

Marketer's Toolkit 2019

Strategy, tech and media for the year ahead



WARC

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Themes from this report

1

'Experience' will drive the marketing agenda, and shape tech investment

The global Marketer's Toolkit survey and CMO interviews reveal that marketers see improved customer experience – both online and offline – as key to kick-starting growth and restoring trust in brands. This agenda means tech investment is focused on data – and in particular how data and machine learning can be used to drive relevance and personalisation in communications.

2

Voice and payment tech are gaining traction, but there is less interest in AR and VR

Compared with last year's results, we are seeing more interest among marketers in voice – principally, voice search – and also more interest in payment technology as brands look to expand in e-commerce. There is less interest in areas such as augmented and virtual reality, where arguably there is still need for a 'killer' marketing application.

3

Video and search platforms are set to benefit from spending shift

Video, search and mobile are set to see continued growth in marketing investment. Instagram and YouTube are set to benefit from the shift to video (though marketers appear to be cooling on Snapchat). Marketers also appear to welcome the emergence of Amazon as a search platform, with a majority planning to increase spend on the e-commerce site.

Executive summary

The Marketer's Toolkit 2019 report outlines the priorities of, and challenges facing, brands in the year ahead – plus some guidance on how to meet them. It looks in-depth at strategic priorities, technology and media.

Almost 800 people from around the world shared their views on priorities for 2019. To this we have added 9 interviews with leading marketers.

Strategic priorities

Growth, trust and data – between them these are the overriding brand priorities for 2019. The Toolkit reports of the last two years have been dominated by technology trends; 2019 feels different. It feels like a year of getting the fundamentals right, and using tech where necessary to achieve that end.

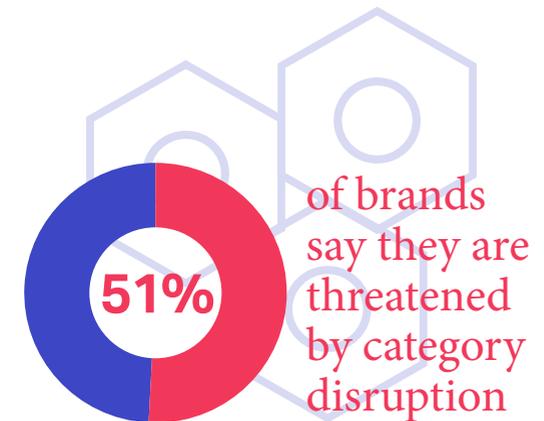
It's no surprise to see growth at the top of the list. At a time when big advertisers are struggling to grow, all eyes are on the marketing department for new answers. And one of the big stories from 2018 that will continue to dominate the industry in 2019 is the rise of digital native direct-to-consumer (DTC) brands.

This threat is clear in the survey. Globally, more than half of the marketers we surveyed say they are being threatened by category disruption. Disruption is driving a need to build or adapt to different business models – and the interviews with our CMOs reveal that the need to shift to new models and new mindsets is top-of-mind.

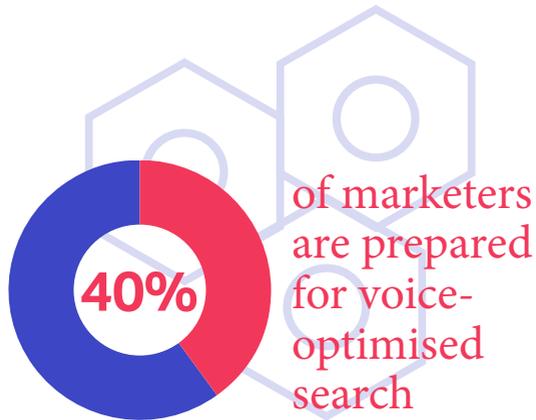
The common theme across categories is the central focus on customer experience. Brands are doubling down on 'customer-centricity' and focusing on technology that drives

improvements in CX. Some of the perceived advantages of DTC brands are a focus on good customer experience and ease of purchase. Big legacy brands are racing to keep up - and that comes out in some of our CMO interviews. Experience is a far more common expression than engagement or persuasion. For Burger King, as an example, better 'experience' means home delivery, mobile ordering and payments. For Uniqlo, it is becoming a lifestyle brand rather than simply an apparel brand.

