

Dispelling 3 Myths of Modern Marketing

More Data, Fewer Myths, Smarter Customer Journeys

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“ [M]arketers always overestimate the appeal of new things and underestimate the power of traditional consumer behavior. ”

Bob Hoffman | The Ad Contrarian

One thing is for sure: Since its inception, digital marketing has been evolving at a rapid pace that keeps consumers and marketers reaching for the next big thing. From the internet, to mobile, to voice, the game keeps changing, making it harder and harder for marketers to keep up. What works? What doesn't? What worked last year and will it work next? What's hype? What's real?

Today's marketers walk a constant line between staying at the forefront of innovation and holding firm to age-old principles that drive sales. Some trends can be more sticky than others, and unsticky trends rarely equate to bottom-line sales. In this whitepaper, we will examine several common myths and dig deeper into the data to uncover fact from fiction. We will take a closer look at how consumer behavior has shifted over the last decade – everything is changing, from device usage to the consumer purchase journey to how consumers engage with technology. Join us – Microsoft Advertising and Rise Interactive – as we dispel three common myths in search today. As we will see, sometimes the hype doesn't always match the data and it's up to savvy marketers to spot the difference.

MYTH 1

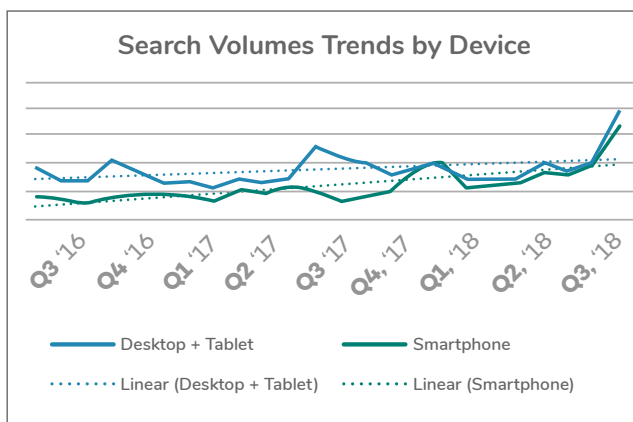
Desktop Advertising is Dead! Mobile is the New King.

“No one purchases from their desktop anymore; all savvy consumers are on-the-go, purchasing from apps on their way to work, school, or play. Desktop purchases are a thing of the past.”

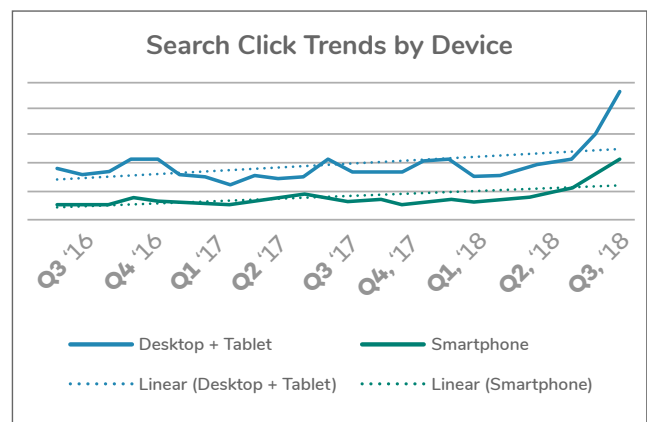
What the Data says

False. Although it may not be as trendy as mobile and voice, the desktop still plays an important role in our lives and purchase decisions. And not only is it important and relevant, but it is still growing in usage. Internal Microsoft Advertising search data shows that desktop searches and click volume continue to grow YOY.

While it's true that mobile search volume and clicks are increasing, desktop activity is also increasing.

