



September 18, 2018



The State of Digital Marketing and Commerce: Today and Tomorrow



Presented by
Geoffrey Ramsey
Chief Innovation Officer,
Co-Founder
@geofframsey

Three Broad Topics:

I. Ecommerce and Mcommerce

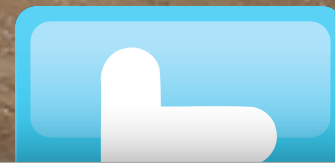
II. Marketing/Ad Spending Trends

III. What's Coming Next?



@geofframsey

Shoppers are constantly
And that includes smartphones
discovering, considering and
that go wherever they go
buying across multiple channels



LinkedIn



Jackie Lee

Ecommerce Team Leader
Welch's

“Ultimately, the goal is to build connections with consumers throughout the entire path to purchase, online and offline, integrating our touchpoints and message, [wherever they are].”

**Ecommerce in
Canada will grow
27% this year,
and reach 9% of
total retail sales**



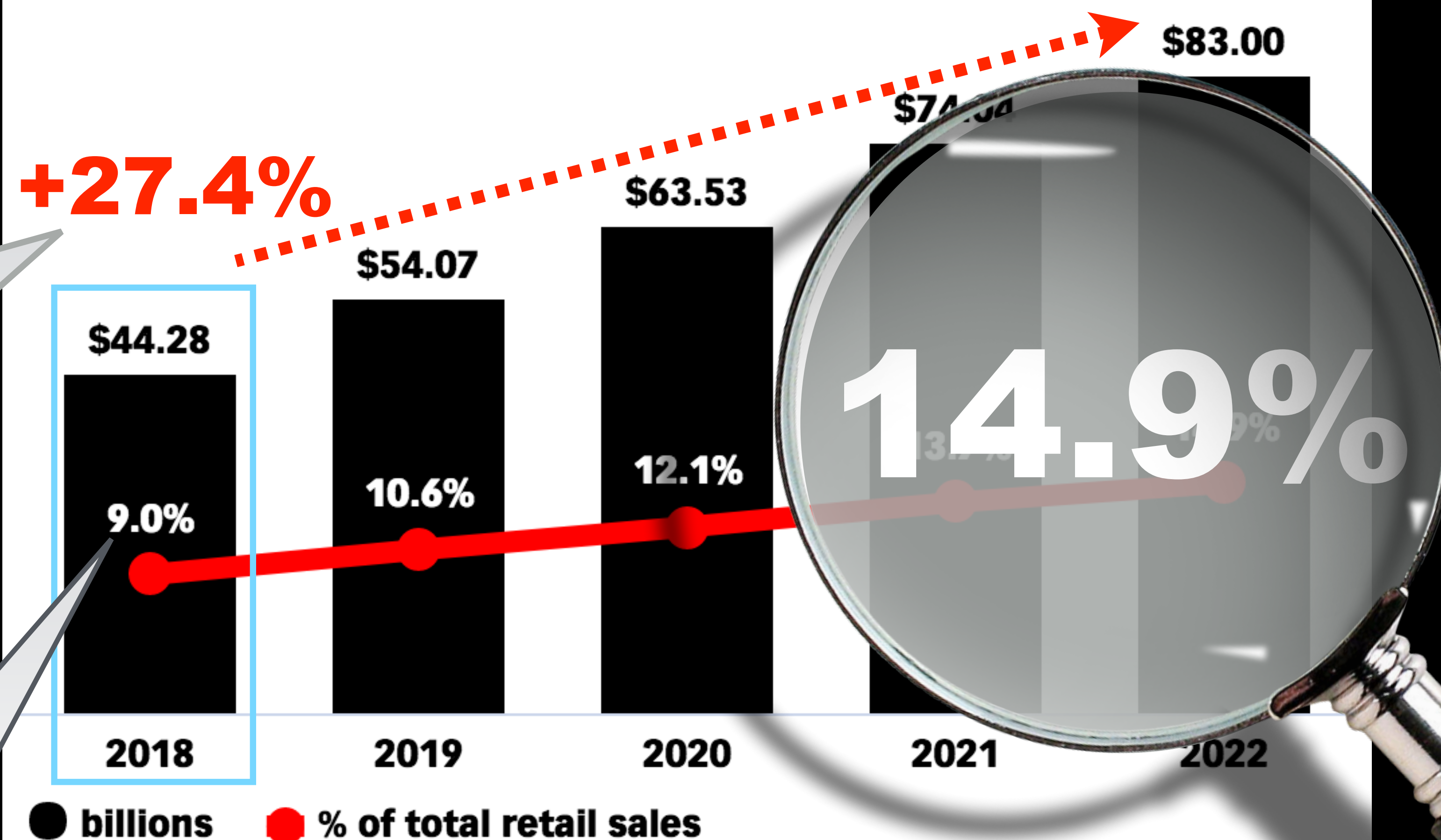
Growth rate 15.6%

Source: eMarketer, 2018

**% Total
retail sales 10.0%**

Retail Ecommerce Sales

Canada, 2018-2022



Source: eMarketer, May 2018

NOTE: between **one-quarter** and a **half** of all Canadian e-commerce sales come from across the border

amazon.com
Prime

Used by **25%** of
Canadians

60%*

% of e-commerce
Coming from Across
the Border

Retail-Me-Not **27%**

eTail Canada **~50%**

Internet Retailer **56%**

Source: eMarketer, 2017

t of World
ially China*)

40%*

eMarketer, 2017;

*International Post Corporation, Jan, 2018

Two biggest factors influencing Canadian online shoppers to buy from local firms

Reasons that Internet Users in Canada Plan to Conduct Holiday Shopping Digitally from Local Businesses, Oct 2017

% of respondents

Want to avoid extra taxes and duties	63%
Want to support the Canadian economy	60%
Don't want to lose on the exchange rate	60%
Out of sheer Canadian pride	43%

Note: ages 18+

Source: FedEx, "FedEx Canada Online Shopping Intentions survey" conducted by Angus Reid Institute as cited in press release, Nov 22,



Canadian population buying online (2018)



64% of
**Canadians aged
25 - 44 buy online
on a monthly basis**

—Angus Reid Institute, Dec, 2017



Shop

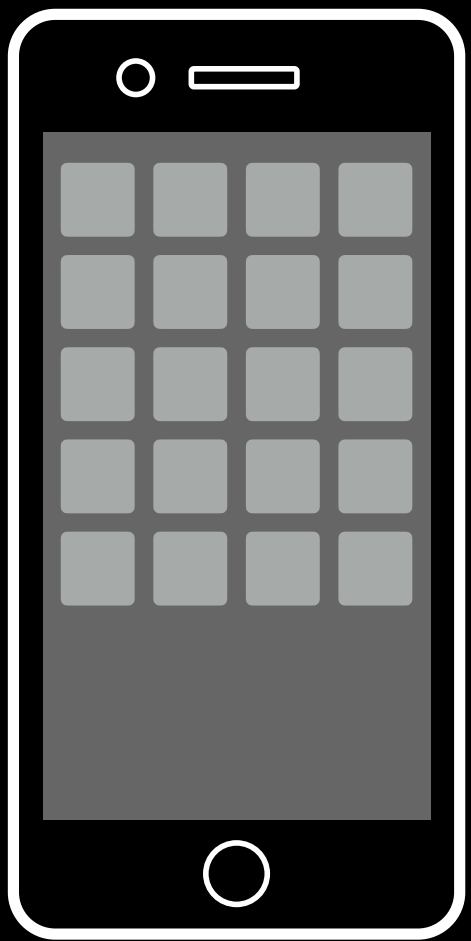
75%

Buy

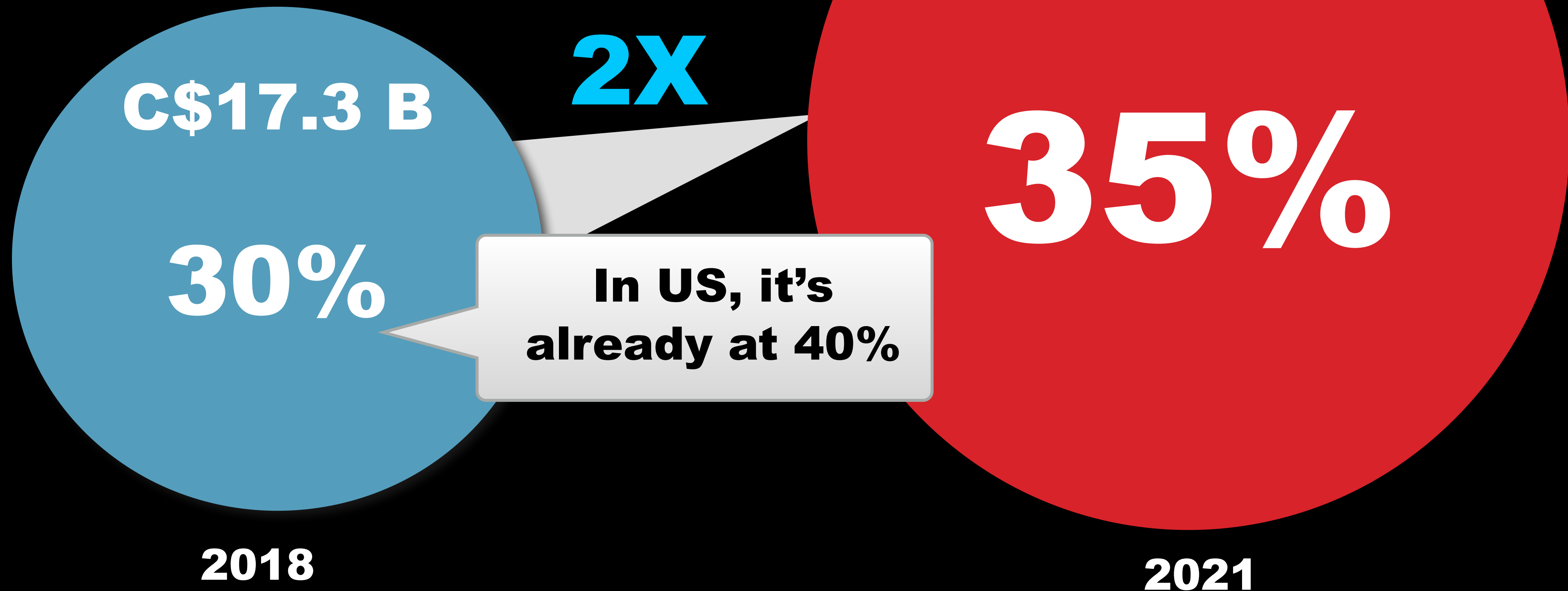
65%

Source: eMarketer, 2018

Mobile commerce in Canada



**M-commerce Sales
(% of total ecommerce)**



**But it's not just about
phone...**



**Influence
Factor?!?**

**1/2 of US retail sales will be
influenced by all digital
channels in 2018, growing to
58% by 2022.**

FORRESTER®

mcommerce =

30%

**of total retail
ecommerce
sales in Canada**

—eMarketer, May, 2008

Amazon is

**Up
29%**
versus 2018
(vs. **16%** growth
for total US
commerce sales)

Top 10 Retail Ecommerce Sales, by Company
US, 2018, billions

Amazon

\$258.22

eBay

\$34.57

Apple

\$20.69

Walmart

\$19.56

Home Depot

\$7.87

Best Buy

\$6.68

QVC

\$6.51

Macy's

\$6.38

Costco

\$6.12

Wayfair

\$5.78

Source: eMarke



40%
of US commerce
sales

3.9%
of all US
retail sales





Shopping Sites Used by Digital Buyers in Canada, Jan 2018

% of respondents

Amazon	77%
eBay	28%
Best Buy	26%
Chapters/Indigo	26%
Canadian Tire	18%
Costco	18%
The Bay	15%
Old Navy	12%
AliExpress	11%
Apple	11%
Etsy	8%
Gap Inc.	7%
Banana Republic	6%
Mountain Equipment Co-op	6%
lululemon athletica	5%
Holt Renfrew	3%

Note: n=850 ages 18+ who made a purchase digitally at least every 12 months

Source: Ayima and Insights West, "2018 Canadian E-commerce Monitor," April 9, 2018

237387

www.eMarketer.com

77%
**among all
digital buyers
in Canada**

87%
**among
Millennials**



Some categories lend themselves to digital purchasing more than others...