And marketers are focusing on the whole



Executive summary



experience; online and offline too. Though the growth of e-commerce is pulling consumers online, legacy brands recognise the power of great offline experience to generate repeat custom.

Expect a lot more talk around strategies for growth in 2019. This year saw the creation of the CMO Growth Council – a joint venture between Cannes Lions and the Association of National Advertisers (ANA) – to help guide marketing leaders in driving growth. That is due to report in June 2019. A related initiative driven by Kantar, the Initiative for Real Growth, is a research project (in which WARC is a partner) to identify the

characteristics of growing companies – results from this are due in the first half of 2019.

Data management also emerged as a challenge for the year ahead. As a core building block for successful customer experiences, data management and the associated skills for insight generation are key concerns for marketers this year, and something the CMOs interviewed repeatedly returned to. First-party data is increasingly a source of competitive advantage, and post-GDPR, the growing emphasis – in Western markets at least – on consumer consent will keep this topic at the top of marketers' to-do lists.

The big hurdles remain viewability and measurement. Here there is a bit of an inconsistency – brands remain concerned about the big issues facing digital advertising, but there are no signs yet of a major withdrawal of budgets from those platforms (see Media section below). It is likely they will continue to adopt a wait-and-see approach towards digital platforms in 2019.

Technology

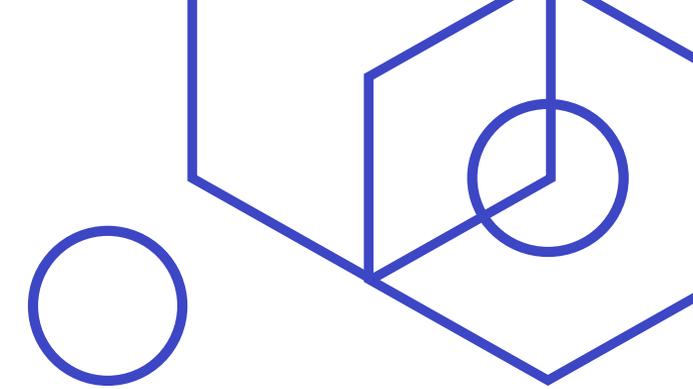
In terms of tech, investment priorities for 2019 appear to reflect the bigger strategic picture.

Artificial Intelligence is the number one area of tech investment – as it was in the 2018 survey. And the survey shows that the most common applications of AI are around driving greater customer relevance – for example, through personalisation, dynamic creative optimisation and better segmentation. As marketers have ever more data to process and play with, familiarity with machine learning and AI will become a necessity.

There is clearly still an appetite for new technologies – payment tech looks set to be a growing priority next year due to the rising importance of e-commerce capabilities, but there is also evidence of a move away from the 'shiny' innovations of VR/AR and chatbots. These have seen a dip in their perceived importance since last year. What's more, a sizeable minority of marketers now agree that they have focused too much on tech at the expense of tried and trusted techniques.

One area we highlighted in last year's report that looks to have traction is voice. 2018 was the year many brands first explored voice, and the rapid penetration of voice tech means this trend will continue. The signs now are that some of the early excitement about voice commerce was

Executive summary

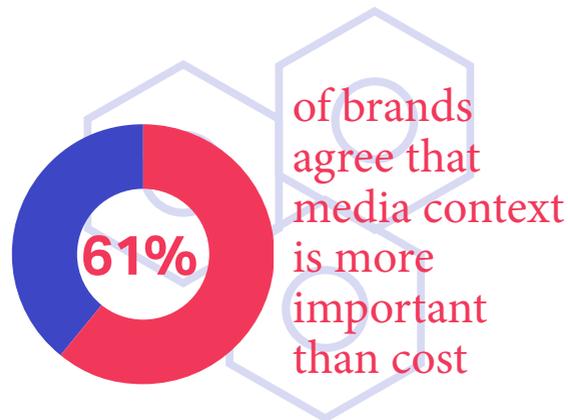


overblown – or, at least, premature. The area with most near-term traction is voice search.

