ANOTHER BIG STEP TOWARD
A DIGITIZED WORLD

MULLENLOWE
GROUP
SXSW Interactive 2016 kicked off last week with thousands of marketers and tech geeks descending upon Austin — causing traffic jams and epic lines — to get a look at the latest emerging technologies. Keynote Speaker President Obama got things started by asking attendees to use the same smart technologies created to sell things to instead make government more responsive. Meanwhile, mainstay brands like Samsung and IBM also hosted must-attend events of the festival, offering unique awards and exclusive access. And MullenLowe and Mediahub worked with client American Greetings to promote “analog lifestyle” to a hyperdigital crowd.

Yet this year no start-up was crowned king (as companies like Twitter and Foursquare were in the past). Instead, as we saw with CES, digital technology is simply ubiquitous now and continues to evolve across multiple industries. But there were five key trends that we identified in Austin that marketers should keep a pulse on.
1. Virtual reality has officially gained traction

After CES, word on the street was that VR was either going to flop or gain momentum in 2016. SXSW proved it’s moving toward the latter. Samsung featured its new 3D camera (Gear 360) that was slightly larger than a golf ball and easily records 3D files that can be uploaded or sent to the phone immediately to be viewed with a VR headset. **McDonald’s has jumped on the VR bandwagon**, with an HTC Vive-powered VR art experience that greeted attendees with the familiar smile of a Happy Meal before inviting them to paintball the four sides of a Happy Meal box. VR is starting to evolve beyond entertainment to broader applications (e.g., the medical field is using it for students to practice surgeries; family members who can’t make it to family events can now experience them in VR as if they were there in person; enhanced fitness experiences, etc.). It’s also getting easier than ever for consumers to create 3D content.
2. We’re on our way to a hypercurated life powered by AI

The IBM Cognitive Studio featured several applications, including Weather Underground, which sells personal weather stations you can install on your house or in your backyard. Not only does it tell you the weather conditions in your immediate proximity, but there are plans for it to eventually plug into a larger AI system where it can recommend activities based on the weather. For example, if you have a run scheduled for 9 a.m., it will notify you that 3 p.m. would be a better time to do so based on the weather (or even giving you suggestions for your individual needs, e.g., the temperature is 70 degrees, but it’s more humid so it will feel warmer to you, so wear lighter clothes). IBM’s Watson-Powered Cognitive Studio outfitted attendees with wristbands programmed with their preferences and prompted them to wander through rooms with experiences tailored to their taste, such as sipping bespoke cocktails designed by robots or music DJed to their mood.
3. Authenticity reigns in entertainment

The *Broad City* and *Mr. Robot* panels were proof that authenticity is key to storytelling. Abbi Jacobson and Ilana Glazer credited their success to staying true to the lives of women in their twenties navigating the NYC scene. This was certainly also the case with *Mr. Robot*, with the heavy investment in expert consultants and the writer and producer’s own experience and passion for this territory. Authenticity clearly also played a big role in the marketing for *Mr. Robot*, with reaching a passionate audience on Twitch and tying the messaging into already existing anti-establishment sentiments.
4. Retail brands are facing a cultural revolution

Retail brands are being forced to reconsider their physical stores and how they can culturally adapt to stay relevant for consumers. There’s a lot of interest in humanizing a brand and tapping into a personal shopping experience online. Analytics tells us what people want, but looking backward at what’s sold isn’t enough without human parameters. For brands that aren’t building for the digital world, they are leaning on unique retail experiences that can’t be created online. For instance, Kit and Ace hosts monthly supper clubs and Urban Outfitters recently opened an on-site salon and coffee shop. Warby Parker, Amazon and Birchbox have done the opposite, by bringing digital best practices to physical experiences. Macy’s and Gap are not participating in addressing these cultural changes, and are thus being put out of business. As tech evolves, retailers are not only going to improve how they incorporate the digital experience in physical stores, but will need new ways to connect the physical shopping experience with the online shopper.
5. Subcultures have big scale in new economies

Brands are being built very quickly or not at all. This is one trend spanning all types of industries from gaming to entertainment to fashion: Comic book culture exploded once comic fans could easily find each other on the web; Who What Wear created a whole product line at Target by asking fashion-forward consumers what’s missing in their closet; podcasts are redefining the comedy genre by providing a forum for comedians and comedy fans; and more and more brands like Starbucks are localizing their product mix and formats to meet local needs of communities. This definitely reinforces the need to craft a strategy for engaging passionate communities, because they’re the ones that will be the best at authentically evangelizing your brand. Doing the due diligence to really dig into their behaviors will not only uncover what resonates best with them, but can identify more white space — for example, Farrago Comics is a free graphic novel app based on the Pandora model, with ads every five pages.
What it means for marketers

So, what does this all mean to you, the marketer? We see three key implications:

An opportunity to test the white space

What is exciting to consumers — whole new ad-free worlds where the traditional paradigm has broken down — is terrifying to the marketers and advertisers who must try to follow them to these distant planets. Advertisers will need to understand how to use new mediums like VR, and since we haven’t seen mass adoption happen yet we really don’t know how people will interact with it. The year 2016 should be the time when brands begin to think about what their pilot program into VR might be (this is especially important for entertainment brands). Although it’s still evolving, 3D technology is poised to move from novelty to mainstream. It will start most heavily in the gaming industry, but as the technology to create and consume becomes more accessible, smart marketers will look for ways to bring their products to virtual life.
The ability to deliver personalized and heightened experiences

The abundance of tech has heightened consumers’ expectations of advertising, and changes in culture have resulted in a shift in consumer expectations. Brands and advertisers should be constantly evolving their marketing strategies to be more personalized and tailored to their audiences to deliver on these expectations. It’s important to truly understand how consumers interact with your product offering, and finding ways to heighten the experience, whether that’s through a partnership with another brand, a better retail experience or a better digital experience. It goes beyond advertising into actual product offerings, from custom touches on designer handbags via digital design rooms, to highly personalized earphones whose perfect fit is based on a scan of your ear canal.

No rest for content

It may sounds like a broken record, but content is still king — even more so given the deterioration of interruptive tactics. But context is a stronger factor than ever. With no decline in sight for the importance of good content, the next year will see greater focus on bringing influencers on board as editors and as brand ambassadors. Authentic, relevant content in the right channels needs to drive content campaigns.