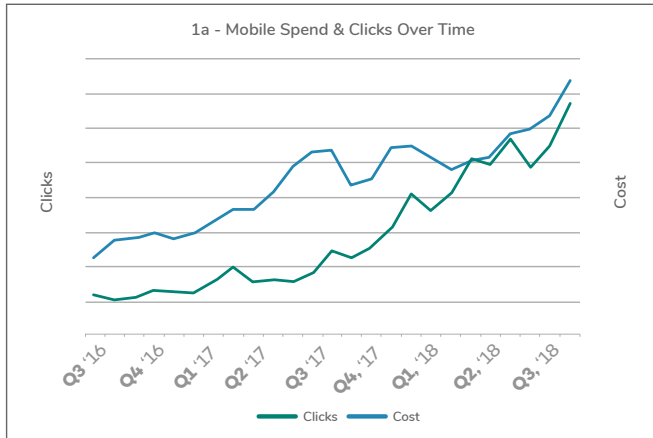


* Internal Microsoft Advertising Data

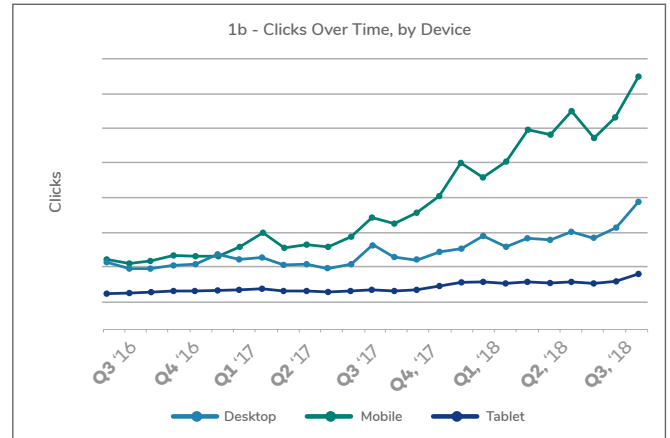


* Internal Microsoft Advertising Data

Mobile usage is growing as well. In fact, internal data from both Microsoft and Rise shows clicks across all devices increasing over the past two years. The entire digital pie is getting larger as consumers embrace new devices and behaviors. In graphs 1a and 1b below, Rise data shows growth in both desktop and mobile, with mobile growing at a much faster pace.



* Internal Rise Data



* Internal Rise Data

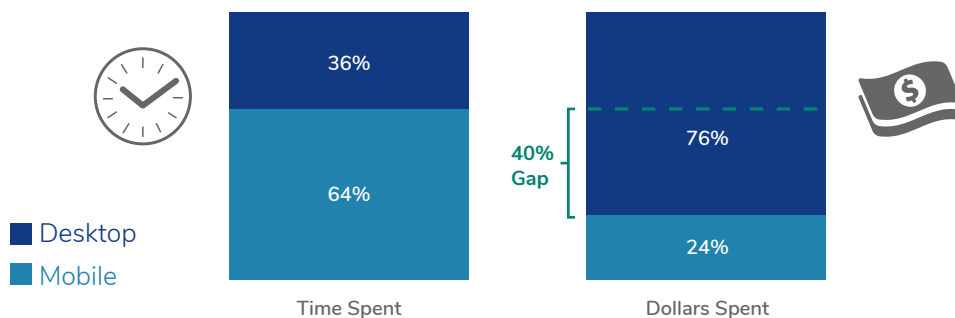
Still, when it comes to conversions, the desktop remains king. Sources may vary slightly on the percentage, but all agree: the majority of conversions still come from the desktop. Adobe data shows that conversion rates are 2.8X greater on desktop than mobile². Rise data also concurs showing a higher conversion rate on desktop than mobile YOY.

Why all of the purchase activity on desktops? Whether it's due to their larger screen size, the huge amount of PCs already in circulation or how much we rely on our desktops for work, the fact is that we still like to shop on our desktops. This doesn't mean that other devices aren't important in the consumer decision journey, but it would be a mistake for most marketers not to include the desktop in their marketing strategy/budget.

Despite strong growth, mobile dollars still significantly lag behind mobile's share of digital media time spent, highlighting the mobile conversion challenge.

eMarketer reports that, on average, **80%** of conversions take place on **desktops** versus 20% on mobile¹.

Share of Retail Time Spent vs. Spending by Platform



Source comScore Media Metrix Multi-Platform and e-Commerce / m-Commerce Measurement, Q4 2017

None of this is to say that marketers should discount mobile. The mobile market continues to expand as consumers rely on their phones more and in new ways. Currently, 24% of total US eCommerce spend comes from mobile devices³. Today's marketers are faced with a mobile conversion challenge as consumers spend much more time on their phones than desktop, yet still prefer to transact on desktop. This is likely due to the fact that much of the time spent on mobile is less commerce related such as talking, texting, getting directions, etc. Still, mobile phones offer unique strengths in the consumer decision journey, and will likely continue to gain relevance, especially as marketers gain more visibility into online/offline conversions.

ROI on mobile search is improving, but it will continue to trail desktop search ROI — and further into the future, until mobile performance measurement, particularly in relation to the impact on sales in physical stores, gets more precise. (eMarketer, 2018)

What does this mean for you and your brand?