Only **5%** prefer to buy groceries online



—Angus Reid,
Dec, 2017

Products/Services Purchased Digitally by Digital Buyers in Canada, March 2018

% of respondents

Clothing/apparel

57%

Flights/travel packages

53%

Household goods

40%

Books

38%

Show/game tickets

38%

Government services

34%

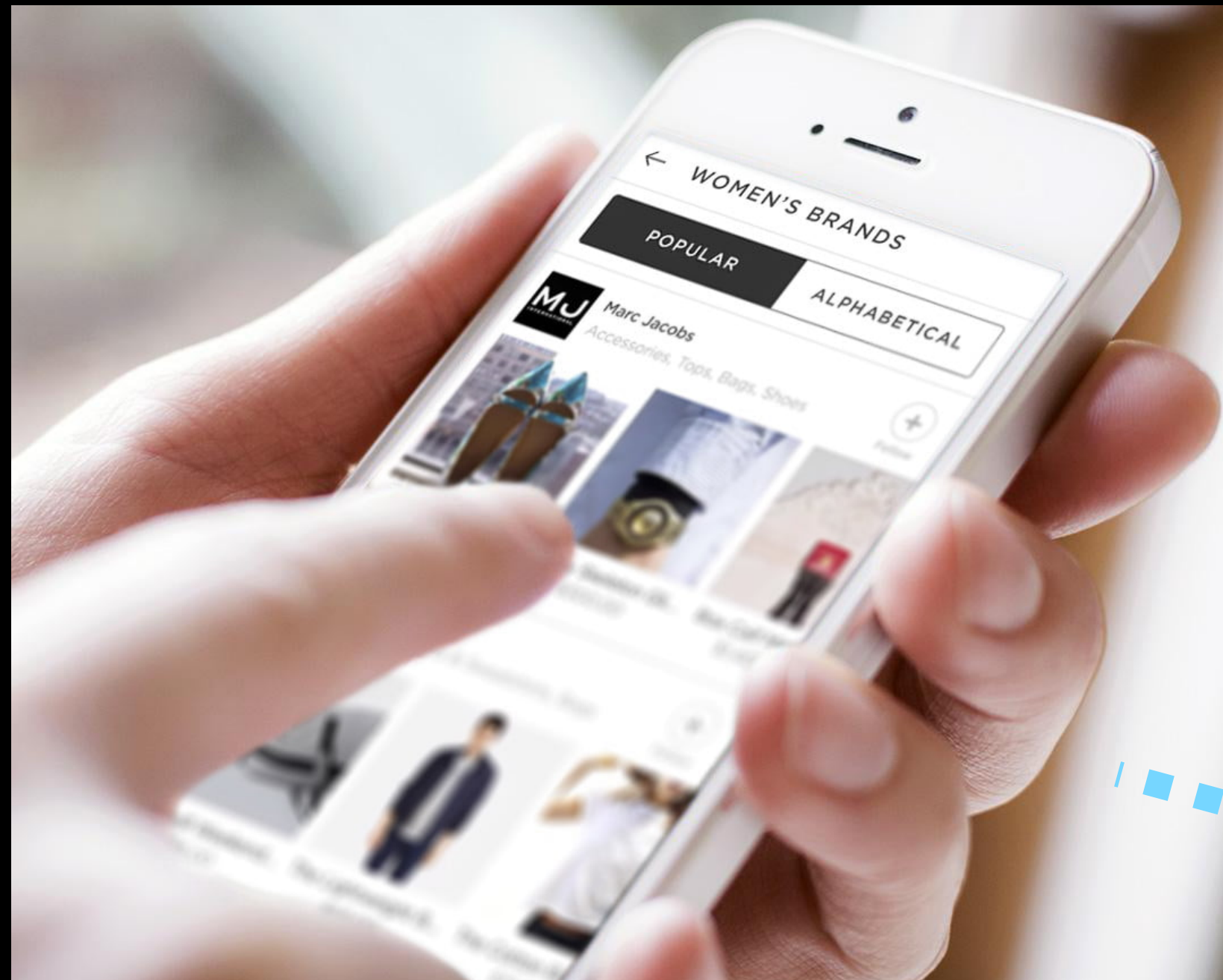
Apps for desktop/laptop or mobile phone

28%

Note: ages 18+

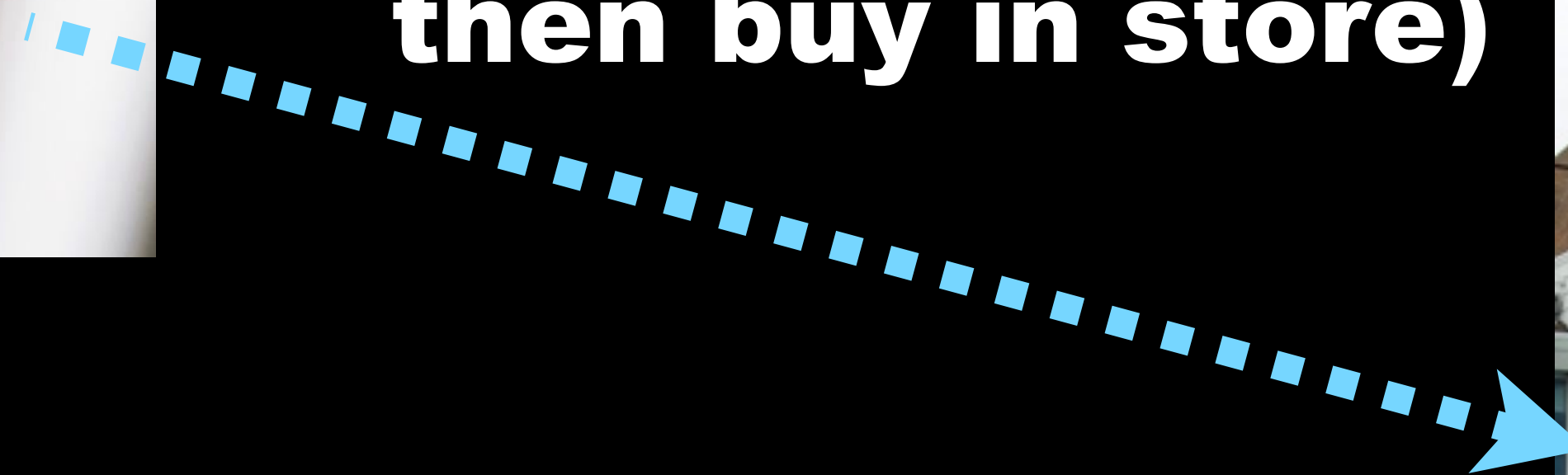
Source: Canadian Internet Registration Authority (CIRA), "Canada's Internet Factbook 2018" conducted by The Strategic Counsel, June 20, 2018

Internet users in Canada are using their mobile phones to “Webroom” and “Showroom”



43% - 45%

**“Webroom”
(shop on their
phones and
then buy in store)**



Sources: **43%** per GfK, Dec, 2017;
45% per CIRA, March 2018 (“always/often”)

“Showrooming” is much less prevalent

12% - 17%

**“Showroom”
(see a product in
a store and then
purchase on a
mobile phone from
another retailer)**



Sources: **12%** per GfK, Dec, 2017;
17% per CIRA, March 2018 (“always/often”)



How fast are media dollars flowing to digital channels?

Digital ad spending in Canada is still growing at double-digits (C\$)