Media

The rise of voice search is one factor driving a likely increase in search budgets in 2019. The other is the rise of Amazon as an ad platform, and its new desire to challenge Google for search budgets. The survey suggests it will be a strong year for Amazon's ad business, building on its growth in 2018.

Search aside, the other major themes in



media investment in 2019 will be video and mobile. Brands and agencies in the survey overwhelmingly say they will increase budget here. Video is increasingly being used in short formats – but so far brands are confident that these shorter ads remain effective.

In terms of specific platforms, it looks set to be a good year for Instagram, YouTube, Amazon and Google – broadly reflecting the interest in video, mobile and search. The biggest swing in terms of media spend intentions from 2018 is Snapchat – where last year more respondents said they would increase spend than decrease, this year it is the other way round.

The outlook is still broadly positive for Facebook, but there is a greater degree of ambivalence than a year ago, suggesting that a year of controversy and mis-steps is being taken into account – indeed, data in the survey suggests a sizable number (though not yet a majority) of marketers are reviewing media plans following the ‘techlash’ and in light of ongoing issues around online measurement.

That said, before anyone is tempted to write Facebook off, it's worth remembering that the overall company will still benefit from a surge

in Instagram revenues. What's more, these trends do not seem to be feeding through into a wholesale move away from digital platforms; less than half of marketers said they were rethinking their digital spend, and when asked which channels they found most effective, the most popular selections by survey respondents were digital channels such as social media and online video. CMO interviews indicate that, regardless of its issues, digital investment is still viewed as key to reaching younger consumers.

There is a ray of light for traditional media operators. A majority of respondents say that context and brand safety are now more important than price in buying decisions – that would be welcome news for premium publishers, and suggests that playing up audience quality and brand safety will reap rewards in 2019.

Overall, one of the most striking findings from the survey is that there does not appear to be a direct correlation between perceptions of channel effectiveness and plans for investment for 2019. Those channels ranked as most effective by marketers are not always those that they will increase their budget allocation to over the next year.

What this means for...

Brands



Experience is now seen as a source of competitive advantage. At a basic level, this means getting the tech right and aligning between channels – this remains a major challenge for many brands. More sophisticated brands are thinking about 'emotional' experience as well as functional.



Voice appears to be gaining traction. Some brands have already investigated sonic branding; many others will do so in 2019. Sophisticated brands will also be testing the ways voice search differs from standard search in their category.



Brands are increasing spend on short-form video, where the issue is standing out quickly. A focus on what is known as 'distinctive brand assets' will help brands prosper in this environment.

Media owners



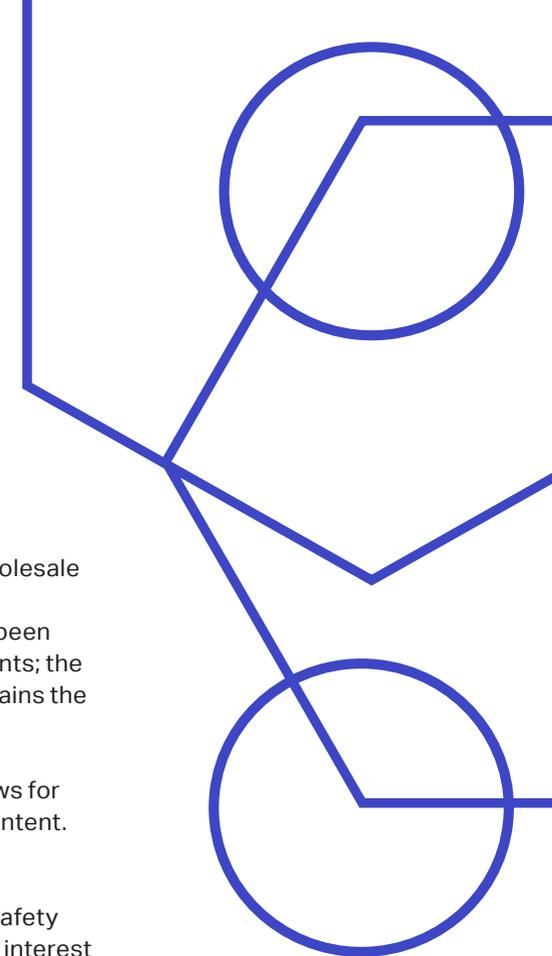
There is an ongoing shift to 'quality' (i.e. brand-safe environments), but a year of negative headlines is not leading to a wholesale withdrawal of budget from digital. This is benefiting the bigger players, who have been cleaning up their premium ad environments; the best hope of disrupting the duopoly remains the growth in Amazon's ad business.