In order to maximize the reach and impact of your campaigns, it is important for each retailer to turn to their most valuable resource: data. Each retailer should plot out device usage to gain greater insight into how their consumers spend their day and divide their time between devices.

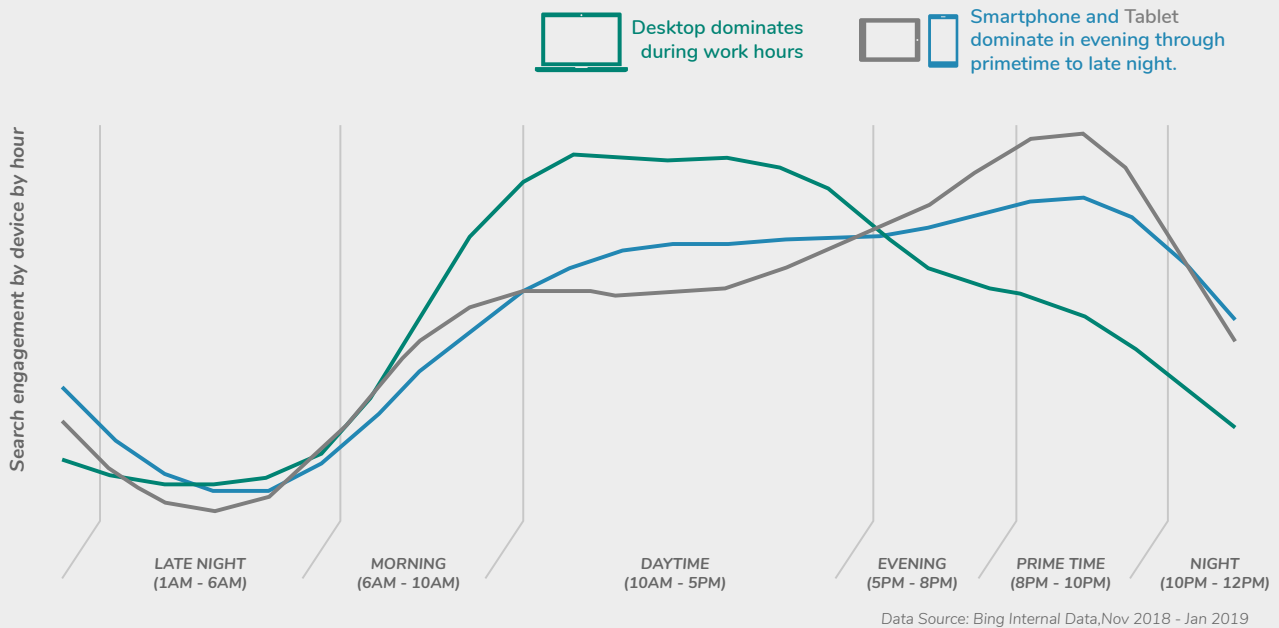
“In today's world, it is extremely rare to find a consumer that's tied to a single device. The marketers that are able to develop the understanding and connection between a consumer at home on desktop and that same consumer on-the-go on their mobile phone, are the ones that will discover a significant competitive advantage”

Justin Garvin, VP of Media | Rise Interactive



Here is how the average American spends their day searching across devices during the work week (Monday – Friday).

Device usage for Search Queries during the typical workday



Marketers should develop a similar chart based on their unique consumer data. Once you understand how your average consumer divides their days by device, you can create a more customized and easier to understand path-to-purchase.

MYTH 2

Today's Retailers Have Visibility and Understanding of the Complex Path-to-Purchase

“Marketers are spending too much time and investing too much resources into mapping customer journeys. The path-to-purchase is not as complex as it is hyped up to be.”

What the Data says

False. The days of point-click-buy are long gone and once popular attribution models (first-click, last-click, linear, time delay) have all come under intense scrutiny as the marketplace changes. There is an entirely new path-to-purchase today that will require a new approach to understand. Retailers that can gain visibility and understanding of the modern customer journey have a ton to gain.

The average consumer now owns 3 – 4 devices; input points are vaster than ever before. Consumers are more connected and have unprecedented levels of control⁴. According to US Census data released in August 2017, 90% of sales still occur in-store⁵ where consumers are turning to mobile devices throughout their journeys for coupons, price comparisons and product descriptions. At any point, a consumer could be at the end of the sales funnel on one device, but receiving early funnel messaging on another. This means the new consumer journey looks more like a spider web than an arrow as consumers jump between devices and online/offline (O2O) activity.