15.8%

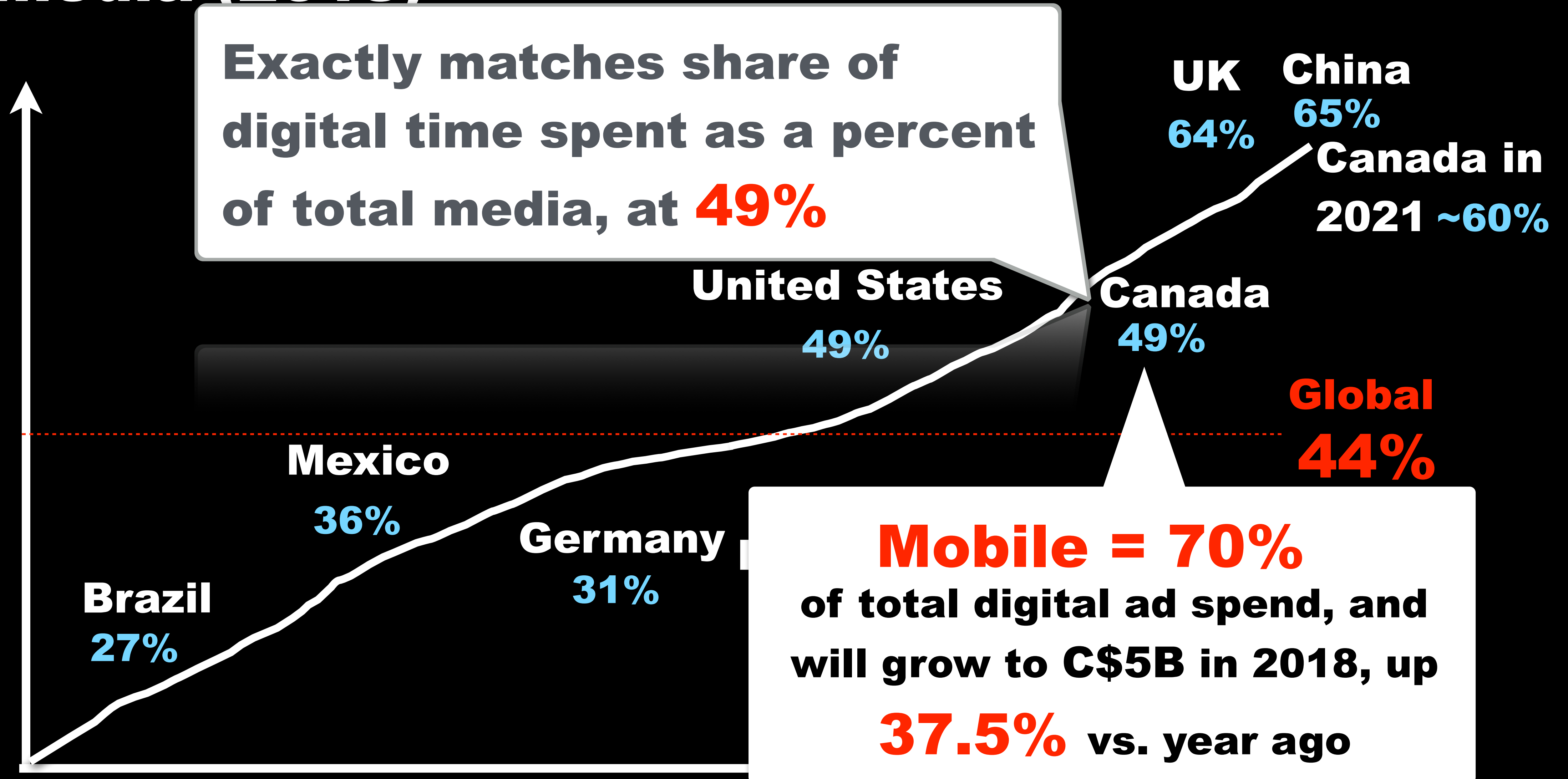
19.1%

\$5.5B

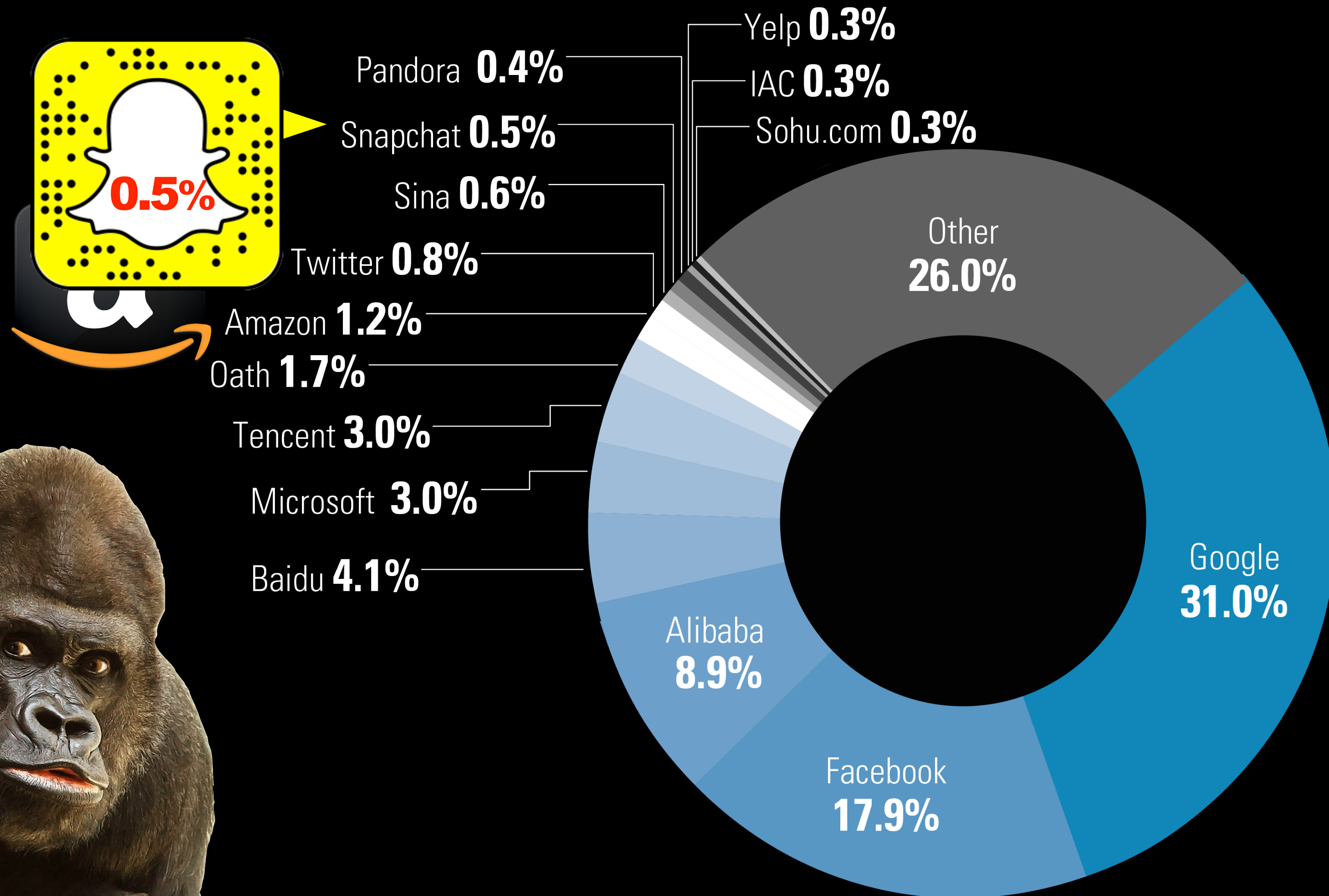
2016

Source: eMarketer, Aug, 2018; IAB Canada (2016 and 2015 baselines)

Digital ad spending as a % of total media (2018)



Global digital ad revenues are highly concentrated among the **duopoly**



Source: eMarketer, 2018

TROUBLE ^{IN} PARADISE



AD BLOCKKALYPSE???

FACING UP TO AD BLOCKING

How Publishers, Advertisers
and Their Digital Media
Partners Are Responding

JUNE 2017

Nicole Perrin

Contributors: Lauren Fisher, Tracy Tang, Paul Verna



Internet Users Blocking Ads



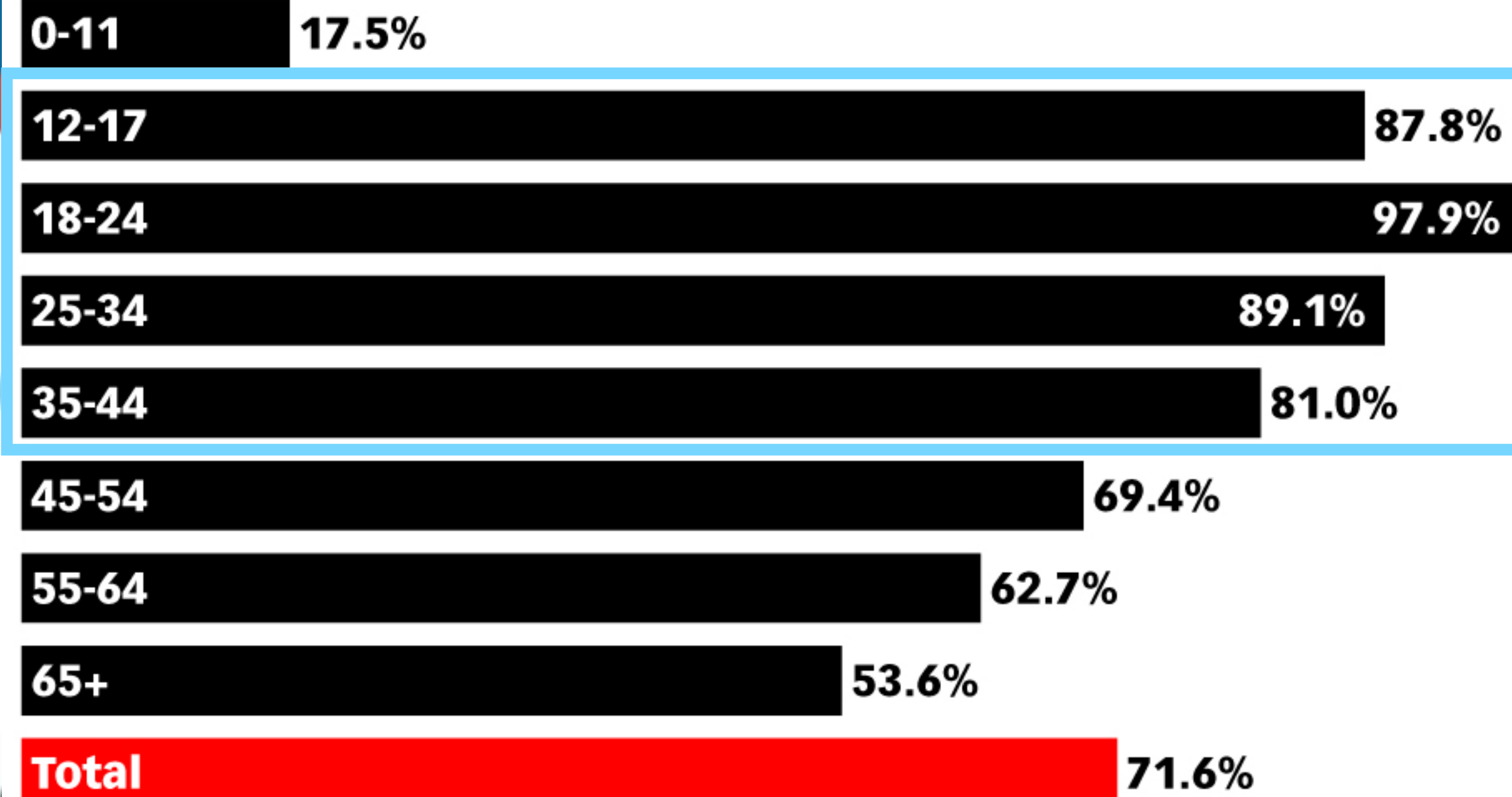
—Paul Verna

“The best way for the industry to tackle this problem is to deliver compelling ad experiences that consumers won’t want to block.”

Source: eMarketer, 2018

Social Network User Penetration in Canada, by Age, 2018

% of internet users



Note: internet users who use a social network via any device at least once per month

Source: eMarketer, Jan 2018

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www.eMarketer.com

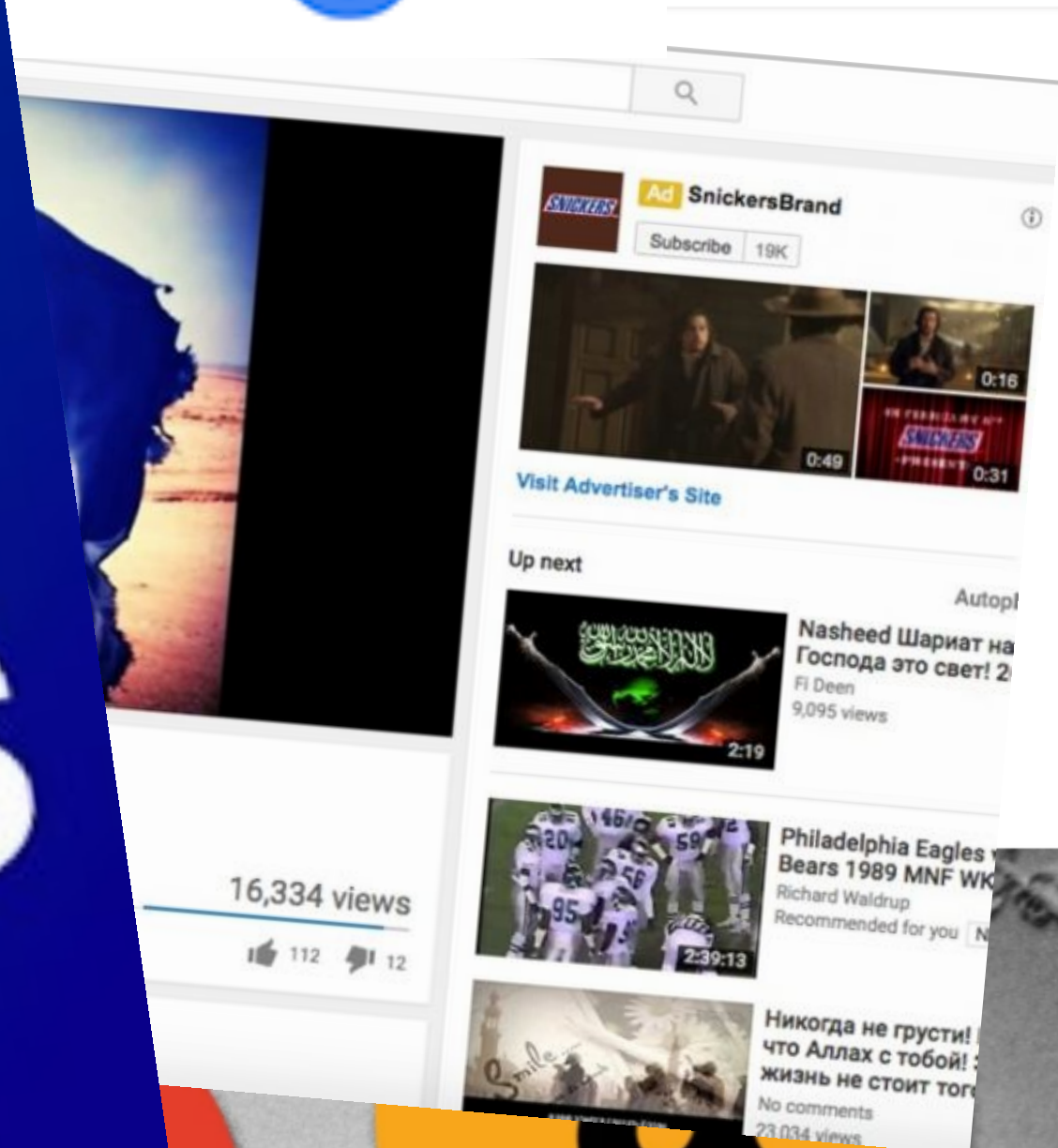
The “Trust” Crisis in Media



@geofframsey



Search



Trust in media over the past two decades

% of Americans Saying They Had a
“Great Deal” or “Fair Amount” of Trust
in Mass Media

