GLOBAL BUSINESS & MARKETING TRENDS IN 21

RESETTING FOR THE FUTURE

FORWARDPMX

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IN REFLECTING ON THE UNIQUELY CHALLENGING YEAR BEHIND US, WE FEEL AN OVERWHELMING SENSE OF GRATITUDE FOR OUR GLOBAL COMMUNITIES – FROM OUR STAFF AROUND THE WORLD, TO OUR WIDER CLIENT AND PARTNER BASE, TO ALL THOSE WHOSE PARTNERSHIP AND ENCOURAGEMENT HELPED MAKE US STRONGER IN 2020.

Like so many others, we navigated stormy seas that were, in many ways, foreign to us. It's clear that the effects of the health crisis, acts of racial injustice and violence, as well as the political and social unrest that drove 2020's narrative will stay with us for some time. And yet, whatever new environment lies ahead, both in our immediate future and beyond, we see societies and businesses emerging with a greater sense of purpose to drive change and design better, more progressive solutions to these challenges.

As a business committed to **growth** and to moving forward, we look to the path ahead as an opportunity to drive progress by inviting more **creativity** and **experimentation**, and we will help our clients do the same. We've seen many businesses come out on the other side looking boldly ahead with the learnings they've gained and more agile and adaptable mindsets.

2021 will continue to see an **acceleration** towards all things **data**, **technology** and **digital**. This breeds opportunity for the brands who are listening carefully to their customers' new needs and behaviors. As we move into a world where the consumer owns their experiences and relationships with brands more than ever before, brands will need to step up to the plate to offer new and added value to customers' lives.

As emerging markets around the world drive towards peak digital maturity, brands will need to push **global growth** while adopting an even more nuanced local approach to account for the changing expectations of some increasingly sophisticated and tech-savvy populations. Where 2020 was plagued by fear and separation, we expect that worldwide vaccination rollouts will bring global travel back, fueled by a new and different kind of desire to connect with and experience the world.

Finally, a sense of true **Purpose** will be essential to brands' sustained growth. As we learned through our surveys conducted earlier this year, consumers hold brands more accountable than ever to solve society's challenges, within their own organizations and beyond. Hard work must be done. When it comes to issues like DE&I, climate change, the sustainability of our planet and social justice, the solutions aren't simple nor obvious – and businesses are still finding their footing. But, the sharper focus on these areas can only lead to better products, better experiences and better outcomes for people. Ultimately this can drive sustainability for business and society in concert.

Thank you, and we look forward to what we can achieve together in the year ahead.

– James Townsend, Global CEO, ForwardPMX

01 DIGITALLY ACCELERATED BUSINESS

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BRANDS MUST FOCUS ON THE ROLE DIGITAL ACCELERATION PLAYS IN THEIR CUSTOMERS' LIVES.

All roads lead to digital. That has never been truer than over the last twelve months, as businesses saw a more accelerated and definitive shift in consumer behavior to online than perhaps ever before.

And yet, we intentionally don't refer to this moment as a transformation – the shift was already happening as brands were modernizing and driving new technology adoption before COVID, particularly in the e-commerce industry. More than anything we saw, and will continue to see, brands reconfiguring internally to operate more nimbly, making faster changes to products and routes to market, and having less fixed 'set in stone' plans for the year to come. As we forge ahead with clients in this peak period of digital acceleration, media planning approaches will be designed with more flexible budgeting to move quickly on the opportunities and changes which present themselves.

> "COVID has taught brands that consumer behaviors can rapidly change due to factors outside of their control. In this time of peak digital acceleration, more businesses are adopting an agile approach to budget distribution, especially in media; favoring 60% fixed to channels and 40% as supplemental budget available as and where needed to respond to change in behavior, including risk management."
>
> – Supriya Dev-Purkaystha, Commercial Director & DE&I Lead EMEA, ForwardPMX

In 2020, smaller, digitally native companies with savvy online presence took advantage of their head start online, but a broader range of companies had the foundations in place. Though they may have seen e-commerce as a smaller, less important driver of growth at the time, this attitude quickly changed as online commerce became the only guaranteed path to market.

Take, for instance, the grocery stores whose traditional in-store customer base disappeared virtually overnight, causing a massive shift to new online offerings and methods for pickup and delivery. What started as first-time adoption quickly paved the way for new and sustained consumer habits, and therefore, new offerings.

Similar to the grocery industry, where we've now seen new online-first and online-only players emerging that focus on specific food audiences (think sustainably sourced or keto diet focused), we expect to see more of this activity happening in other verticals where the larger, legacy brands will be competing in a space with this next wave of niche, digitally led companies.

DIGITAL ACCELERATION FOCUSED ON CUSTOMER NEEDS

2020 fueled digital acceleration and new innovations, yes, but it's the accelerated focus on the customer that is the more important theme to carry through into this year and beyond. In many ways, COVID forced focus away from technological advances that solely suited businesses' needs and aimed them towards understanding and responding to customer needs – the result often being adoption of tech and digital-enabled services that may not have been considered previously, like the rapid adoption of curbside pickup by retailers and restaurants of many kinds.

Where products like groceries and home goods were quickly made to be more accessible online and through curbside pickup options, other industries had to more radically rethink how to bring a largely in-person experience to the digital realm – knowing that they couldn't necessarily replicate in-person expectations, and instead thinking about how they could help change the experience to suit digital customers.

> "Early in the pandemic we pivoted quickly to digital, enabling people to shop for their homes, engage with our sales teams and conduct appointments online. Even once regulations were relaxed, customers continued down the digital path for some areas of the home buying experience – like in their research – and overall, they showed more comfort with digital tools. We're looking at long-term ways to fuse the digital and physical worlds and continuing to test into technologies like augmented reality. Moving forward, if our customer chooses to find a home online without ever engaging a salesperson in-person, we want to be able to support that choice."
>
> - Linda Mamet, CMO, Tri Pointe Homes

While many digital behaviors will remain in the post-COVID world, others will be present but less significant, and some may even fade away. The lesson for brands to be wary of isn't, "consumer behavior has forever changed, and it's all about digital, only." These new consumer behaviors should only encourage future-facing thinking about how to connect online and offline/in-person experiences. When it comes to the conversations about the physical store, there should be a greater sense of urgency than ever before for businesses to determine the future roles that stores will play in their customers' lives. One has to look no further than the recent moves by digital pureplays Boohoo and ASOS to acquire Debenhams and Topshop to see the changing sides in retail. What we expect to see these types of deals further explore is not how digital overtakes brick and mortars, but rather, how physical stores can adopt the best strategies from these digital businesses to make the entire shopping experience more accessible and more connected for their customers.

