

FEBRUARY 23, 2016 DAY 3



- Industry will look to technology in order to return to the kind of productivity gains seen prior to 2011.
- Mobile advertising presents two main challenges: accurately measuring return on investment and creating ads that really work on mobile devices' small screens.
- Fossil is among the fashion accessories companies that are pushing into wearable technology; in the not-too-distant future, all Fossil watches will likely be connected in some way.
- Near-field-communication (NFC) labels mean the future may not belong to the Internet of Things, consisting of complex devices, but to the "Internet of Everything," in which any object can become connected through an NFC label.

INDUSTRY SEES PRODUCTIVITY AND SERVICE GAINS FROM TECHNOLOGY

The impact of mobile technology aimed at consumers tends to grab the headlines. But as we noted yesterday, industry is set to capture some of the gains from the mobile revolution and the Internet of Things (IoT).

Day two of Mobile World Congress (MWC) 2016 began with this theme. GE Digital CEO William Ruh claimed that, although the consumer Internet boomed and evolved in the last decade, the industrial world did not take advantage of the Internet "in any meaningful way." However, it will seek to do so in the coming years, Ruh said. He noted that annual productivity gains averaged 4% in the industrial world from 1990 to 2010, but that the rate has fallen to just 1% since 2011. As firms look to recover those gains seen in earlier years, they will look to tech. In short, Ruh said, firms that are industrial companies today will wake up as software companies tomorrow.

Chuck Robbins and Richard Fain also took part in the discussion:

- Chuck Robbins, CEO of Cisco, noted that the digital revolution is spurring countries, cities and companies to rethink established models, from transportation models to skills models to business models.
- Richard Fain, CEO of Royal Caribbean Cruises, said that technology is not replacing human interaction with customers: by taking on mundane tasks, technology allows his company's employees to spend more time with customers.

DAWN AIREY AND SIR MARTIN SORRELL

A keynote session featured two big names from British media: Dawn Airey, now CEO of Getty Images and formerly of BSkyB, ITV and Channel 5 in the UK, and Sir Martin Sorrell, CEO of WPP.

Airey, in conversation with Ina Fried from Re/code, focused on the revolution in photography that has been spurred by the smartphone. Globally, 2 billion people now have cameras, Airey noted, the majority of which are in smartphones. And around 25% of the photography Getty now acquires are images taken on phones, she said. Looking ahead, Airey predicted that immersive photography and virtual reality (VR) are “just the beginning.” Getty has been shooting 360-degree photography since 2012, and is now supplying VR firm Oculus Rift with visual content.

Sorrell focused on what the mobile revolution means to advertising. He noted that advertisers have generally underinvested in mobile: the revolution has not registered yet, he said, although some “long tail,” smaller firms have recognized the significance of mobile ahead of their larger counterparts.

Sorrell said that advertising on mobile devices presents two problems that still need to be resolved: First, companies must figure out how to measure their mobile ad return on investment. And second, they must figure out how to take a creative approach given the small screen size on most mobile devices.



Like Airey, Sorrell concluded that VR is the theme that “keeps on coming through” at events such as MWC. The impact it will have in sports and entertainment viewing, he said, will be substantial.

WEARABLES IN THE SPOTLIGHT

At a session on wearable technology, we heard from Under Armour, Fossil and OMsignal:

- Under Armour presented its HealthBox proposition, which includes a health band that measures sleep and heart rate, connected weighing scales, and a mobile app that tracks the user's diet—all of which is brought together via the UA Record app. A "hyper-personalized experience integrated into Under Armour products is the future," claimed Chief Digital Officer Robin Thurston.
- Fossil demonstrated how it is moving into technology with smartwatches, "smarter" watches and fitness bands. The company is making big investments, including hiring 200 tech staff, to bring its style credentials and big-name brands to these categories of wearables. Greg McKelvey, Fossil's Chief Strategy and Digital Officer, predicted that all the company's watches "will be connected in some way...in the not-too-distant future."
- Stephane Marceau, CEO of OMsignal, said that the "number one secret" of the wearables market is that consumers buy fashion first. Marceau claimed there is a pyramid of consumer drivers, the foundation of which is fashion. The higher levels of the pyramid are tech based. The next generation of wearables, he forecast, will be focused on well-being and mindfulness.

DAY THREE WRAPS UP WITH SESSION FOCUSED ON RETAIL

The final session of day three focused on retail, and on the convergence of physical and digital retail, in particular. In the session, we heard how Toys "R" Us is bringing tech into its stores with magic mirrors and "wishing wands" that allow kids to scan products to build their own wish lists. The company's app focuses on "micromoments" designed to create a connection to the in-store experience. "In-store moments can be won outside the store," said Victor Ortiz, the company's Director of Mobile Retail Engagement.



The micromoments discussion was continued by Davor Sutija, CEO of Thinfilm, a company that manufactures NFC labels for brand owners. Sutija made a convincing case that the future will not be so much an Internet of Things consisting of complex devices, but an "Internet of Everything," in which any object can be made "smart," or connected, via a small NFC label.

Diageo is already using Thinfilm's NFC labels on its Johnnie Walker Blue Label whisky bottles, and Sutija noted that other beverage companies, including wine firms, are starting to deploy this technology. In conjunction with information submitted by consumers, NFC labels allow brands to create personalized, yet mass-communication, marketing. The labels can also help with product authentication in categories such as alcoholic beverages, where product fraud is a significant problem.



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ONE-LINE TAKEAWAYS

Finally, we share some one-line takeaways from day three of MWC:

“Analysts that in previous years overforecast growth for e-commerce have more recently been underforecasting growth for mobile commerce.”

–**Michael Jaconi, CEO of Button**

“Apps are failing on long-term engagement. Three out of four apps are not used after their first use following download.”

–**Scott Snyder, President, Chief Strategy Officer of Mobiquity**

“TV viewership is dropping around the world, except for live TV. Recently, 2 million people tuned in on Periscope to watch live feeds of floods in Newcastle, UK. TV networks are increasingly adopting Twitter, YouTube and new social media tools to appeal to their audience and achieve amazing synergies.”

–**Jean-Philippe Maheu, Managing Director, Global Brand & Agency Strategy at Twitter**

“User intent on the web starts with a search engine. User intent on mobile starts with an app. But apps solve singular problems, meaning there is scope for contextual marketing once the problem has been solved.”

–**Michael Jaconi, CEO of Button**

“Netflix has shifted from a DVD rental company to a streaming company to a data company that is based on personalization. Its data is informing its original program commissions.”

–**Scott Snyder, President, Chief Strategy Officer of Mobiquity**

“Partnership is important for 5G. Deutsche Telekom brought together network providers, software companies and industrial players to build its first test bed for 5G networks, to ensure project standards and interoperable systems.”

–**Wolfgang Kopf, SVP of Group Public and Regulatory Affairs at Deutsche Telekom**

“The Internet was responsible for 43% of European and US economic growth between 2001 and 2011.”

–**Patrick Collison, CEO of Stripe**



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