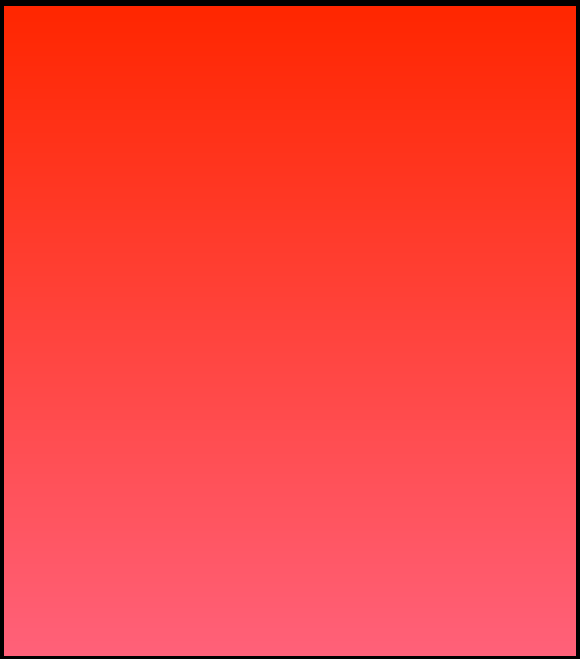


53%



1997

32%



2016



GALLUP

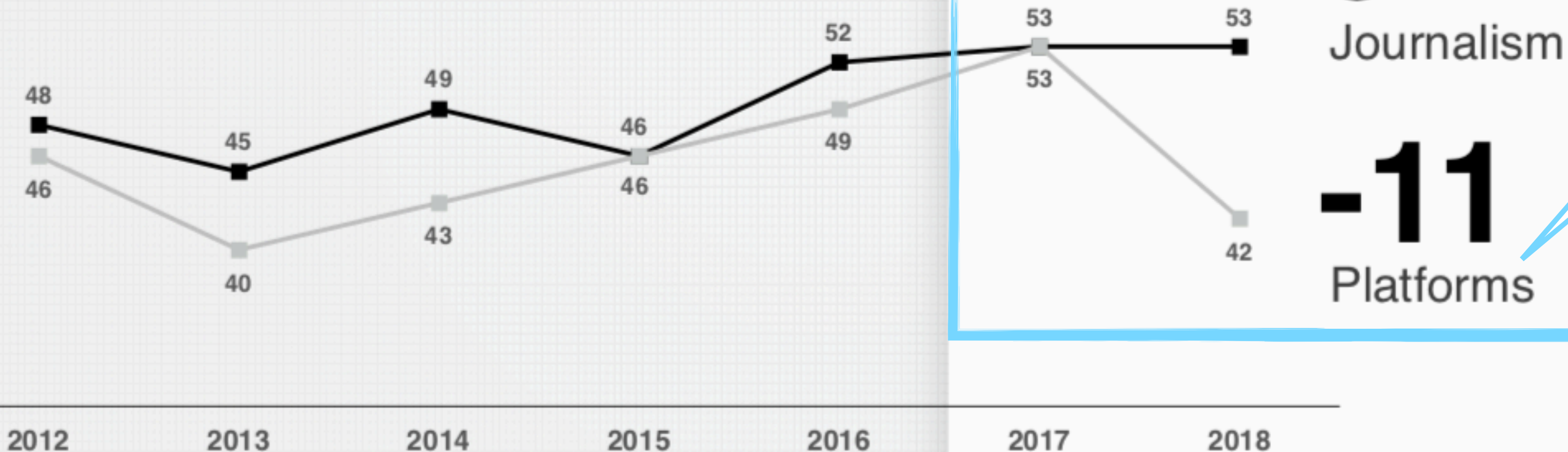
 Knight Foundation

Since last year, trust in “Media” is down sharply for “platforms,” but not for “journalism”

MEDIA | JOURNALISM | PLATFORMS

While Trust in Platforms Declines Sharply, Trust in Journalism is Stable

Percent trust in each source for general news and information, 2012 to 2018, in the U.S.



**Social media
platforms
and search
engines**

Source: 2018 Edelman Trust Barometer. COM_MCL. When looking for general news and information, how much would you trust each type of source for general news and information? Please use a nine-point scale where one means that you “do not trust it at all” and nine means that you “trust it a great deal.” (Top 4 Box, Trust), question asked of half of the sample. General population, U.S.

Journalism is an average of traditional media and online-only media. Platforms is an average of search engines and social media.



Are you ready for some irony?

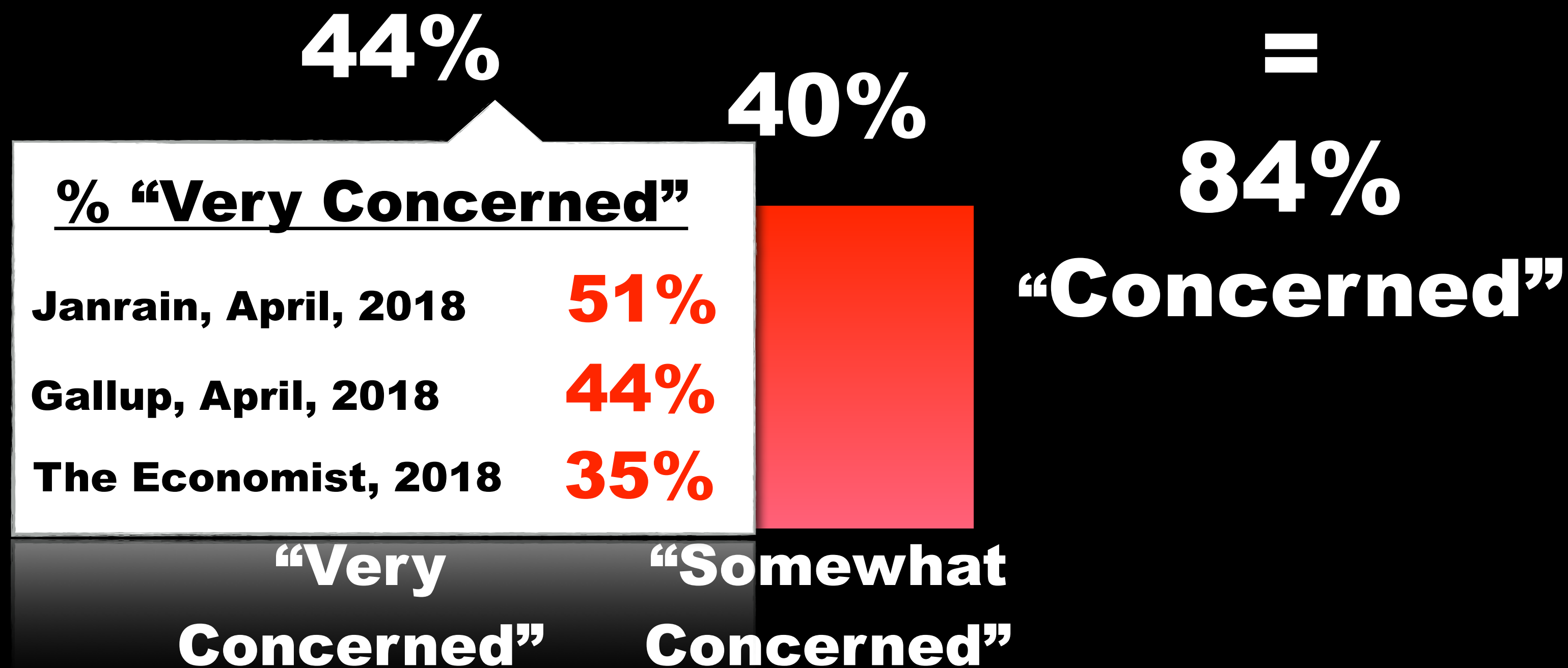
% of Internet Users Who Access News from Each Source on a **DAILY** Basis



Source: Sharethrough, Oct, 2017 (US)

There's also a big trust issue with social platforms and how they use your data...

How Concerned Are You About Facebook's Use of Your Data?



Source: Raymond James, 2018 (n = 391)

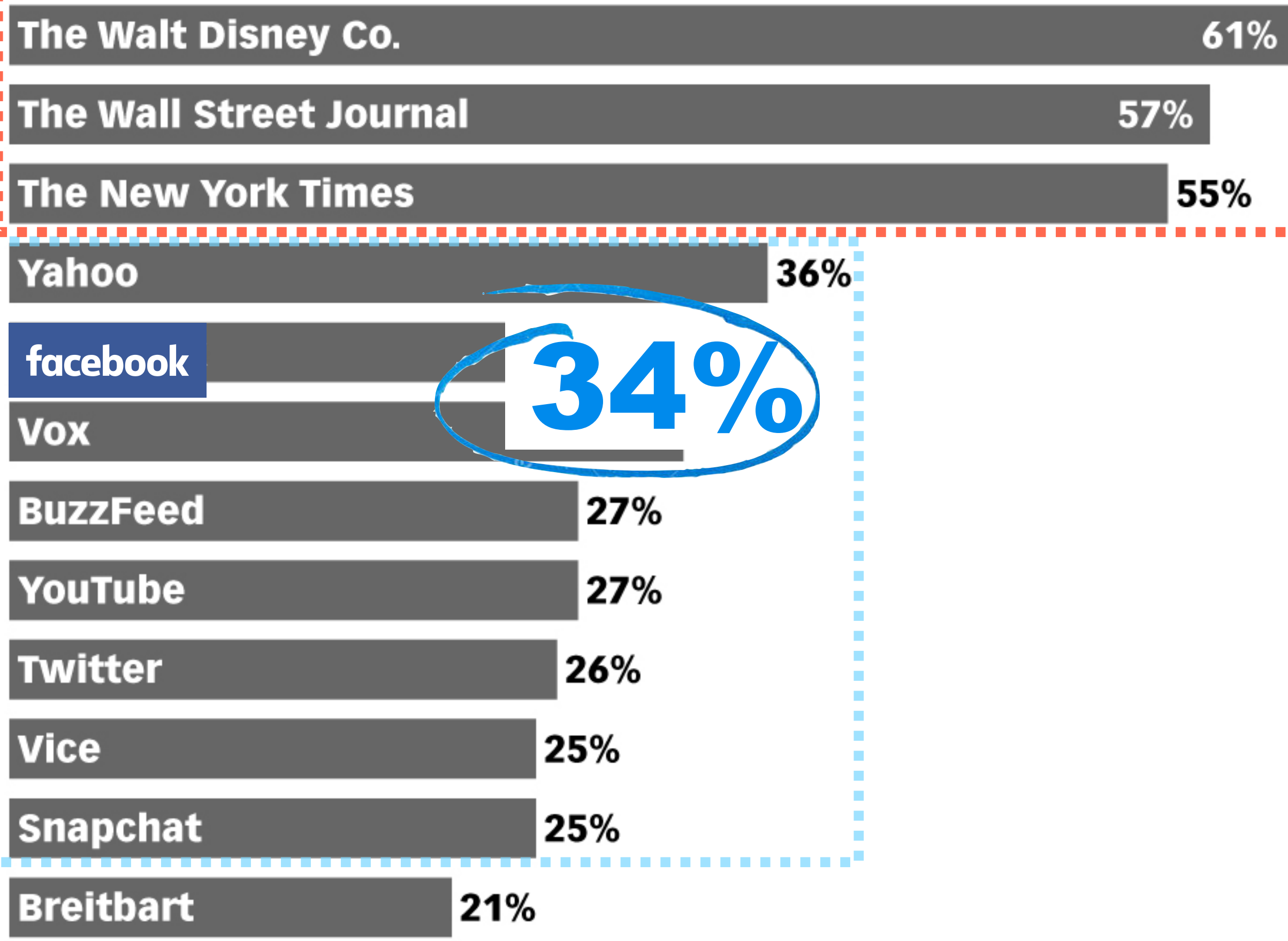
Marketers and other digital decision-makers have ranked media outlets in terms of having brand-safe environments