In the Travel and Hospitality sector, consumers' concern with safety will continue to drive what new experiences or innovations come to be. Whether it's fully contactless experiences, virtual hotel touring, AI virtual assistants or augmented reality, this is now the environment to test and learn quickly what resonates.

THE TENSION OF THE 'KNOWN NOW' AND THE UNKNOWN FUTURE

In a 2018 Altimeter Study, The State of Digital Transformation, the number one driver for digital transformation efforts at the time (51% of respondents) was "growth opportunities in new markets," with "evolving customer behaviors" and "increased competitive pressure" in a close second and third. The study also highlighted a grouping of disruptive technologies on the horizon that were driving business' transformation, including machine learning, blockchain, 5G and wearables. While not the primary focus, the emphasis on evolving customer behaviors was certainly at the forefront for businesses in 2018, but what these data points illuminate – particularly around the technologies businesses deemed most disruptive or most representative of competitive threats – is that there's often a tension between what businesses believe they should be doing to improve their own processes and to stave off the competition, and what their customers are actually asking of them.

The same is often true of the tension between anticipation (what businesses think will matter) and responsiveness (what we can actually see happening). Organizations should be constantly asking themselves, how are my customers behaving, and will this innovation or technological change make my brand, product or service more accessible based on these behaviors? How does it make the brand easier to think of, find or buy? Whether we're talking about bringing more commerce options online, diversifying into different digital marketing channels, or all together digitalizing products, it has to come back to a real customer need. Digital strength that is focused on the consumer will be the competitive threat that businesses should care about moving forward.

"Forward thinking and planning ahead will always be a necessity moving forward, but so is being prepared based on actual evidence. Businesses of all shapes and sizes have proven through the COVID crisis that they can do this, which should give them enormous confidence for the future."

– Joel Coppersmith,
Senior Director of Consultancy,
ForwardPMX

BUILT INTO THE DNA

While digital acceleration in businesses inevitably relies on the technology that is powering it, it's not just a technical challenge. It's equally important to emphasize the changing habits, behaviors and mindsets from within an organization.

"Brands should be thinking about bringing in business intelligence and data science to help enable informed, larger scale changes. As you become more digital, innately the data at your fingertips will be more robust, and therefore there will be more to learn from and action upon. Building a sustainable culture that's designed for the future means embedding this way of thinking and working into the DNA of the organization."

– Lesley Duncan,
Strategy Director,
ForwardPMX

While not a new concept, the ability for businesses to take risks, fail fast and apply learnings will continue to be important in order to prioritize digital innovation and acceleration in the right places. The level of responsiveness and adaptability that businesses have had to gain through COVID will likely need to be even further instilled and applied in the world beyond immediate COVID challenges.

"The impact of COVID provided real jeopardy that can focus, prioritize and provoke businesses."

– James Townsend, Global CEO, ForwardPMX

Agencies like ourselves will only further grow and strengthen our Consultancy offerings to help drive brands' success through key areas of digital acceleration – from building better digital infrastructure, to enabling first-party customer data strategies, to evolving our teams and resources to fit the immediate needs spurred by digital opportunity. Strong partnerships that align culturally around the right change will enable businesses to make faster, smarter investment decisions while focusing on solving the most important customer and business challenges.

02 THE NEW WAVE OF CONNECTED COMMERCE

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THE DIGITAL-LED LANDSCAPE IS USHERING IN A TIME OF 'COMMERCE ANYWHERE', PUTTING THE CUSTOMER AT THE CENTER.

2020 quickly became the year that galvanized the e-commerce industry, as the pandemic closed store doors and shifted consumers' worlds almost entirely online.

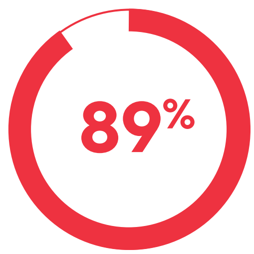
Statistics that we'd historically find staggering are now, more than ever, the norm. Take, for instance, the fact that online commerce is expected to pass the 50% threshold of total retail sales in China in 2021, according to eMarketer's latest forecasts. The last several years have shown the country gaining significant traction in online shopping enthusiasm, but the events of 2020 are now encouraging the behavior at rates never seen before. U.S. and UK e-commerce figures fall closer to 15% and 28% respectively, but the upwards trajectory is set to continue over the next several years.

We commissioned a survey conducted online by The Harris Poll in February of this year about consumer shopping behaviors, and the online surge was again validated by the response: significant portions of the population in the U.S., UK, as well as China, purchased both apparel and personal care items online over the last twelve months, and were, unsurprisingly, influenced by a number of brand and partner-owned experiences. Some unexpected generations dialed up their online purchasing – most notably, the 65+ age demographic. 68% of Americans ages 65 and over purchased apparel online over the last year.