The growing interest in voice is good news for media owners that specialise in audio content. This looks set for continued growth.



Traditional channels that play up brand safety and context may benefit from advertiser interest in these areas. Channels like out-of-home, that have natural affinity with mobile, also stand to benefit.



What this means for...

Agencies



Brand interest in experience, and the need for smart data strategies to drive it, will continue to create space for consultancies to make a pitch for marketing work. The recent consolidation in the agency space – specifically, the merger of creative and performance agencies – is a response to this trend and looks likely to continue.



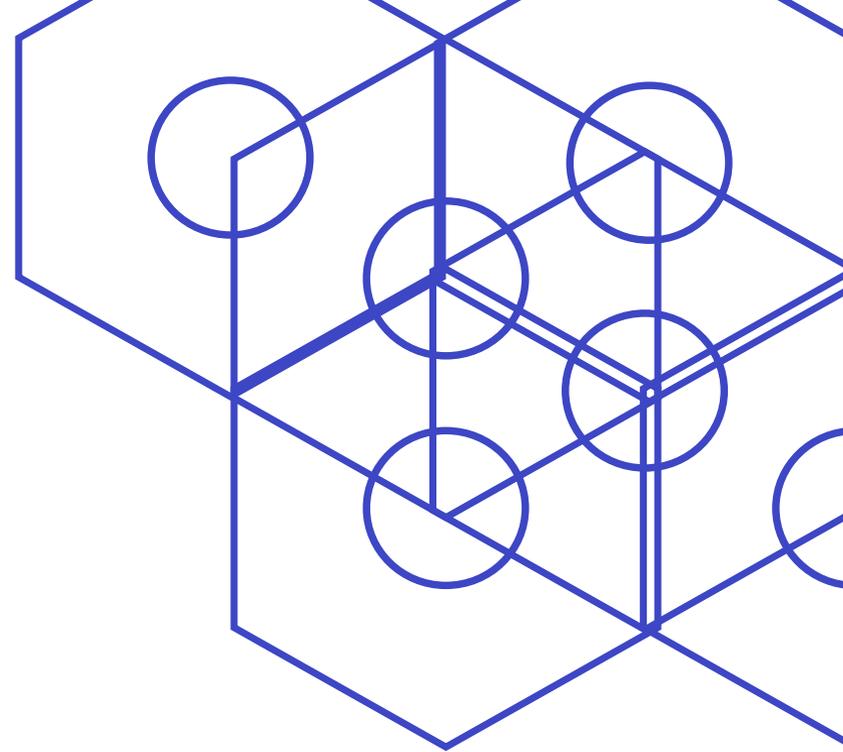
The trend toward in-housing will also continue, but at a global level looks less significant than recent US data has suggested. The CMO interviews reveal that brands still rely on external agencies for big brand ideas, but this is now just one aspect of the broader 'experience' agenda.



There is still interest in new comms innovations like AR and VR; but again these are less significant to clients than tech that can help with the 'big picture' issues.



CMO interviews reveal knowledge gaps around media allocation, suggesting there is still a lot of scope for smarter planning of media. Agencies with a good pedigree in sophisticated channel planning may benefit in 2019.



Expert commentary in this report



Mark Evans
Marketing Director
Direct Line Group



Lis Blair
Chief Marketing
Officer
easyJet



Jalin Wu
Chief Marketing
Officer
Uniqlo China



Fernando Machado
Chief Marketing
Officer
Burger King



Josh Mueller
Global Head of
Marketing
Dun & Bradstreet



Freddie Covington
Senior Vice
President –
Marketing, APAC
Visa



Amanda Hill
Chief Marketing
Officer
Harrods



Lisa Ronson
Chief Marketing
Officer
Tourism Australia



Sam Thomson
Business Design
Lead
The Body Shop



For the
full interviews
from which
quotes were taken
for this report,
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Strategic priorities