Tier II

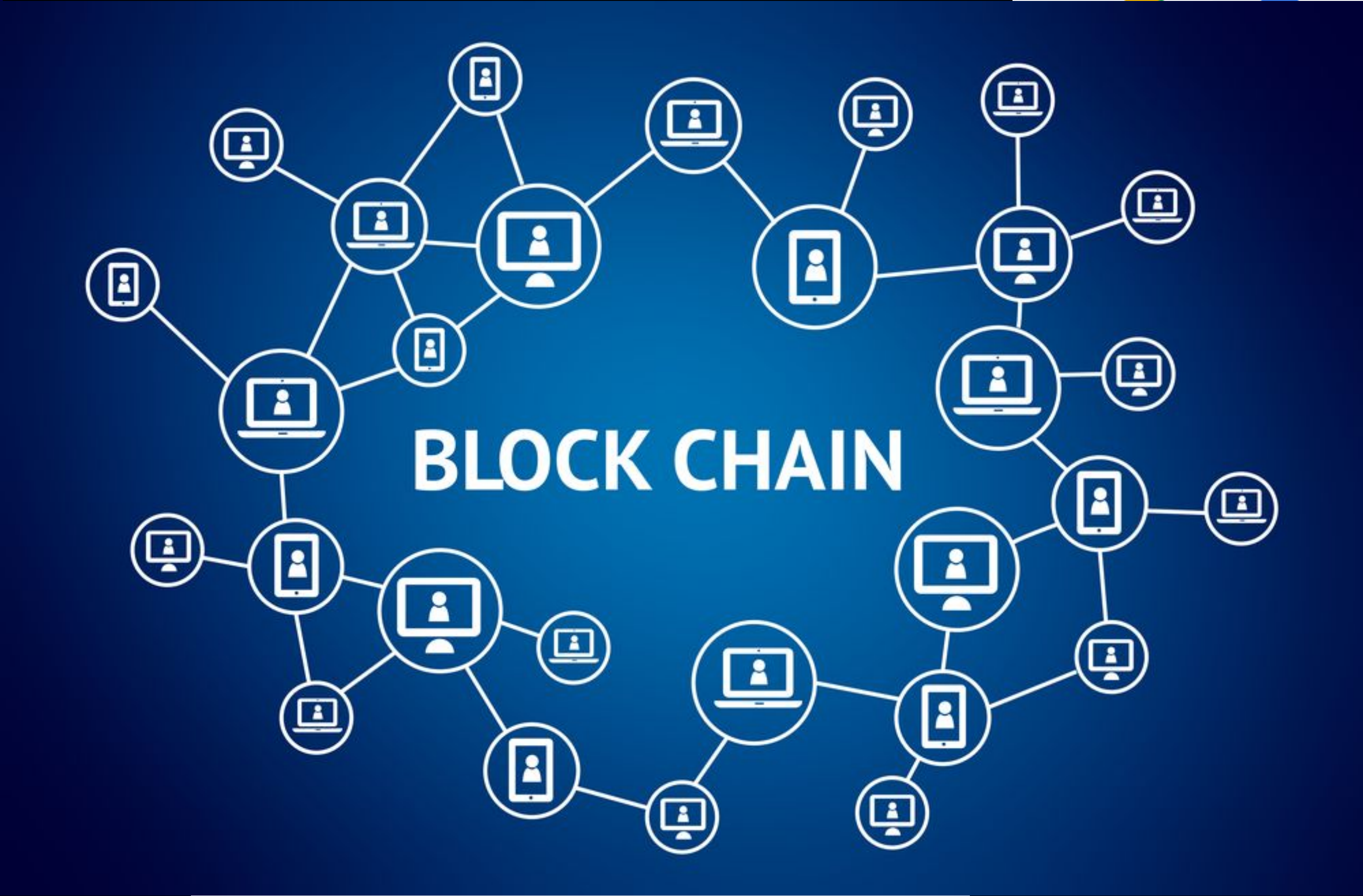
Websites/Platforms that Deliver a Brand-Safe Environment According to US Digital Ad Decision-Makers, June 2017

% of respondents



Note: includes respondents who are involved in digital/mobile advertising; responses of 8-10 on a scale of 1-10 where 1=not at all brand safe and 10=extremely brand safe
Source: Trusted Media Brands and Advertiser Perceptions, "Marketers Believe Brand Safety Impacts Their Return on Investment," Oct 5, 2017

So, what are the industry solutions for eroding trust in media?



Brands, meanwhile, insist they want to appear in **TRUSTED e**

Programmatic buying (69%** of total digital display ad spending) is shifting rapidly towards **Direct** (vs. RTB), as well as towards **Private Exchanges**, vs. **Open Exchanges****

Canada Forecast Sta

Time Spent and Ad Spending Es **ates,**
2015-2019

December 2017

Paul Briggs

Contributors: Chuck Rawlings, Shelleen Shum, An

According to Advertiser Perceptions, **56% of digital advertisers have taken deliberate steps to improve the brand safety of their media buys (including Whitelisting of approved sites)**

But are some marketers just paying **Lip Service** to brand safety concerns?

Yet, based on a **brand-safe** survey, marketers are likely to continue to spend

Marketers/Media Buyers Who Have Concerns about Media Buying Related To Brand Safety

4%

Rank

ADI Sun

Advertis

MediaV

CMO Co

ANA* (D

So, which publishers ranked highest in intention to spend?

facebook

amazon

Google YouTube

#1

#3

#1

#1

N/A

worldwide

—MediaVillage survey (n = 775 brand and agency executives), May, 2017

“We’ve seen a **ton of talk around advertisers backing away from areas deemed unsafe for brands, but not many have backed out.”**

—Jacob Davis, iCrossing

“Agree”

(will reduce) 32%

“Disagree”

(won’t reduce)

Source: WARC survey (n = 600 marketing and



Marketers still think the mega social platforms provide the highest ROI

(both FB and Google have excellent targeting capabilities)

Platform that Offers the Highest Digital Ad Spending ROI According to US Senior Ad Buyers, Dec 2017

% of respondents

Google search

48%

facebook

30%

Ad exchanges/networks

8%

Instagram

4%

YouTube

4%

Twitter

2%

Other

4%

Source: Cowen and Company, "Ad Buyer Survey VI: Look for Digital Advertising to Grow Its Lead Over TV/Offline Advertising in 2018," Jan 4, 2018

And who are considered the kings of reach
and meas

~50% rated their data and
analytics capabilities as
“very valuable”



61%

~25% rated as
“very valuable”



**Top Four
Broadcast Networks**

The Marketer's Faustian Bargain



**High quality =
higher costs,
lower scale.**

QUALITY

High



—Geoff Ramsey

**“As much as
possible, choose
the high road.”**



**Is cheap
audience reach
a poisoned
chalice?**

High



You still need to:

CONNECT

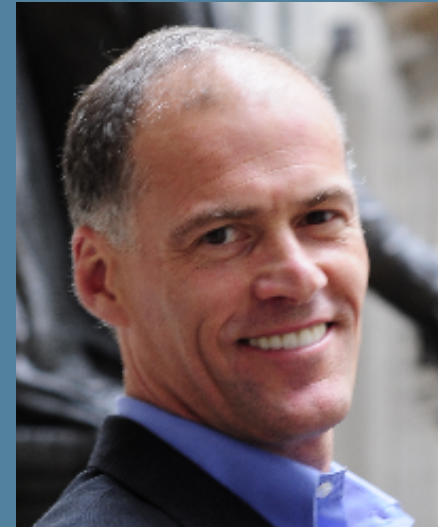
**In the digital media world, managing data
is critical, but it will only get you 1/2 way
there...**

CONNECT

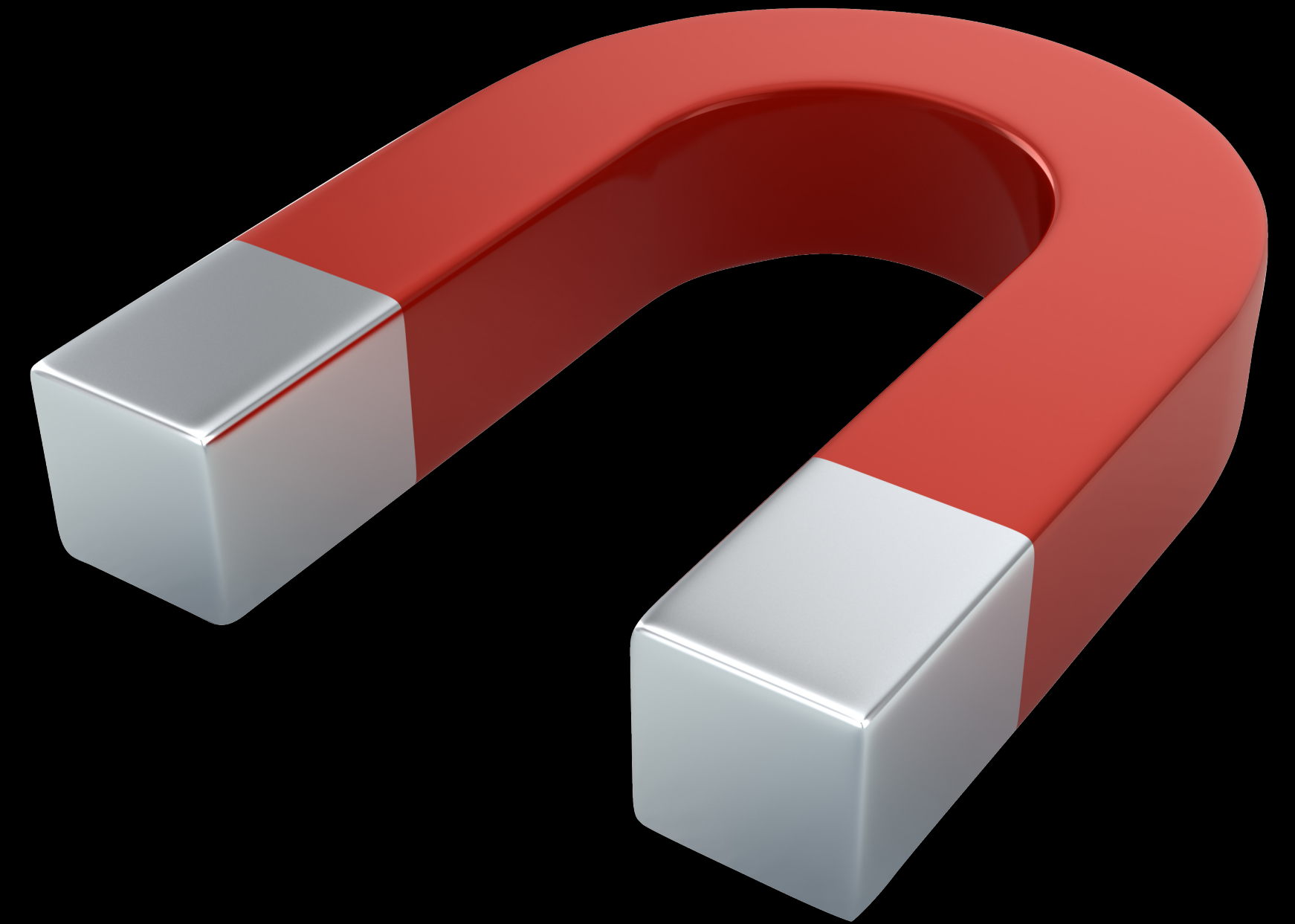
...requires you to get three things right



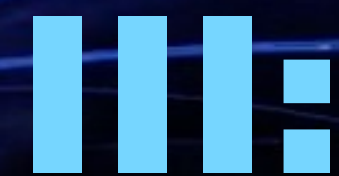
Magnetic Content



**“It’s more about
ATTRACTING, rather
than DISTRACTING.”**



The tsunami of connected devices provides us with new opportunities and challenges