CONSUMERS WHO HAVE BOUGHT **APPAREL** ONLINE IN THE LAST 12 MONTHS

*Apparel indicates clothing, outwear and shoes

CHINA



Top 3 Influencers Among Those Consumers Who Bought Apparel Online:

55% were influenced by social media (TikTok, WeChat, Weibo, RED, Douyin)

46% were influenced by comparison research on other retail sites like Tmall

42% were influenced by ads on streaming TV devices

US

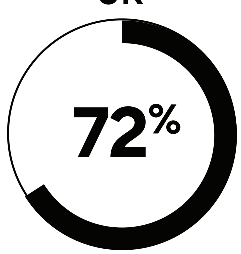
Top 3 Influencers Among Those Consumers Who Bought Apparel Online:

41% were influenced by a brand's website

39% were influenced by web search

32% were influenced by social media (Facebook, Instagram, Twitter)

UK



Top 3 Influencers Among Those Consumers Who Bought Apparel Online:

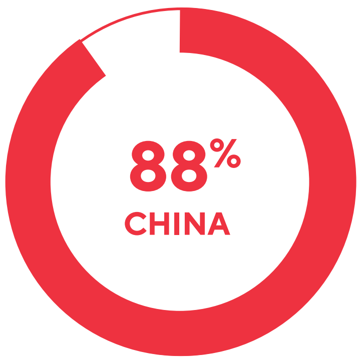
44% were influenced by a brand's website

28% were influenced by comparison research on other retail sites like Amazon

25% were influenced by social media (Facebook, Instagram, Twitter)

CONSUMERS WHO HAVE BOUGHT **PERSONAL CARE ITEMS** ONLINE IN THE LAST 12 MONTHS

*Personal Care Items indicates razors, moisturizers, soaps, etc.



BOUGHT PERSONAL CARE ITEMS ONLINE

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CONNECTED COMMERCE SHIFTS BUSINESSES TOWARDS INTEGRATED, UNIFIED PURPOSE & STRATEGY

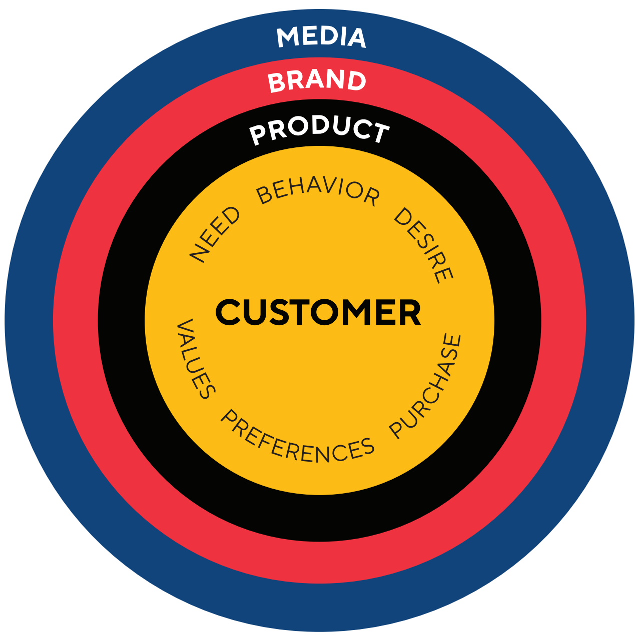
The e-commerce acceleration of 2020 will impact the marketing landscape moving forward in ways that brands are still working out. For instance, we've seen a significant uptick in social commerce, driven by consumers' increased time spent in platforms like Instagram and Snapchat – including the rise of shoppable content and the evolution of influencers' roles in the brand and consumer relationship.

With the commerce ecosystem changing, answering the question of where to invest next to make the most impact will be the continued challenge (and opportunity) for 2021. The difference is today, the approach is shifting to customer-led – tying all experiences together in a cohesive way, whether they exist in the form of the physical brand presence, the online brand presence and site experience, third party online retail owned experiences (like Amazon, Walmart or Tmall) or other, more product-specific retail partner experiences (think Target for skincare and CPG brands). As we help clients answer these questions, we're positioning them to succeed through a **connected commerce** approach to brand, media, creative and product.

> "Brand loyalty is going to be won for brands that deliver seamless, integrated experiences rooted in consumer needs, values and desires."
>
> – Valerie Davis, Managing Director, North America, ForwardPMX

We like to think of this new wave of connected commerce as a repositioning, where the brand is no longer at the center pushing or pulling customers to brand-owned properties in digital or brick and mortar environments. The customer – and more importantly his/her/their needs, emotions, footprint (both online and offline) and purchases – all become part of the new focus point. Not only is this a repositioning, but an important refocus that enables marketing teams to adopt a more integrated, unified purpose and strategy that sees and understands the customer and customer needs, from every engagement through every purchase. Looking ahead, brands need to focus on how customers want to shop for a particular product and be able to support those choices.

This connected commerce approach supports a fundamental shift from the brand being at the center to the customer being at the center.



"We're now evaluating marketing channel investments by really understanding the role they play in our customers' lives. A customer-led, not media-led approach helps us discover what levers we need to pull from a channel perspective much faster and more efficiently to make sure we're showing up where our customers need us."

– Shanie Cunningham, Head of US Marketing, Boden

SUSTAINING THE SURGE OF GROWTH ONLINE

While COVID-19 produced a surge in online growth, 2021 and beyond will require businesses to see performance in a different context – meaning, the rate of growth that was achieved by larger groups of customers coming online will likely see a leveling off, particularly as there is now more competition for online share than ever before. This is coupled with the fact that, while they may look different, other points of interaction will come back into the picture in a meaningful way, like offline and in-person experiences. For the first time in several months, U.S. retailers announced more store openings (3,199) than store closings (2,548) according to the latest March 2021 data from Coresight Research. Brands that create integrated experiences and support customers' purchase needs in whatever channel they gravitate to will be more successful. For example, offering direct ship, delivery, in-store pickup or in-person purchase options to cover customer need states will help further integrate online and offline offerings.

Moving forward, sustaining growth both online and offline will be about understanding the consumers' behaviors beyond the trivial transaction point. And a successful connected commerce approach will be able to take it a step further and apply this information back into the marketing efforts, all the way through the next product sale.

"Brands need to not only look at what actions customers take and how repeat customers ultimately come back and buy, but also how these customers were successfully activated in the first place. This is the key to building a better relationship with consumers, but it's not as simple as it sounds, especially as it relates to tying audiences back to the media."

– Tim Lippa,
SVP of Strategy, North America,
ForwardPMX

For many businesses, a common challenge to operating in this way is their first-party data strategy – meaning, their ability to collect, analyze and activate actual customer first-party data against real audiences. CPG/FMCG companies and other legacy retailers will naturally have a harder time wrapping their arms around this customer data, with the vast majority of their customers' purchases happening either in stores or through wholesale. Because of COVID and the surge online, we see many of these businesses more dramatically adapting their routes to market to capture more of their own first-party customer data. First-party doesn't only mean emails or transactions, however. Brands can leverage site visitor data and other first-party sources to help learn and scale their marketing efforts.