The majority of consumers now fall into the O2O category. In a recent Harvard study of 46,000 shoppers, 7% were online only, 20% were in-store only and a whopping 73% used multiple channels throughout their shopping journey⁶. Omnichannel is here to stay.

For years there was a massive gap that existed between online and offline activity. Whatever occurred on each side was a mystery to the other. The good news is that the gap continues to shrink as O2O activity blurs into one seamless customer experience. Consider these stats:

60%

Nearly 60% of shoppers look up product information and prices while using their mobile phones in stores (Retail Dive)⁷

87%

87% of customers think brands need to put more effort into providing a seamless experience (Zendesk)⁸

45%

45% of shoppers in-store expect sales associates to be knowledgeable about online-only products (Forrester)⁹

71%

71% of shoppers agree that it is important or very important to be able to view inventory information online for in-store products (Forrester)⁹

50%

50% of shoppers expect that they will be able to make a purchase online and pick up in-store (Forrester)⁹

The stats tell the story. A seamless customer experience is quickly replacing siloed activity of the past. Top retailers are experimenting with experiential stores that complement online activity, offering same-day delivery service and integrating all data on the back-end.

What does this mean for you and your brand?

While the retail landscape is rapidly changing, only 10% of US retail sales take place online – the rest still occur in store making O2O measurement crucial for retail¹⁰. Today's marketers should focus less on ascribing exact attribution points and more on creating one seamless customer experience that bridges online and offline touchpoints. Here are some ways to get started:

Omnichannel Strategies

Focus on context. Omnichannel is all about reaching the right customer at the right moment with the right message. Providing consumers value in specific moments throughout their journey is key to an omnichannel strategy.

Inter-Departmental Sharing

Shared data is also key to creating an omnichannel culture. All departments from marketing, PR, product development and customer service need to work together to ensure data is shared and customer journeys are streamlined.

Make all Touch Points Shoppable

Leverage everything from chatbots to shoppable posts on Instagram to allow consumers to move quickly from the discovery to conversion stage.

Search Strategies Local Inventory Ads

Use Local inventory ads as part of a shopping campaign to promote your available in-store inventory within the SERPs.

In-Store Transactions and Offline Attribution (Microsoft Advertising leverages LiveRamp)

Partner with technology providers and advertiser platforms that have the ability to help analyze the impact of online advertising to offline purchase attribution. (Both in-store visits and in-store purchases) through the in-store transactions and offline attribution beta.

Business Listings

Make sure that consumers can find your business and that your data is up-to-date and accurate.

In-Store Pick-Up

Offer in-store pick-up to your customers and advertise this service within your paid search ads. Shoppers report using in-store pick-up for timeliness, convenience and to avoid shipping costs.

Mobile

Be sure to include targeted mobile campaigns as part of your digital strategy. Include KPIs other than conversions, such as downloads, views, etc. Mobile plays an important supportive role in the consumer decision journey including product research, price comparisons and incentives, especially amongst millennials.



Identity Resolution

The field of attribution is also changing as omnichannel heads mainstream. Thanks to walk-out payments, in-store pick-up, return kiosks, voice shopping, etc., it's getting easier and easier for marketers to connect the dots and map out their customers' journeys. Many marketers today are taking a new approach, focusing less on the path-to-purchase and more on an evolved path-to-identity. Identity resolution is a relatively new discipline in digital marketing that recognizes individual consumers as they cross channels and devices. It enables marketers to connect disparate data, including online and offline activity, to create complete consumer profiles and create more personalized experiences. New technologies such as Amazon Go and facial pay don't just end with a sale; they end with an identity.

Microsoft CEO Satya Nadella is partnering with Mastercard to make digital identity easier. He says, "Each of us needs a digital identity we control, which provides us a secure, instant way to verify our identity with whomever we want, whenever we want."

As marketers move closer to full identity resolution, they can adapt and personalize campaigns at the individual level, taking customer loyalty to new levels.

MYTH 3

Consumers Aren't Ready for Conversational AI

“Whether it’s because consumers just can’t bring themselves to trust it, or don’t have the patience to see it through, consumers don’t want to use conversational AI.”

What the Data says

True & False.