What's coming **NEXT?**





Machine learning

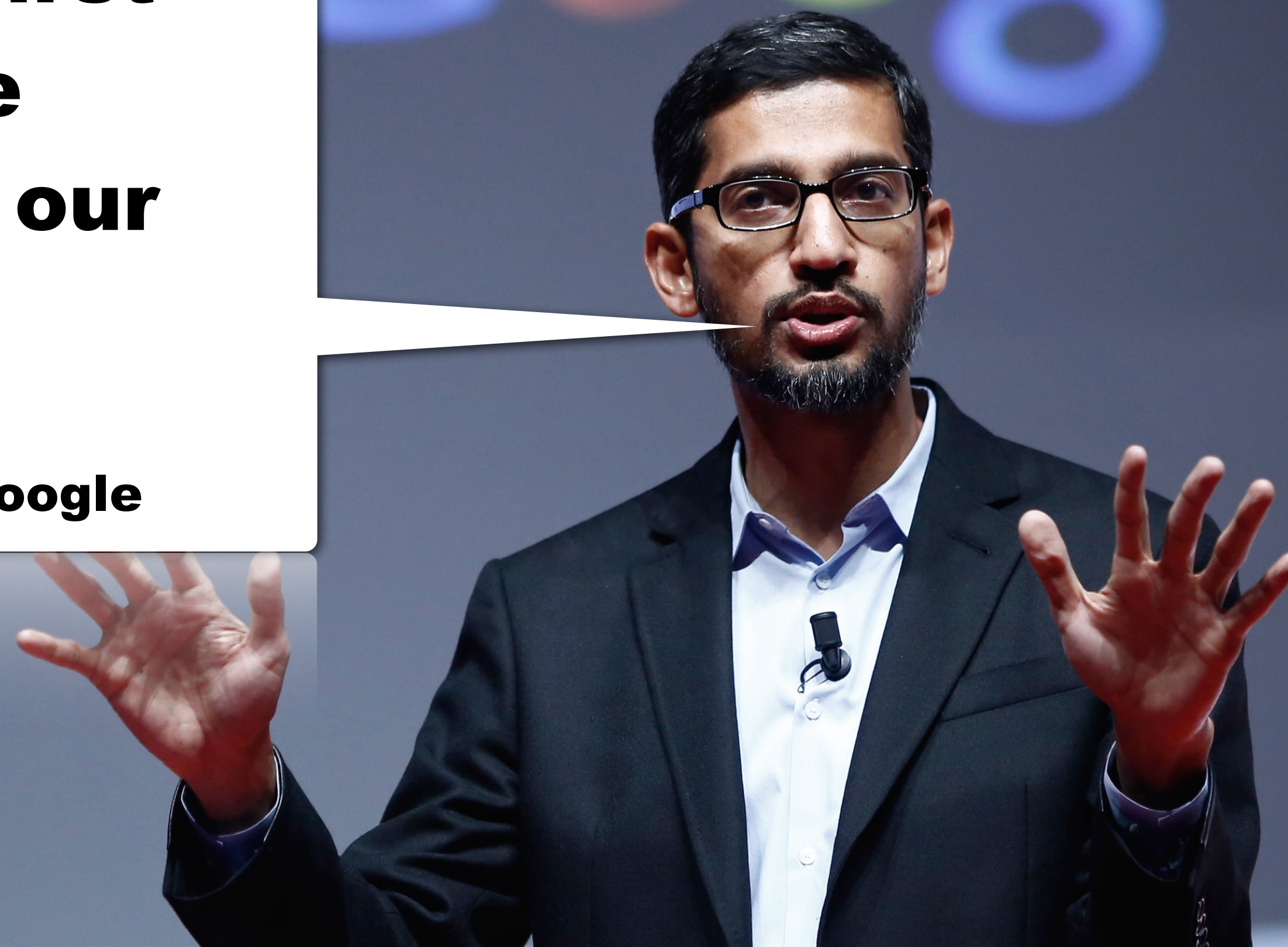
Natural language processing

Neural networks

“[We’re] in the middle of this important shift from a mobile-first to an AI-first world... and we’re driving it forward across all of our products and platforms.”

—Sundar Pichai, CEO, Google

**capable of
amounts of**



Various forms of AI are already in use right in front of our noses

UNPREPARED

And yet, according to 500 global marketing executives, AI was rated as the **#1 challenge they feel most unprepared to deal with in 2018**

—Conductor, 2017



OTTO

Inspiration . Damen . Herren . Kinder . Wäsche/Bademode . Sport . Schuhe . Große Größen
Multimedia . Haushalt . Küche . Möbel . Heimtextilien . Baumarkt . Spielzeug . Marken . %Sale%

Uses AI to predict what customers will buy a week before they do

- Based on **3B** past variables, searches weather info

ARTIFICIAL INTELLIGENCE FOR **MARKETERS** 2018

Finding Value Beyond the Hype

OCTOBER 2017

Victoria Petrock

Contributors: Ricky Costa, Sean Creamer, Jennifer Pearson

eMarketer

Read this on eMarketer for iPad



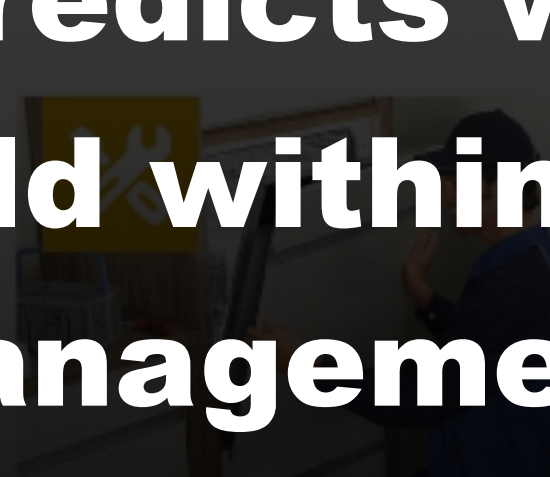
ARIZONA
Arizona Comfort-fit-Jeans
»mit elastischem Einsatz..
€ 59,99
nur heute € 29,99



Altgeräte-Mitnahme
€ 14,00



BOSCH
BOSCH Waschmaschine
"Doreen" WAN282V8,...
A+++
UVP € 629,00



Installations- und Einbau-
Service für Elektro-...
€ 50,00



NINTENDO SWITCH
Mario Kart 8 Deluxe
Nintendo Switch
€ 59,99

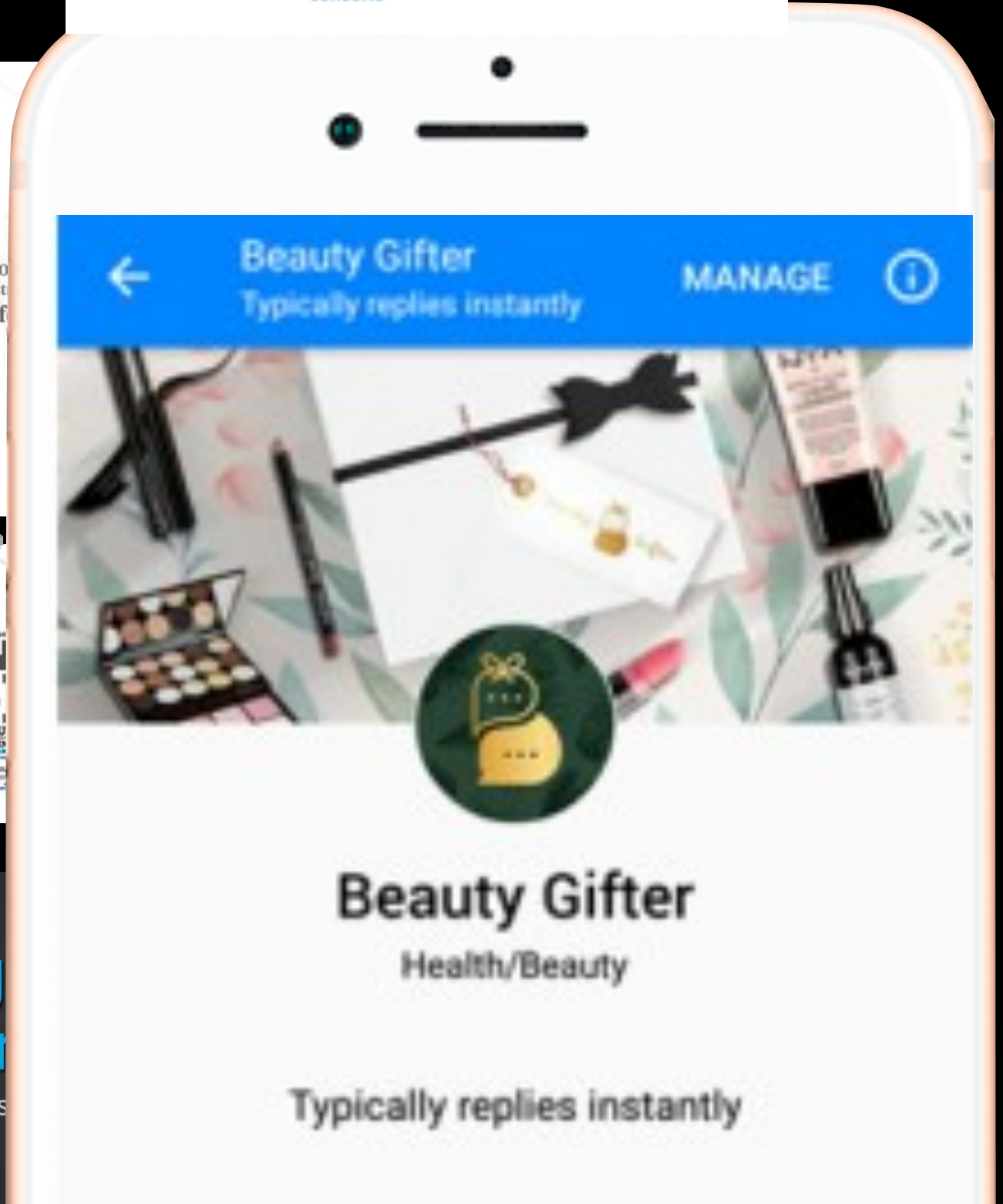


Komplett-Set
»Magical Fi
€ 19,9
€ 9,9

Artificial Intelligence will **power** and help **personalize** everything in marketing

Artificial Intelligence could pull data from all the different silos, providing a more holistic view of the customer journey

AI-powered chatbots to help people get gift recommendations for loved ones (via texting)





Today, **~20%** of mobile search queries are made
AI is also driving the rapid consumer shift
via voice (Google; comScore); but it will rise to **50%**
towards using voice-activated devices
by 2020 (comScore)

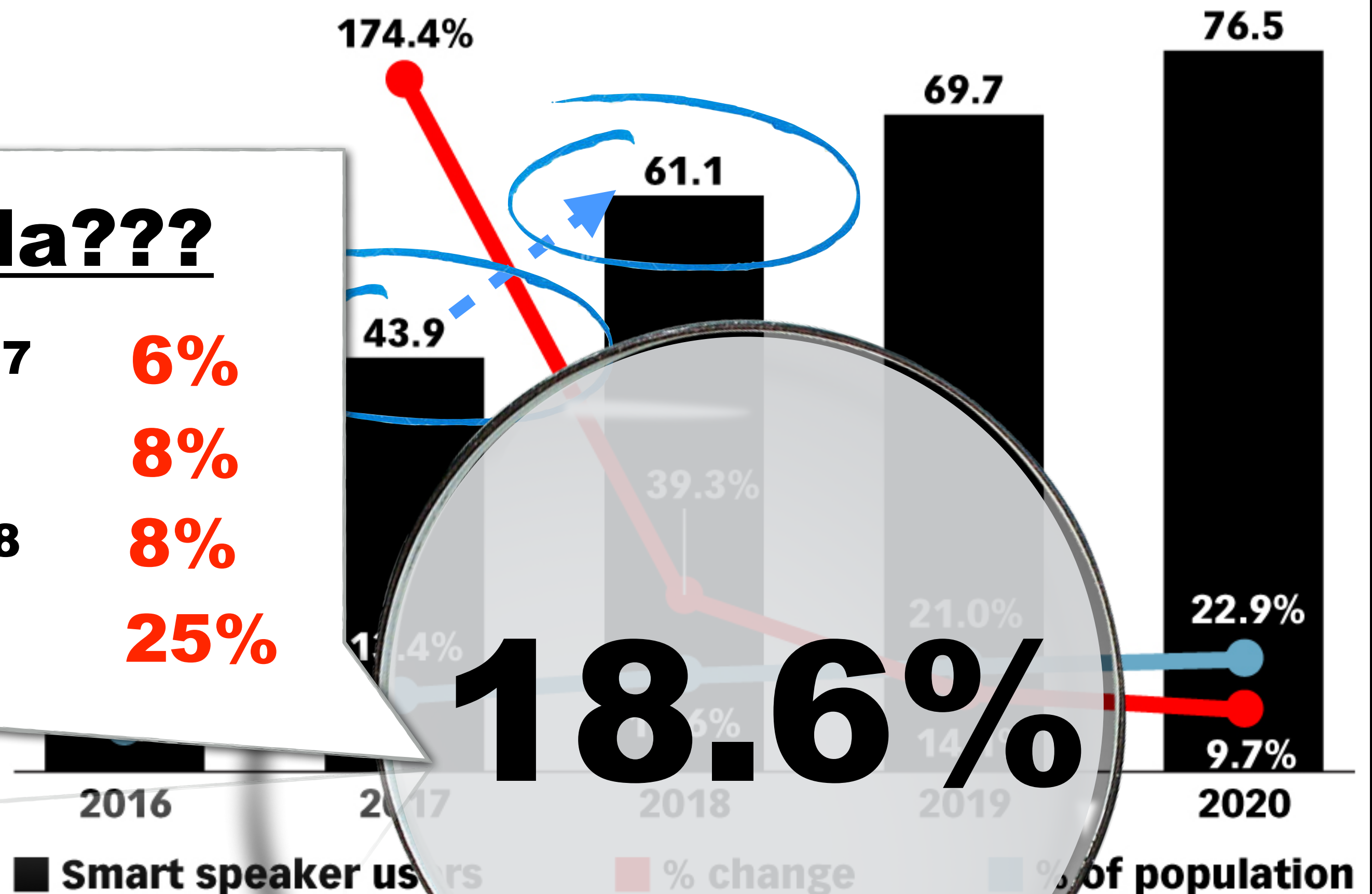
Voice-enabled smart speakers are exploding