A strong Martech infrastructure will become the backbone of a connected commerce strategy, as it's the key to mapping real customer audiences to tangible executions of media in-market. Customer Data Platforms (CDPs) will help companies manage their first-party data as well as enable more automation to make the data executable.

DELIVERING THE MEANINGFUL EXPERIENCE

In 2021 and beyond, customers will continue to crave a connected journey online and offline. Brands that design customer-first solutions around the journey will not only be able to create positive outcomes and stronger, positive brand sentiment, but also be better positioned to drive longer term growth.

Brands have an opportunity today more than ever before to extend their brand promise to current and potential customers. The connected commerce movement means a lower barrier to entry online as customers more easily shop other products and brands. Loyalty measures and creating meaningful experiences will be critical at a time when customers have only more options to shop digitally. We've seen this phenomenon emerge across all generations – not only the digital natives – as boomers shop more online and compare more options for purchase. More than anything, e-commerce has meant more accessibility, which is the defining theme for modern connected commerce.

"Meaningful experience" may be the darling of marketing buzzwords, but what makes an experience that is truly meaningful? Brands must focus on nurturing the need state of the customer, whatever it might be. How can we help a customer make a good decision quickly? That alone is a great brand experience just as much as the amazing brand story or brand promise that moves someone.

03 CONSUMERS AT THE HEART OF THE GREAT DATA STRATEGY PIVOT

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03

AT AN IMPORTANT TURNING POINT, THE INDUSTRY PREPARES FOR A PRIVACY-FOCUSED WORLD AND THE CHANGES IT WILL BRING.

A Privacy Awakening

The quantity of headlines, opinion pieces and industry reports relevant to the privacy debate happening in the advertising world has been nothing short of astronomical. And with (mostly) good reason – the pivot away from third-party tracking towards a primary, and in some situations, exclusive, reliance on consented first-party customer data is changing the tried and true tactics the industry has operated with historically. These changes have of course been well underway in Europe with the rollout of the General Data Protection Regulation (GDPR), and a greater focus on first-party data has begun occurring in other parts of the world, albeit slowly.

We use the word 'debate' lightheartedly, because while there may be some lingering naysayers in the industry, the changes are both inevitable and necessary. If Cambridge Analytica taught us anything, it's that while we can't expect all consumers to "read the fine print", we can and should expect people to be increasingly aware of how their personal information is used. Rather than fall out of our chairs in shock and disbelief at the first sign of new privacy guidelines, whether they be driven by Google, Apple, or otherwise, we should recognize and embrace these times as our new normal. Consumers have spoken.

> "As much as we are digital marketers, we are also consumers and we wholeheartedly embrace the direction Google has introduced. We believe it will lead to an industry driven by more ethical practices and standards and represents one of the most important times in our careers as advertisers."
>
> – Tom Manning, Global Head of Consultancy, ForwardPMX

Regardless of who appears to win in this new environment, we're at an important turning point in our time as marketers – from regulators, to brands and advertisers, to big tech companies and the greater adtech ecosystem, our collective mantra moving forward must be to advocate for consumers.

ARE CONSUMERS AT THE HEART OF THE DATA STRATEGY PIVOT? WE ASKED THEM

To better quantify the "privacy awakening" happening, we polled consumers in the United States and United Kingdom in February 2021 about their concerns surrounding data privacy. The results show, as we would expect, that a significant portion of the population is paying much closer attention to privacy.

Concerns span beyond the most digital-native populations, Gen Z and Millennials, with at least part of Gen X'ers included in the age groups whose concerns are increasing.

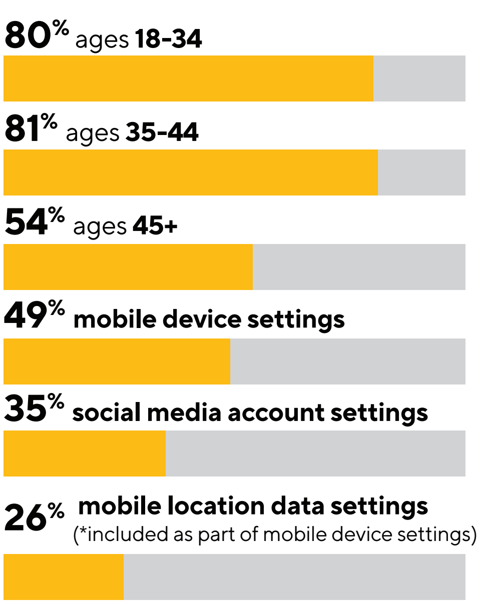
In a survey commissioned by ForwardPMX and conducted online by The Harris Poll, 57% of **U.S.** consumers say that their concerns surrounding data privacy have been increasing (significantly or somewhat) over the last year. Just 5% of Americans report decreasing concerns. The rising concerns are particularly prevalent in U.S. men (61% vs. 55% for women) – the highest, at 73%, of men in the age group of 35-44 (a mix of Millennials and Gen X) compared to 57% of U.S. women in the same age group.

Similar numbers were seen in the **UK**, where 47% of consumers voiced that their concerns surrounding data privacy have been increasing (significantly or somewhat) over the last twelve months. A tiny 2% reported that their concerns are decreasing. In the UK, concerns are, likewise, prevalent in the 18-34 and 35-44 age groups, at 54% and 51% respectively. Those ages 18-34 show significantly higher concern than those ages 45+ (54% vs. 43%).

What this data shows is that while the privacy awakening spans beyond the most digital-native populations, Gen Z and Millennials, rising concerns are more significant for these age groups. Digging in a little further as to how these privacy concerns have manifested in everyday online activity, 66% of U.S. consumers reported changing their online privacy settings over the last year. This is, again, particularly true of U.S. consumers in the age groups 18-34 (80%) and 35-44 (81%), who are significantly more likely than those ages 45+ (54%) to have changed their privacy settings in the past year.

