SUMMIT SPEECH

FOR

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(**Slide 1**) Hello everyone!!! It’s great to be here standing before all of you, especially when each one of us has the option to be “**virtually** anywhere” at any time - we all have the ability to have our voices heard and our opinions count across a range of opportunities!! I’d like to thank MediaPost for giving me the chance to share my thoughts and this presentation with you. Of course it’s somewhat Ironic that we’ll be discussing crowdsourcing….I hope I don’t wind up shooting myself in the foot…The good news is, if I’m really good at conveying the concept and its advantage in the marketplace, whether you like what I have to say or not, I’ve opened the door to all the feedback you may have. The bad news is-well, there **IS** no bad news…let’s exchange ideas! We’re all living through an historic moment in media and marketing and I truly believe that there’s no such thing as a bad idea…. (**If you want to make a joke you can say something like**) well, maybe having a bacon truck at a cardiologist convention… (**Wait for the laugh**)

A little less than forty years ago, a man named Sy Syms coined the catch phrase, “An educated consumer is our best customer.” Little did we know back in 1974 how true those words would ring. Although Syms was a pioneer in the off price clothing business, he really did believe that a shopper who was informed and **engaged** would be an asset to any retail scenario. Not only does today’s consumer have the wherewithal to be educated, he or she is more connected than ever before-and the trend is **just beginning**. Also keep in mind that a few years before Sy Syms shared his mantra with the public, Andy Warhol warned us “In the future, everyone will be famous for fifteen minutes.” Some may have thought that prophecy was absurd back then, but cut to the present day and here we are. Your nephew’s cat can be a YouTube star, your neighbor can have five thousand followers on Facebook, and your customer has the power-yes, the **POWER**, to revolutionize the way **you** do business. The fifteen-minute shelf life predicted by Warhol has manifested itself far more thoroughly in our contemporary culture.

How do we leverage the concept of Crowdsourcing content to boost sales across social media channels? First we have to identify and clarify the changes that are taking place all around us, rapidly and pervasively. Think about how your own personal use of media has changed over the past few years. The first generation of Internet users relied on emails as the main means to connect. I don’t know about you, but aside from business to business communication, I find that most “personal” emails I receive these days are not of a personal nature. They’re not from friends or family and I’m not getting as much information through email channels as I used to. I notice that, especially with younger people, communication is delivered via text, tweet, Instagram photo, Facebook status update or private message, etc. As a teched up, connected culture, the once mocked seven-minute attention span seems like a lifetime. Concentration is morphing into learning to deal with sensory overload in the form of bits and bytes simultaneously coming our way from multiple platforms and sources. We’re learning to scan and take in multiple stimuli at once to a greater degree than ever before. Our mandate as marketing and advertising professionals is to seek out the consumer, observe the evolution of their shopping and communications behavior, harness the technology to use to our advantage, and address how essential it is to appeal to the consumer in a modern way that resonates with them. A recent article on Forbes.com informs us that according to a Pew Research poll, more than 50% of adult Americans have a Smartphone-up from 35% just **two** years ago. In the 18-34 age range, nearly 80% have Smartphones, and it’s believed that percentage would be even higher were there less financial limitations. Other information tells us that people download an average of forty-one apps per Smartphone and users check their phones an average of once every 6.5 minutes. Quite simply, your impact on the consumer is as close as the palm of their hand, and **their** potential impact on your products is equally as close and convenient.

So there they are and here you are, poised to partner with the public to have a positive effect on your bottom line, so let’s now talk about how leveraging social channels to engage and acquire substantive crowd sourced content can have a direct impact to drive sales.

Certain factors in recent years have had a marked effect on how the world now functions. The “Big Bang” of the global economic recession has collided with the explosion of the technology boom and has caused an obvious and undeniable shift in the way consumers relate to products and brands. The days when consumers would see an ad and show up at the store to learn more about those products have gone. Instead, once that consumer hears about your brand and particular products, he or she has the means to do their own investigation, probably in several different ways-think about yourselves as consumer-how many different devices do YOU own that can take you to the product research you’d want to do? Most of us have phones, tablets or laptops to work with, and a growing number have more than one mobile phone at their disposal. Like Sy Syms said, an educated consumer…. They access all sorts of information and whether it’s an online review, a coupon, a blog post about your product or a forum or discussion on a social media platform, by the time that potential buyer walks into the store, for the most part, they are prepared. The quality of your product and message must be irrefutable. Welcome to the new world of “post-information asymmetry.” The balance has tipped towards the consumer.