Penetration in Canada???

GlobalWebIndex (internet users), Q4 '17	6%
Edison Research (pop), Feb '18	8%
Media Technology Monitor (pop), Q1 '18	8%
SRG (among internet users), Feb '18	25%



US Smart Speaker Users and Penetration, 2016-2020
millions, % change and % of population



Note: individuals of any age who use a smart speaker at least once per month
Source: eMarketer, April 2018
237683
www.ter.com

“Alexa, what percent of voice-activated device owners in the US are using them to

% Using Them To Buy in Canada???

Salesforce and Strategy **10%**

Ayima and Insights West **42%**

30%

comScore

33%
The sim
Morning C
way to
Just

27%

Fluent

“Alexa, let’s shop.”

22%

Narvar

28.2%

51%

OC&C Strategy

49%

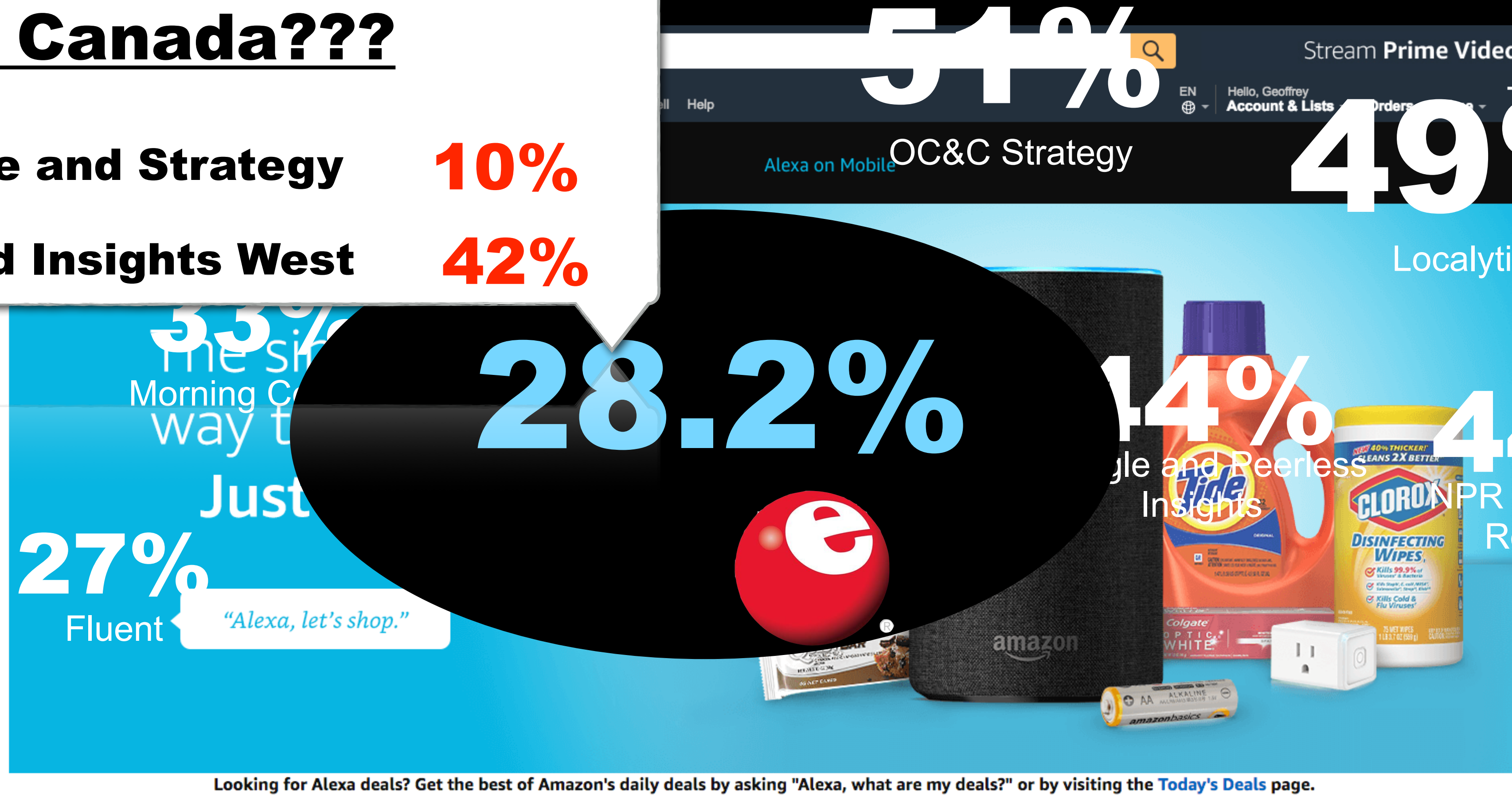
Localytics

14%

ingle and Peerless
Insights

44%

NPR and Edison
Research



Looking for Alexa deals? Get the best of Amazon's daily deals by asking "Alexa, what are my deals?" or by visiting the [Today's Deals](#) page.

A key difference with voice is choice



—Sebastien Szczepaniak

“When it comes to voice search, you go first position or you go home, because beyond the first or second position, there is no future.”

amazon



Nestlé



With voice search you tend to get a single answer to your query benefiting a single brand