PRIVACY SETTINGS BEING ADJUSTED

U.S. CONSUMERS HAVE CHANGED PRIVACY SETTINGS



These behaviors may seem initially alarming, but it begs the important question: how do we begin to win back people's trust? While the data today shows that consumers value privacy, they've also told us that it should not come at the expense of personalized or relevant experiences, according to Harris Poll and Redpoint Global's 2019 survey, which showed that 65% of consumers expect personalization as a standard.

This response reminds us that future first-party data strategies aren't just a technical challenge to solve. As advertisers focus on gaining consent, rightfully, consumers will want to be on the receiving end of new and added value from brands. Looking beyond discounts, personalized communications or exclusive offers, new innovations in Customer Experience should become a focus. According to Gartner's CMO Strategic Priorities For 2021 survey, 73% of CMOs intend to focus more on existing customers in 2021, and to fuel growth, will look to introduce new products and experiences to those same customers. The more that brands can transparently show the value they're offering people in exchange for their data, the more naturally trust and, later, loyalty can be rebuilt and strengthened.

NEW PRIVACY GUIDELINES BRING NEW QUESTIONS

It's easy to look back on the past year and fixate on the challenges and unpredictability of COVID-19, and how the changes in the data ecosystem only further complicate businesses' ability to reach new customers. More than anything, it's the resulting chaos and swirl of unanswered questions that have been a primary cause of anxiety in looking ahead at the next year in digital marketing.

As we mentioned, readying for this future requires an openness to the changes and a willingness to adopt different ways of reaching and scaling customer audiences. It also requires strong partners and talent who can plan, activate, measure and analyze audiences and media within these new parameters, and who will also help to ask the hard questions of platforms and other tech partners as the ecosystem continues to evolve.

Google, and certainly, Apple, have made their mark with their high-profile moves to defend consumer privacy, and advertisers are still assessing the impact these moves will have on their marketing programs. Most imminent is the rollout of iOS 14.5 in the Spring of 2021, and later in 2022, the long-awaited death of third-party cookies in Chrome.

Google's more recently announced privacy guidelines point to a future with no alternative user-level identifiers in the Googleverse post-cookies. While we've learned a fair amount about Google's cohort-based FLoC (Federated Learning of Cohorts) and wider Privacy Sandbox solutions, hands-on experience is still lacking. But as Google opens up more testing to advertisers and publishers – which, may be initially stalled in countries under GDPR regulations due to questions around FLoCs' compliance – we expect to learn more about how alternatives like FLoC, which operate at the aggregated segment level versus the personally identifiable, will impact how we measure performance moving forward.

“A bold prediction: Contrary to the sullen skeptics who lament the death of 3P cookies, the advent of FLoCs actually has the potential to make measurement better. FLoCs could make it easier to perform lookalike modeling and incrementality measurement. Much will depend on how the actual technology shakes out, but conducting hold out studies and attribution measurement on pre-aggregated cohorts could make it easier to generate the directional performance insights most marketers are looking for without the need for massive cloud computing investment.”

– Michael McVeigh,
SVP of Martech & CRM,
ForwardPMX

WHAT DIGITAL MARKETING WILL LOOK LIKE IN 2022 AND BEYOND

According to the IAB, as of January 2021, just 40% of brands expressed feeling ready for privacy laws and changes to third-party identifiers. But those numbers increased to 86% for ad tech vendors and 70% for publishers.

The Unified ID 2.0 initiative, in addition to a host of other DSPs, ad servers and others, are still in pursuit of their own alternative methods of identity matching. In many cases, the challenge with these alternatives will be scale, at least in the short term. In the long term, these companies may need to more significantly rethink their business models to comply with more privacy standards we can only expect will come.

While the industry braces for the next year, the greatest challenge at the moment is the uncertainty surrounding exactly how targeting will operate in 2022, and what it means for media planning, buying and optimization moving forward. As Google and UID solutions put their stakes in the ground, two different paths are being formed which could, in turn, produce two very different approaches, particularly in the U.S. Measurement is, of course, also high up on the lists of marketers. The big theme of measurement will be to get more and more used to the idea of modeled data as a standard.

The second biggest challenge will be related to Martech stack planning. Agencies will work with brands to focus on Customer Data Platforms (CDPs), Consent Management Tools and ultimately building out consented first-party data and CRM relationships that permit targeting. Leaning on partners with first-party data infrastructure at the heart of their recommendations will be more critical than ever.

04 INTEGRATED GLOBAL EXPANSION AND LOCALIZATION: PLANNING HAND-IN-HAND

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04

TEST AND LEARN METHODS IN LOCALIZATION ENABLE COMPANIES TO PIVOT QUICKLY TO CUSTOMER NEEDS

Starting Small to Drive Big Changes

Around the world, consumers continue to define their lives and behaviors on the other side of the global pandemic. And as marketers, we've learned that even while some broad sweeping shifts to online behavior occurred, we are still dealing with vastly different populations all with their own different needs and expectations. The volatility of 2020 and the uncertainty which lies ahead has meant brands need to accelerate their plans and become nimbler in their strategies to expand globally.

Today, there's no longer a question of whether businesses need to 'go international'. But an important strategic change is a move away from putting entire budgets into a new market and hoping to see immediate customer engagement and strong returns. A testing structure which allows a business to focus on one region or a smaller subset of like regions, with investments in specific channels to start, gives brands the chance to evaluate the impact and change the strategy where needed before getting in too far.

A global and local strategy is a requirement in almost any business category, and the more markets involved, the more complex it can be. Moving forward, businesses will benefit by leaving behind long-winded planning processes in exchange for more agile 'test and learn' approaches that give the right time and focus to meeting customer expectations at a local level, and quickly measuring success when entering new markets.

"With the complexity of the money transfer market as a whole, not only do each of our customers' home base countries come with their own challenges, but there are also important considerations in each send market. As we continue to expand globally, we're increasingly focused on testing and learning as quickly as we can, so we can apply those learnings in our new markets."

– Jamie Konegni, Marketing Director, Digital, Ria Financial

A CONTINUED FOCUS ON CHINA

Inevitably, the 'going international' conversation has frequently revolved around the APAC region over the last year, particularly as China emerged as a market of strength for many businesses struggling elsewhere in the world. While the APAC discussion has grown in significance over the last twelve months, rather than focusing on an entire region – be it Asia or any other region like Europe or North America – brands should be asking themselves: How can I test and learn how one market's consumers will react to my brand? After gaining learnings in a lower-risk environment, brands can begin to expand more confidently.