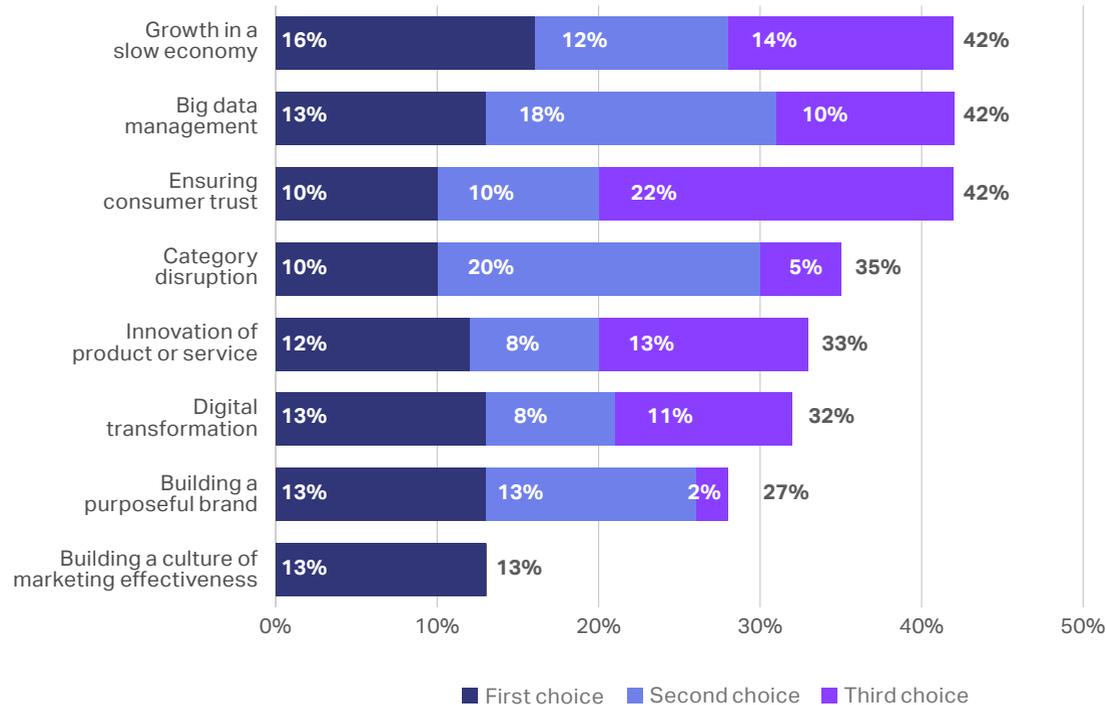
2019 will be a year clients focus on 'experience' as a way to kickstart growth and restore trust. This agenda will shape tech investment in particular.



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Growth, trust and data dominate...

Which three of the following industry challenges will be most important for your brand in 2019? *Brand respondents*



Commentary

Brands and agencies were asked what their top industry challenges were for the year ahead. The results on this page and the next highlight the different positions from which brands and agencies view challenges. There's a misalignment of priorities between the two groups; the top three challenges for brands are the bottom three challenges that agencies expect their clients to be focused on.

For brands, growth, data management and ensuring consumer trust were each selected by 42% of respondents. These could be considered the more 'business as usual' challenges of those listed, reflecting this year's theme of marketers concentrating on process, consistency and back-end innovation, as opposed to communication innovation and experimentation with emerging tech and media.

Growth is an increasing topic of discussion for CMOs dealing with disruption. This year saw the creation of the [CMO Growth Council](#) – a joint venture between Cannes Lions and the Association of National Advertisers (ANA) – which aims to set a leadership agenda for driving growth.

To read the full report...

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Contact Us

London
85 Newman Street
London
W1T 3EU
United Kingdom
+44 (0) 20 7467 8100
enquiries@warc.com

Washington DC
2233 Wisconsin Ave NW
Suite 535
Washington, DC 20007
United States
+1 202 778 0680
americas@warc.com

Singapore
OUE Downtown 1, #44-03
6 Shenton Way
Singapore 068809
+65 3157 6200
asiapacific@warc.com

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