It’s true that conversational AI (including chatbots/digital assistants, voice skills/actions and other intelligent agents) still has some hurdles to overcome. Marketers are correctly sensing hesitancy and distrust amongst consumers. In a recent Microsoft market research survey, 41% of users reported concerns around voice enabled technology. Data security and passive listening were listed as top concerns¹¹. Pop culture is also influencing our understanding of AI as TV and movies work to captivate our imaginations, more than accurately inform. This includes Westworld, Person of Interest, Ex Machina or even classics like Terminator or War Games.

On the brighter flip side, conversational AI has a lot to offer and many stats indicate that consumers are excited and jumping in. Microsoft research has found that 66% of people have used a digital assistant, such as Microsoft’s Cortana, Google’s Assistant or Amazon’s Alexa¹¹. Gartner predicts that 75% of households will own a smart speaker by 2020¹² and over half of us already prefer using voice when engaging with a digital assistant.

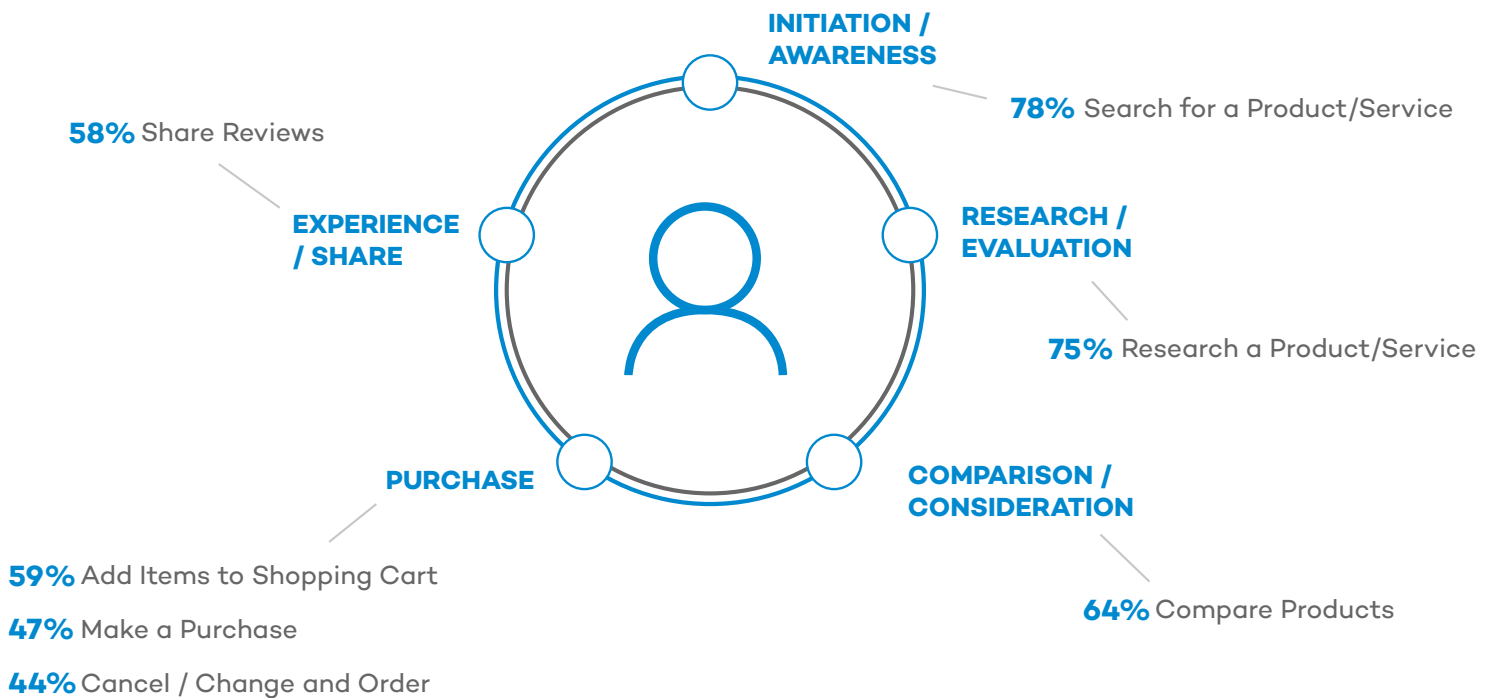
So which should marketers believe? Are consumers ready to embrace the benefits of conversational AI? The best marketers listen closely to what their customers are saying. Consider these stats:

How can digital assistants enhance your shopping experience?