China is taking up more and more of media budgets, sometimes more than all other countries combined, including the US. Brands cannot omit this opportunity, but treating China as one region and one consumer is a sure way to fail. 2020 has shown us that you need to get China right if you want to win globally.

HYBRID MODELS ARE ENABLING BRANDS TO INTEGRATE THEIR LOCALIZATION EFFORTS

For many years, a good Paid Search or SEO campaign combined with a well-localized website was enough to be successful in most global markets. That's no longer true today, and as markets around the world grow even more competitive, it's not enough to simply be online in those markets; it's essential to approach audiences in the right way. Even with the tremendous movement to digital, seeing customers across all their experiences, both on and offline, is also key.

"As a business that serves customers in 165 countries, we're extremely sensitive to the need to communicate in-language, while also respecting different cultural nuances and preferences. This sometimes means removing our own assumptions, even if they come right from the local source. We're focusing instead on how our customers are personalizing their own experiences with us, online, in our app and in our brick and mortar locations. We get to know the whole Ria customer, and we want this to be the unique experience that customers know and expect of our brand."

– Jamie Konegni,
Marketing Director, Digital,
Ria Financial

New partnerships and integrations across agencies are helping brands to be more successful in this environment. Looking ahead, there are important opportunities for omnichannel marketers to come together with market research agencies and localization specialists to bring all the information about customers, channels and market insight in one place, which creates a real competitive advantage. Previously, these partners may have been serving clients separately, but they can no longer work in silos.

Companies that lead the way and adopt these hybrid models will be able to create more relevant and connected commerce journeys for customers. Rather than seeing localization as merely a necessary evil, combining the expertise of research, marketing and localization – from content translation to guidance on local media or payment platforms – will result in less budget wasted, because content and media can be localized in the places which really require it.

When it comes to measurement in different markets, it may be less disjointed than you think. As brands begin to expand into new markets, it's not a matter of reinventing the wheel when it comes to measurement – digital media and linguistics provide the means to measure. But connection across media platforms and strong CRM must be emphasized, particularly as we trend quickly towards a first-party data driven world. Brands should focus on more disciplined and connected approaches to audience planning and media activation, which is especially important in markets like China, where the choices of platforms and channels create a much more complex equation for marketers.

COMMERCE IN 2021: THE CONTINUED GROWTH OF GLOBAL ONLINE MARKETPLACES

Over the last five years, the marketplace model has grown faster than we ever could have expected. Marketplaces like Amazon, Taobao (China) Myntra (India) and Mercado Libre (South America), have grown tenfold in just the past year alone. Asia has seen the largest penetration of marketplaces when paired against other parts of the world, and even some of the largest luxury brands have had no choice but to weave them into their strategy. While many categories like CPG/FMCG and fashion and apparel have operated on the likes of Amazon and Walmart in the U.S., even more brands, including some of the more savvy direct to consumer companies, are seeing marketplaces as necessary to have the best visibility to customers and not lose out to competitors.

Expanding a marketplace strategy to a global audience isn't quite as simple as it sounds. For instance, automatic translations for page content on marketplaces like Amazon will often result in a negative experience for consumers. Content itself must be localized before, with specific markets and marketplace experiences in mind.

"Localization needs to be integrated into the marketing planning process early on and in the correct places, not treated as a one-off or one-size-fits-all action after it's been successful in a certain way in just one market."

– Hannes Ben, CEO, Locaria & Chief International Officer of Stagwell Media Group

LOCAL CONSUMER INSIGHTS

TO KNOW TODAY AND BEYOND

GLOBAL ENVIRONMENTALISM

As lifestyles changed to a slower, in many ways, simpler way of living through the global lockdowns, environmental issues grew significantly more important for consumers around the world, while it also became a focus in the political arena. As an example, heavy GHG emitter countries like **China** pledged for net-zero emissions by 2060, and the Paris Agreement became one of the hot button issues driving Americans to vote in the **U.S.** Presidential election.

In **France**, consumers expect their products to be eco-friendly with natural ingredients and want to understand where the ingredients are sourced. Similarly, in the **Netherlands**, sustainable messaging and a focus on environmentally friendly practices is a brand value that is very important, particularly with Millennials and Generation Z.

The Gulf Region has long been a transcontinental flight hub, servicing travelers moving from east to west while also becoming a tourist destination in itself, with holiday destinations like **Dubai**. Travel restrictions in 2020 hit this source of income for gulf countries hard, but as the region attempts to rejuvenate the market in preparation for the World Expo at the end of 2021, environmental factors are also being more strongly considered.

BUY & PAY THE LOCAL WAY

In **Germany**, payment options available to consumers vary quite a deal more than other countries. E-Wallets (e.g., PayPal) is the most popular payment option, followed by invoice and bank transfer. Features that make users more likely to purchase are also different in **Germany**, such as free delivery, coupons and discounts, and an easy return policy.

Countries in the Middle East, on the other hand, rely on Cash On Delivery, which remains the most popular payment mechanism despite attempts by sellers to pass this additional cost on to consumers. The trend is beginning to change in more digitally advanced areas like the **UAE**.

'MADE IN'

French consumers have shown an increasing desire to support local business, not only because of local brand preferences, but also to drive local economic recovery and growth.

MORE DIGITAL CONSUMPTION

In the **Netherlands**, brands need to be creative and keep up with the expectations of Generation Z, who often prefer video and interactive content.

It's a similar story in **Korea** where digital adoption is happening very fast across all ages. There is now an approximate internet penetration of 95% and high digital consumption across all devices (mobile, tablet, computer).

While the mall has long been a staple of life in the **Middle East**, the pandemic drove many retail brands to accelerate their digital development. After a few initial teething problems, this has ultimately bred innovation, like fashion brands offering mobile 'dressing room suites' or touting rapid same-day delivery services to meet the digital-first consumer.

EARNING TRUST

Dutch audiences are more and more interested in brands that they have an emotional connection to, which in turn, builds trust. This deepens the brand value in their minds, especially brands who put purpose at the forefront of their messaging, versus just selling a product.