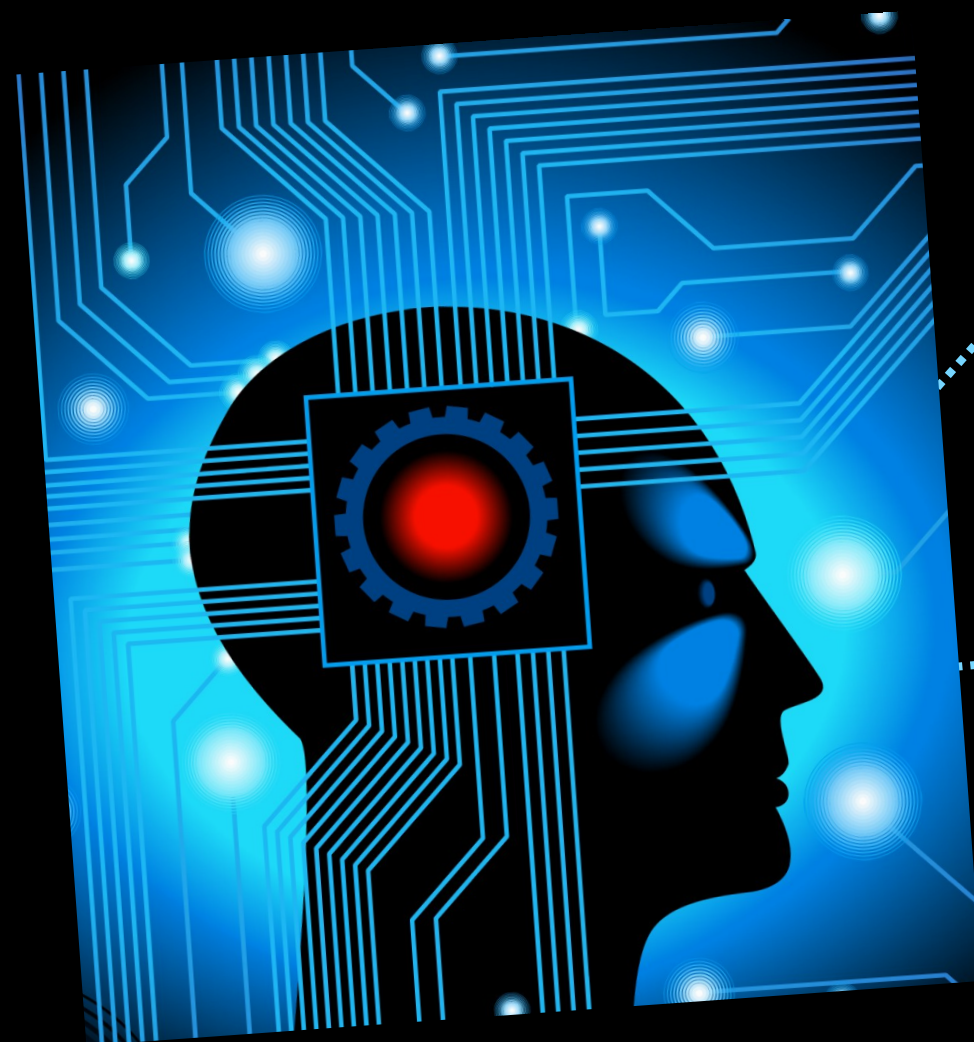
amazon
Google



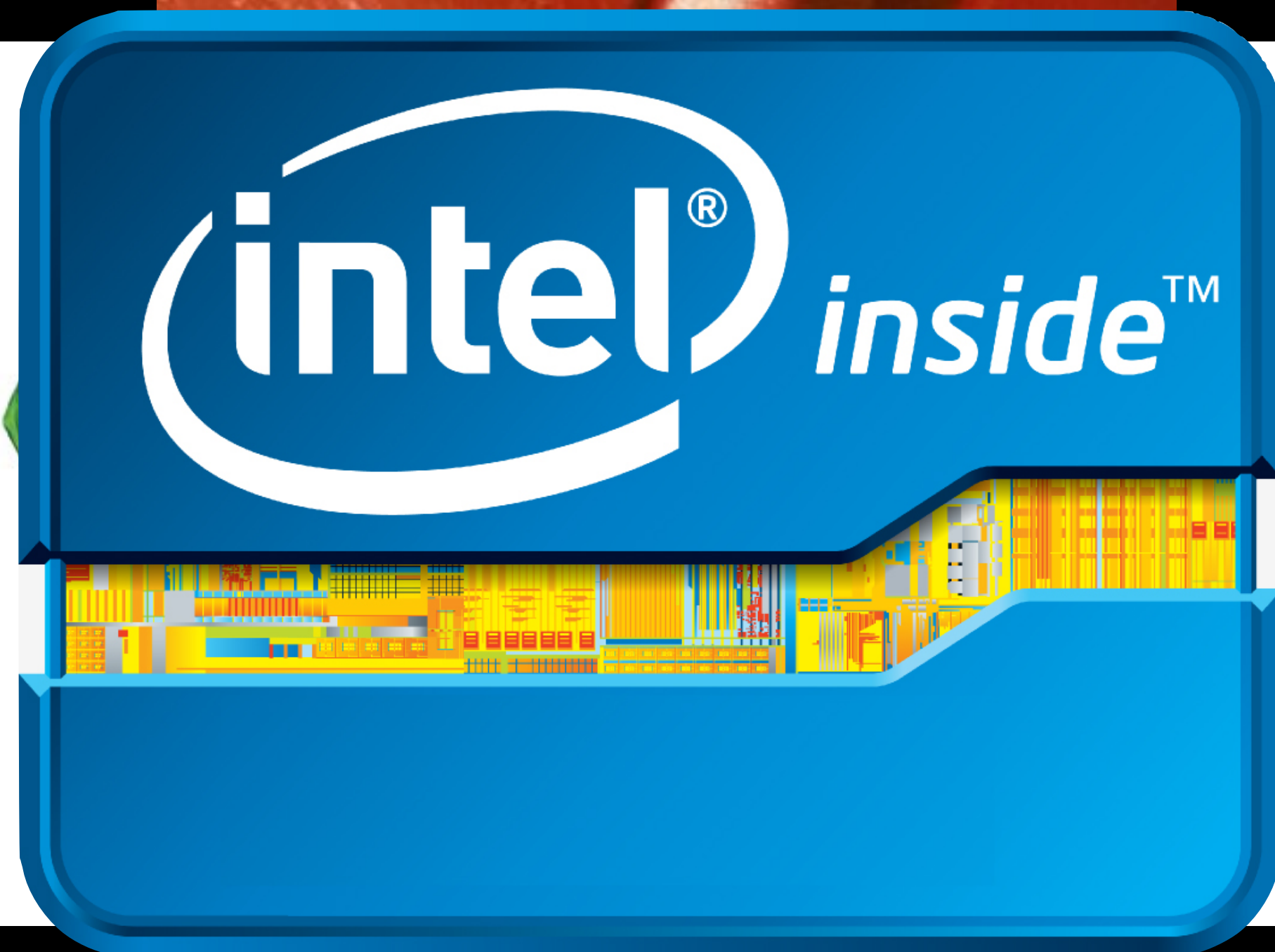
—Geoff Ramsey

“Marketers will also need to figure out new ways to incorporate sounds into their brand identities.”

**ds: Integrating
loop systems**



AI



Intelligent
Assistants

Voice search could end up benefiting the biggest, most-advertised brands — because they're top-of-mind, while hurting those brands that are less well known



**—Lubomira Rochet,
Chief Digital Officer**

“The guy who will win is the guy who will have iconic brands and products.”

**via a
a brand
etergent,**

What about the world Augmented Reality?





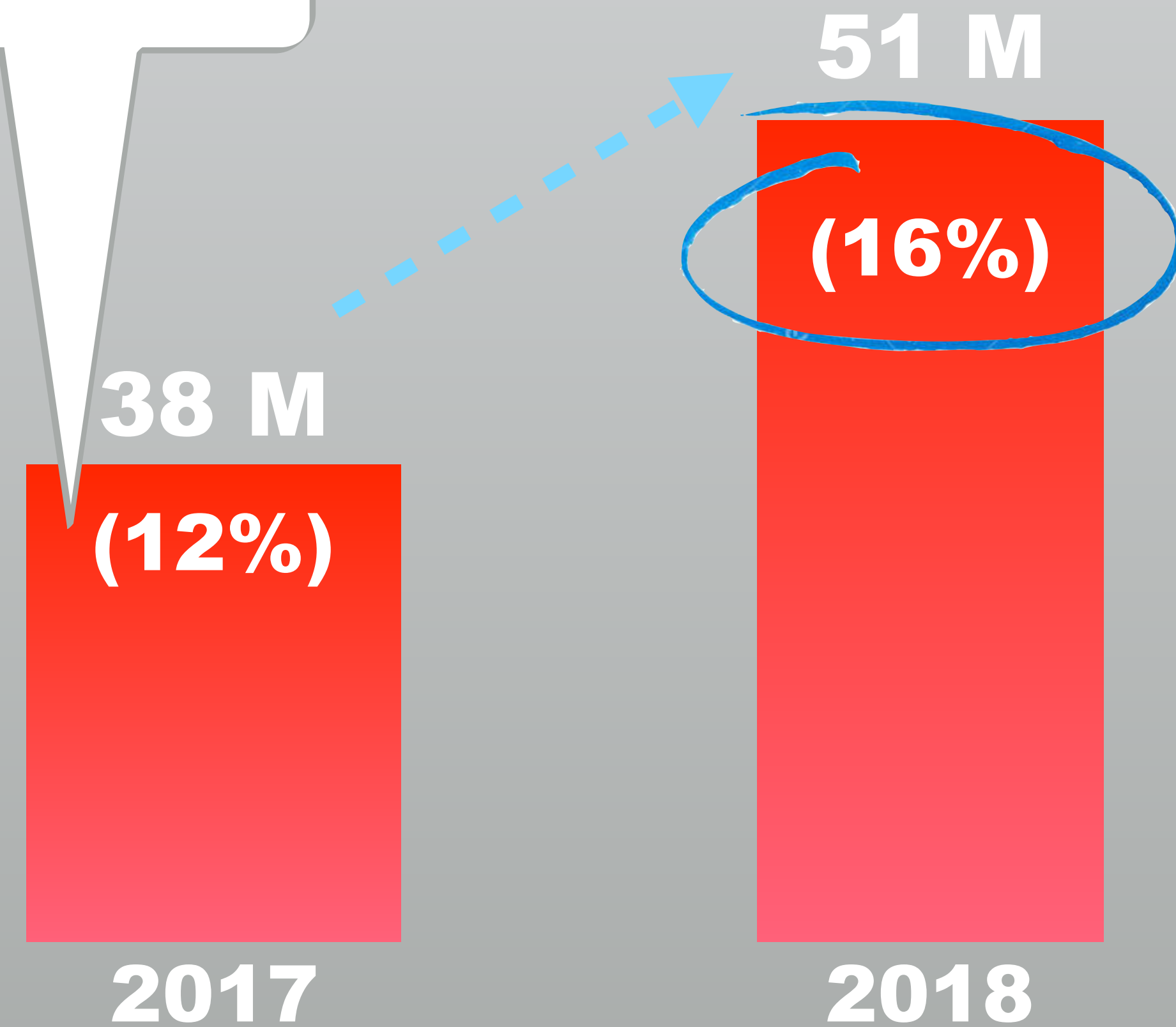
BOSTON RETAIL PARTNERS

Only **3%** of North American retailers are using AR, and all of them say it needs improvements

By 2020, **one-in-five** Americans will be using AR



IKEA launched an app with over **2,000** items



Source: eMarketer, 2017 (usage at least 1X/month)

Snapchat offers brands “Sponsored Lenses” as an advertising vehicle

- Uses facial recognition technology and 3-D models, as a form of Augmented Reality





uses **AR** to let women test lipstick
and make

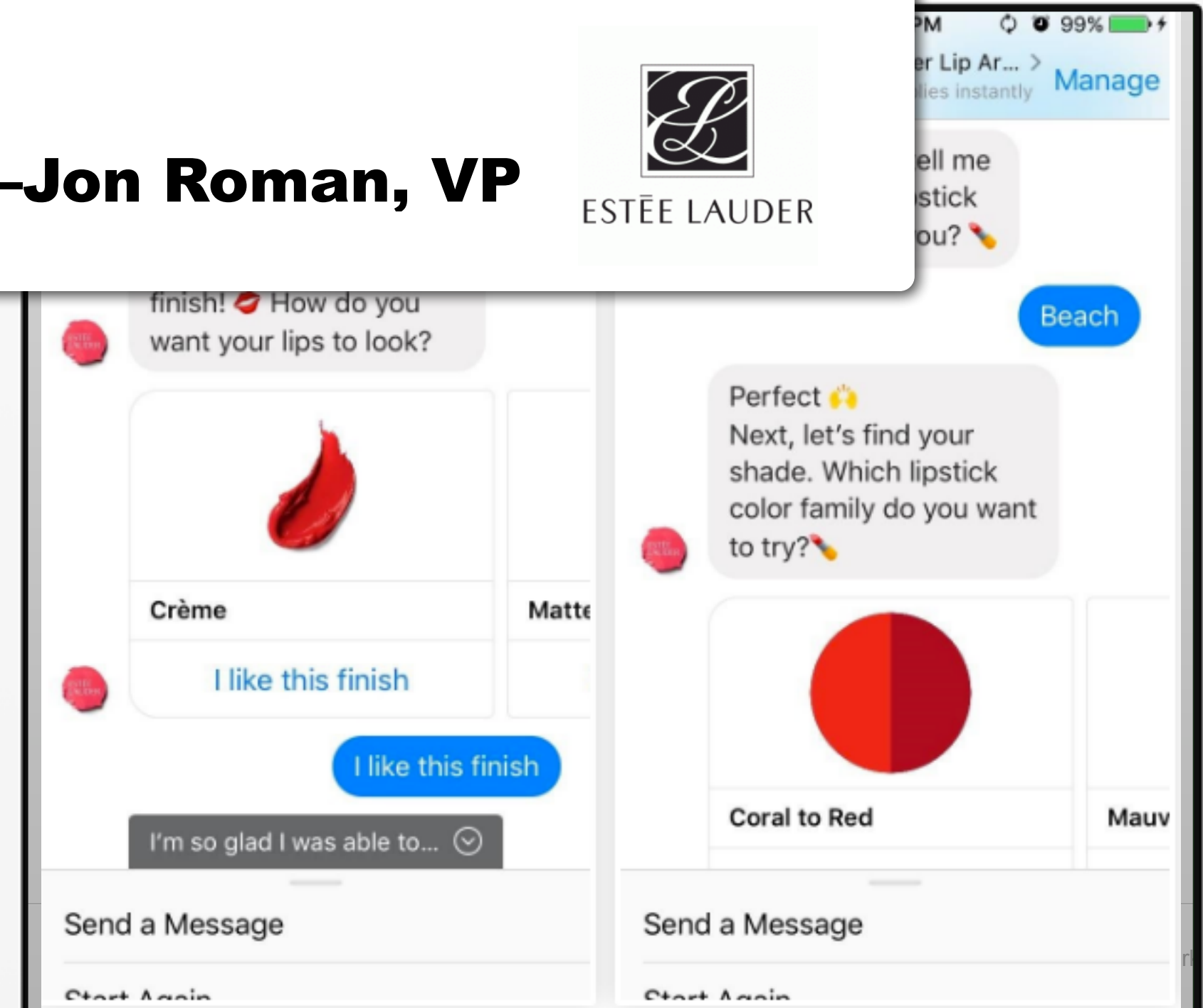
- Used Facebook Messenger to serve up its “Lip Artist” app, its mobile website

“Consumers are much more engaged... and we’re seeing a **direct link to sales.”**

—Jon Roman, VP



an app that
loaded, so
to the



Final Question:

Among executives, managers and leaders worldwide, what's the **#1 digital business mistake they make?**

“Lack of understanding of digital trends and impact to the company”



**—MIT Sloan Management Review and Deloitte
Digital, July, 2017**

GO

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Display Ad Spending
Display CPM
Display Impressions
Programmatic Display
RTB

EMAIL

Email Ad Spending
Email CTR
Email Marketing
Open Rate

MOBILE

Mobile Ad Spending
Mobile CTR
Mobile In-App Ads
Mobile Programmatic
Mobile Search
Mobile Video

SEARCH

Search Ad Spending
Local Search
Mobile Search
Paid Search
Search CPC
Search CTR
SEO

VIDEO

Video Ad Spending
Video Completion Rate
Programmatic Video
Pre-roll Advertising
Mobile Video

SOCIAL

Social Media Ad Spending
Social Media CTR
Social Media Marketing
Mobile Social Media

TRENDS

Ad Blocking
Attribution
Content Marketing
Influencer Marketing
Native Advertising
Personalization
Retargeting
Viewability

**ADVERTISING
BY COMPANY**

Facebook
Instagram
Google
Linkedin
Snapchat
Twitter
YouTube