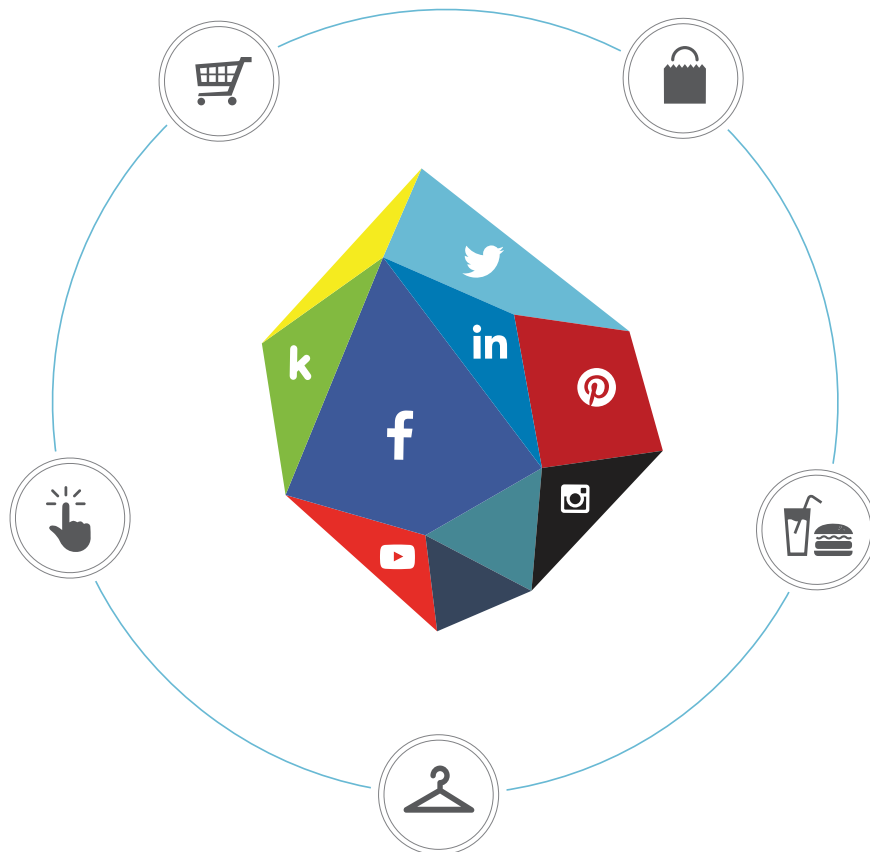
Reach and Frequency

Optimize reach & frequency buys in real-time with Adaptly's technology platform, increasing cost-efficiency vs. fixed price CPM buys.



Summary

Autonomous Marketing Platforms reach billions of consumers globally each month, and have some of the highest time-spent metrics of any medium. This is now where consumers, in great numbers, find out about new brands and products. This is where recommendations are given. This is where sales are made. For Retail brands, these platforms represent a uniquely powerful opportunity to stand out, to make connections, to be remarkable.



Contact us

Adaptly (www.adaptly.com) develops media technology solutions for successful advertising on Autonomous Marketing Platforms like Facebook, Instagram, Pinterest, Twitter, and Kik, among others. Adaptly combines the most essential set of technology and services to support marketers and agencies of any size. Our clients include PepsiCo, Viacom, MasterCard, Fox, Domino's, AMC Networks, Sears, Philips, The Weinstein Company and hundreds more. Adaptly is headquartered in New York City with offices in Chicago, San Francisco, Los Angeles, Boston, London and Sydney.