In **Germany**, trust is often tied to maintaining integrity in product and price. Germans are price sensitive, however, an over-communication of heavy discounts, especially for less-known brands, will result in trust lost.

Japan, in comparison, has a consumer base that believes trust building is critical – and yet it's very challenging for brands. UX and Customer Experience need to be very tailored, which makes going in with Western approaches a strategy that won't ever work. Website UX is particularly key, as direct e-commerce purchases are approximately 30% of total online purchases in Japan, while marketplaces dominate with over 60% of online commerce share.

5 BRAND, PRODUCT & PURPOSE NOW INTIMATELY INTERTWINED

05

BRAND, PRODUCT & PURPOSE NOW INTIMATELY INTERTWINED

CONSUMERS ARE NOW LOOKING FOR BRANDS TO ADOPT CLEAR AND SUSTAINED APPROACHES TO DRIVING SOCIAL CHANGE.

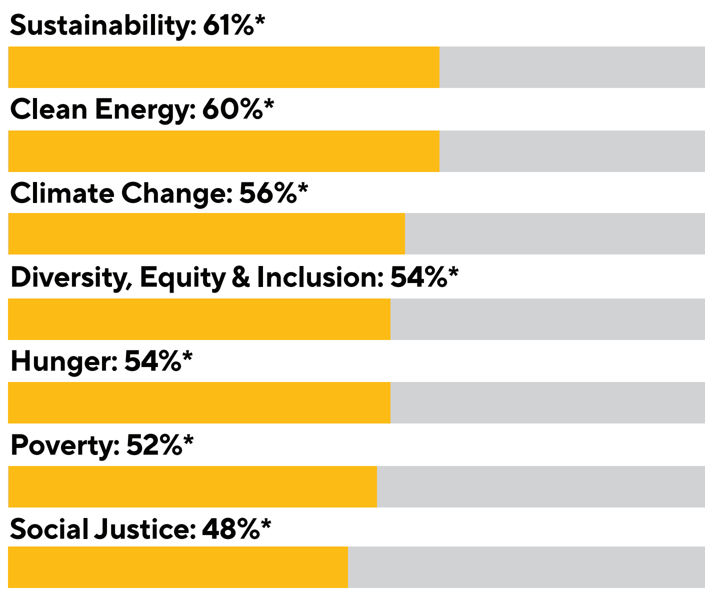
A NEW SET OF RESPONSIBILITIES

In many ways, 2020 brought our global society's issues to light in a more jarring manner than we've perhaps ever had to face. The COVID-19 pandemic, the numerous acts of violence against Black and Asian communities, and the harrowing impact of climate change raised the world's awareness to the fact that issues like socioeconomic disparity, equity and equality, and racial injustices are very real, ingrained and prolonged crises. Often glued to our televisions and mobile devices over the last year, we witnessed and experienced the collective and individual impact of these crises across nations around the world. As a result, new waves of consumer activism have emerged, as well as new expectations – all of which have awoken businesses to the fact that there is no longer a choice in whether or not they respond, but they also need to do so in an authentic way.

While businesses have always had at least some part to play in social, cultural and environmental issues, what's been most poignant over the last year is the changing expectations of brands and businesses to not only engage in the conversation, but also to lead, act and drive tangible change, beyond financial contributions – through new policies and processes, new roles within their own organizations, new partnerships, new types of activism – the list continues.

In our February 2021 U.S. consumer survey conducted by The Harris Poll, we discovered, unsurprisingly, that many Americans believe brands are more responsible than ever to help address societal issues this year and beyond.

BRANDS' RESPONSIBILITY TO DRIVE CHANGE & ADDRESS KEY SOCIETAL ISSUES: A POLL OF U.S. CONSUMERS



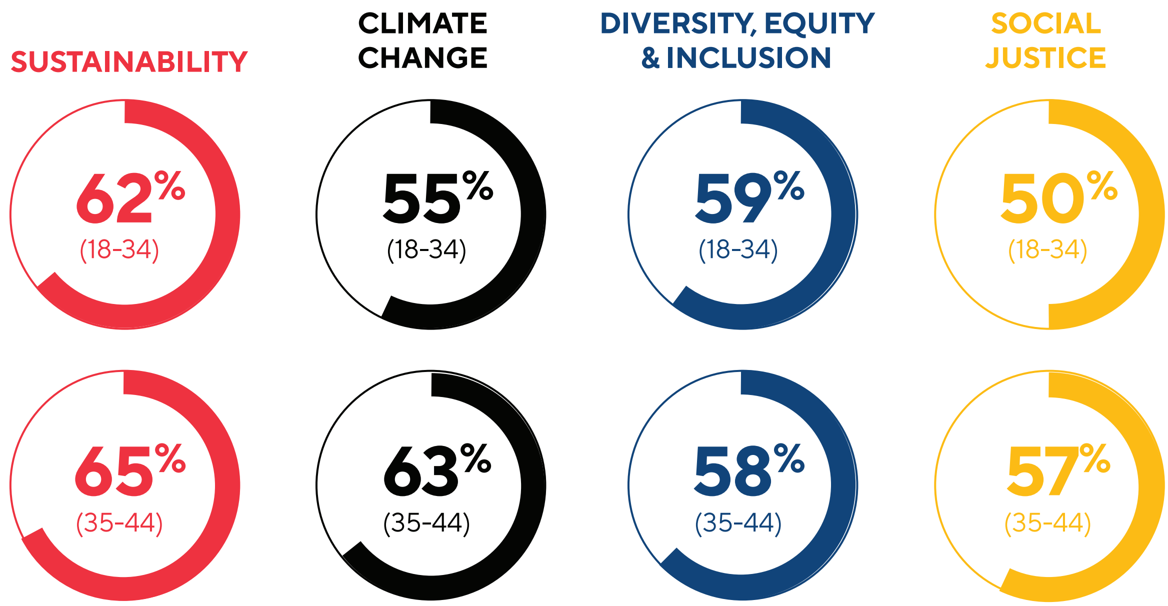
*Percentage of consumers who believe brands should be more responsible

Businesses are now just as aware of their expected roles. According to Gartner's [2021 CMO Strategic Priorities] survey, 95% of CMOs believe their brands should take the lead in finding solutions to major societal and cultural issues. Businesses looking inward at their Marketing organizations to drive organizational change, and more specifically at their CMOs, is an important evolution to take note of and a trend we see continuing as, more than ever, Marketing becomes a key connector across brand, products and purpose.