	Today	YES In the next 5 years
Help make retail purchases	38%	85%
Proactively make purchase recommendations	29%	86%
Understand my purchase preferences and make routine purchases on my behalf	25%	80%
Help me reach and engage with my favorite brands	37%	87%

Consumers themselves are predicting change as digital assistants/conversational AI heads mainstream. While less than 30% of consumers today are comfortable using voice engagement and digital assistants throughout the entire consumer decision journey (CDJ), more than 75% of consumers believe that they will be using voice engagements and digital assistants across the CDJ within the next five years¹¹.

Consumers are comfortable using Assistants through the entire CDJ



According to Microsoft research, the top use of digital assistants today is finding quick facts. This includes early funnel activity such as product research and getting directions/store hours. But this will change quickly as consumers embrace the new technology. According to NPR and Edison Research, 1 in 6 US adults (39 million people) currently own a smart speaker¹³. They also report that adoption rates are outpacing tablets and mobile. More and more consumers are turning to their digital assistants to order Ubers, pizzas, Starbucks and more. A new marketplace is quickly arising.

What this means for you and your brand

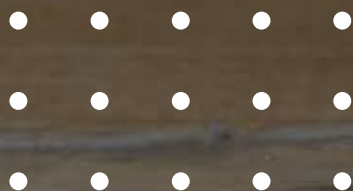
Just like the web and mobile, conversational AI is likely to disrupt the digital landscape, once again changing the game and rewarding early players. Savvy marketers are paying close attention and taking action. Here are 3 ways to get started:

- 1. Chatbots**

Microsoft CEO Satya Nadella believes, 'Your brand needs to have its own agents that can talk directly to customers and to converse across multiple personal digital assistants.' Chatbots are the initial stepping stones that will help brands get there. All retailers should be moving towards voice-powered assistants for an always-on, personalized customer experience.
- 2. Emotional Intelligence (EQ)**

Don't just build a chatbot; build a chatbot that cares. Leverage sentiment analysis, context recognition and hyper-personalization when creating voice technology. Successful chatbots leverage EQ to heighten emotion and establish bonds of trust. Consumers don't want to engage with a machine; they want to engage with you through the power of technology.
- 3. Discoverability**

Retailers should approach conversational AI in the same way they approached the internet of the late 90s – guiding and educating consumers on new ways to shop and transact. Simply building new apps, chatbots and voice skills/actions will not be enough. Marketers must then focus on discoverability to help consumers get there. For example, 'You can now hear this NPR podcast on the Amazon Alexa. Use the words "This American Life podcast" to find it.'



Smarter Customer Journeys Start Now

Wouldn't it be great if we just had a crystal ball to give us all of the answers? Well, in truth, marketers are closer to a crystal ball than ever before. Your unique data holds the answers to your toughest questions, and will point you in the right direction. What's the right marketing mix for you? Which devices do your customers prefer? What should your brand's chatbot talk about? Answers are likely patiently waiting within your data centers. For instance, your customer service logs are a great starting place for conversational AI.

Forrester predicts that by 2020, businesses with data-insights-driven teams will grab \$1.2 trillion from peers without that culture¹⁴. Data is driving a new era of personalization and intelligence and differentiating tomorrow's leading brands. Consider this: internet users generate over 2.5 quintillion (that's a 1 followed by 18 zeros!) bytes of data each day¹⁵. Cortana, for example, pulls in data from over 148 million active users in 13 markets globally across platforms from Windows & Xbox to Office 365. This is how she can answer almost any question and predict consumer behavior.

What data is your business collecting? Is it locked in siloes between teams? Once you get the data, be sure to leverage it within your paid search. For instance, use all email lists for customer match and remarketing campaigns. Leverage mobile campaigns to reach specific audiences, especially millennials. Target tablet users in the evening when they are reading before bed. Your customers are ready to engage with you in personalized and intelligent ways.

The question is, are you?

Questions? Visit:

www.riseinteractive.com/about-rise/contact-us

About the Authors



Rise Interactive is an award-winning digital marketing agency, specializing in media, analytics, and creative & development. Rise uses its Interactive Investment Management® (IIM) philosophy to shift budget fluidly and as efficiently as possible across channels, while delivering the most relevant experiences for their customers. Connex®, Rise's proprietary technology, generates granular campaign analysis and automates keyword expansion.

Rise is a recognized leader in search, named 2018 Large Search Agency of the Year by Search Engine Land, listed as a back-to-back Strong Performer in the Forrester Search Wave reports, and took home top accolades at the 2018 Drum Search Awards.



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