LED BY THE TIMES AND BY THE AUDIENCE

As we look closer at the age groups within our Harris Poll survey data – specifically at issues of Sustainability, Climate Change, DE&I and Social Justice – age groups 18-34 and 35-44 are seen to be slightly more vocal about brand' responsibility to participate in solving these issues than other age groups (with the exception of Climate Change, where we see ages 45-54 and 55-64 ever so slightly higher in their response). When it comes to Sustainability, women ages 55-64 respond far higher about brands' responsibility (69%) than their male counterparts in the same age group (51%). While brands rightfully tend to focus on up and coming generations, the data shows that these issues also matter to other age groups, which only further supports businesses' need to progressively march forward with new solutions.

A SNAPSHOT



Today, the risks are much higher for brands who don't take a position or transparently communicate the work they're doing to further positive change – both within their own walls and in society. That's because, increasingly, the most important audiences to brands and marketers (Generation Z and Millennials) are highly purpose-driven in their behaviors, and even more in their decision-making around purchasing and loyalty.

In the midst of the global health crisis, brands' social and environmental responsibility was even more on the minds of consumers. In an April 2020 McKinsey survey of UK and German consumers, 63% reported the use of sustainable materials as an important purchasing factor, and 63% said a brand's active promotion of its sustainability practices would also guide their purchase decisions.

Largely as a result of having real-time information available at their fingertips, Gen Z is a far more future-facing and visionary group than any other before them, as they've already begun to think about leaving the world better for generations yet to come. And, they expect brands to partner and align with them in these noble missions. While media is an important medium for brands to share their intentions tied to purpose, these audiences are watching everything a brand says and does in all places – from the products they develop, to the routes to market they choose, to the partnerships they engage in. With digital being an open runway to share progress towards social and environmental goals, radical transparency is the expectation, even if it means ownership of shortcomings.

> "What's offsetting damage that's already been done, versus what's truly progressive and making a change? These are the hard questions that brands need to be asking themselves, because you can bet these are the hard questions that consumers will be asking of them."
>
> - Supriya Dev-Purkaystha, Commercial Director, DE&I Lead EMEA, ForwardPMX

PARTNERSHIPS EXPANDING

As brands' responsibilities grow and evolve, there is rightfully more scrutiny on agencies and other industry partners. While it wasn't uncommon in the past for procurement conversations to touch on policies surrounding sustainability and social good, the process is quickly becoming much more than a 'tick box' exercise. Over the last several months and moving forward, we see agencies increasingly being asked about their own diversity, equity and inclusion initiatives (not just policies), their People processes, as well as whether they're assigned to any direct environmental goals such as energy savings or recycling, for example.

More often than not, brands will take the proper measures to ensure their agencies and larger ecosystem of partners are aligned. Organizations that have likeminded purpose and values at their core are inevitably better positioned for longer-term partnerships and more productive sharing of perspectives and ways of working.

The more progressive brand and agency relationships are focusing on initiatives that go beyond policies, and even beyond marketing and media efforts. To help fuel these new partnerships, some agencies are creating roles responsible exclusively for DE&I, Sustainability and other cause-driven remits with specific accountability to drive change in their own organizations and in clients' businesses. These roles don't fall within traditional HR or People teams; instead they're in client, partner and industry-facing roles in order to have a more direct impact on brands' decision making related to their purpose and social cause actions. These roles also give agencies, partners and clients the chance to collaborate and accelerate their goals together as it pertains to society at large as well as an authentic extension of their business.

A CONTINUED EVOLUTION OF BRAND PURPOSE

"Being a brand with a positive purpose that combines, complements or results in profits presents a sustainable path forward for all."

– James Townsend,
Global CEO,
ForwardPMX

While the expectation and "the why" is clearer than ever, "the how" is a challenge that brands are still navigating. When it comes to adopting a truly purpose-driven business strategy, many brands are still in the early days of this change and are working to find their footing. What's more is the competing notions of "offsetting" versus changing behaviors and processes, which can sometimes result in scattered efforts that don't necessarily drive the intended impact. Fashion, and fast fashion companies more specifically, would agree they have some real work to do when it comes to progressively changing their processes – but that's not to say there hasn't been positive progress made.

The evolution of Purpose and its front and center role is naturally a more difficult proposition for larger legacy businesses. But the competition now includes a new subset of young, nimble, sustainability-focused brands that both have causes at their core and intrinsically tied to their products and services. These brands will continue to win the hearts and minds of younger generations, which urges the path forward for larger companies. That path forward doesn't replace profit with purpose, rather businesses are challenging themselves to redefine their approaches so that the two can exist together.

2021
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About ForwardPMX:

ForwardPMX (www.forwardpmx.com) is a global data and technology driven marketing services company, designed to help brands find the change that fuels growth to their businesses. With over 20 offices worldwide and 1,000 of the industry's most distinguished talent, ForwardPMX brings a unified global vision, with local depth and expertise across a comprehensive set of consultancy, data, technology and media solutions that help brands engage audiences all over the world. By pairing people with data-led process and powerful technology capabilities, ForwardPMX is uniquely positioned to deliver scale and performance to today's world-class brands. ForwardPMX is a proud member of The Stagwell Group.

SURVEY METHODS

UK and China:

This survey was conducted online by The Harris Poll on behalf of ForwardPMX from February 5-9, 2021 among 2,051 adults ages 18 and older in China (n=1001) and the UK (n=1050). This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables and subgroup sample sizes, please contact ForwardPMX: info@forwardpmx.com

US:

This survey was conducted online within the United States by The Harris Poll on behalf of ForwardPMX from February 4-8, 2021 among 2,155 U.S. adults ages 18 and older. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables and subgroup sample sizes, please contact ForwardPMX: info@forwardpmx.com

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