(**Slide 2**) The consumer is more educated and it’s non-negotiable that we have to be equally or more so, up on the trends and insights to drive our businesses. Seventeen years ago, when retail life was simpler, Proctor and Gamble coined the phrase “FMOT” or, **First Moment of Truth**. Let’s face it, in other aspects of life we learn that “you get only one chance to make a first impression,” and seventeen years ago, P+G realized that the first moment of recognition is the moment of truth. It lasts about three to seven seconds or just enough time to scan the shelf and note a product. The second moment of truth happens when the customer uses the product, assuming that the planets were aligned and a purchase was made, which is what we all live for. For P+G, in the 2002 Chairman’s address, we learned, "The second moment of truth occurs **two BILLION times a day** (**If you want to make a joke, you can emphasize this line and then say, “Gee, I feel like Carl Sagan!!” and wait for the laugh)** when consumers use P&G brands. Every usage experience is our chance to delight consumers.” Ladies and gentlemen, that’s quite a lot of caps full of Tide, squirts of Crest toothpaste, and bowls of Iams pet food!!! (**Wait for the laugh**). (**Slide 3**) As all great concepts adapt to the times, seventeen years after P+G’s first mention of FMOT, Google coined the term, ZMOT, or “Zero Moment of Truth,” used to distinguish **today’s** impact on the modern consumer. Today’s shopper… and this includes YOU, navigates and recalculates at his or her own pace and uses many of the techniques and technology currently available to inform purchases. From visiting a local store to choosing to search on their devices for different reasons, today’s consumer has a myriad of choices they can employ to gather intelligence concerning any purchase. All data is incorporated in any product selection and whether it’s posted product reviews, ratings, assessing styles and prices, seeing ads in magazines and newspapers, spotting commercials on TV or spot ads online, or other feedback, we live in a world filled with endless content just waiting to be tapped to influence every purchase from any source. (**Slide 4)** Marketing now can reach every touch point and it doesn’t matter if it’s offline or online, but it all spells the same thing. As Google puts it, “80% of success in ZMOT is just showing up.” How can we, as marketers, create enough relevant content to appear everywhere the consumer looks when that consumer has an average of eight different sources across owned, retail and social channels? We need to be there when and where he or she shows up, and in order to do that effectively we have to find a way to maximize our presence in the new media universe.

(**Slide 5**) It’s been said that one in every four consumers posts something **about** you and your product or **to you**. The segment is growing rapidly and we can tell because we’ve given them a name. As a force to be reckoned with, we call this growing sector the “Brand Connected Consumer.” These people choose to be actively engaged in the conversation about product and as they keep going, the numbers will increase geometrically. They maintain an intimate connection with the products you provide-or not- and they want to be heard and make a difference. Finding the means to engage consumers is a great way to strategically augment the growing need for content, and the best part is that such close consumer contact provides an authentic insight to share with other consumers. Warhol gave us each fifteen minutes, but in this modern connected age, everyone is his or her own brand and wants to share opinions, preferences, and of course critiques. All serve to make us, as merchants, more in tune with what we do and why we do it. An overwhelming majority of these Brand Connected Consumers believe their comments are seen and heard by you and most importantly, they believe that you truly value their opinions and comments.

(**Slide 6**) The renowned trend forecaster and futurist, Faith Popcorn predicted that one of the trends for 2013 would be that of the “liquid brand.” How does she describe this trend? She states, “No other era is more consumer responsive than the now. **Businesses ‘must become malleable and allowed to fluctuate with the culture.** In short, **rigid brands must become liquid** -- penetrable, responsive and quick to move into new areas.’" The time is now. Adapt or die, as the saying goes.

Consumers are empowered. By sharing their thoughts and opinions, they have gone beyond joining the conversation. They’ve created it. In the past, merchants told the public what they would be buying. Then again, in the past revolutions weren’t forged on Twitter. Now they are. Has anyone been in the middle of a flash mob of any sort? It’s a pretty powerful phenomenon, just as an illustration. Yes. The public, as in the consumer, has created the conversation and we all need to listen because they have the power and they’re not giving it back, and the more you listen and heed the comments to strengthen your brand, the more valuable the conversation will become. Social customer relationship management is about engaging the customer and acknowledging their value to your brand’s existence. After all, where would we be without customers? Think of the consumer as partner. A one sided conversation cannot exist. That’s called a lecture. It is up to us as marketers to use social media to provide a rich and inviting platform for discussion and don’t forget this new relationship is social, not technological or business-oriented.

(**Slide 7**) About three years ago, Sears and Kmart partnered with EXPO to integrate and match user generated video content library to the Sears and Kmart product catalogs. This partnership has grown to amass an archive that contains about 33,000 user-generated videos across 12,000 unique products. As we leverage social networks like Facebook, YouTube and other mobile sites, Sears has managed to scale quite quickly. (**Slide 8**) At Sears, we ask the critical question, “How do user-generated videos complement professionally-produced content, if at all?” We discovered a definite synergy between the two and there is strong evidence of incremental benefits thanks to the hybrid exposure created. In the campaign we analyzed, it was clear that there were strikingly higher incremental lifts when both professionally produced content and user input were used in tandem. The user-generated content added a sense of authenticity. (**Slide 9**) As we continued to look at the benefits of employing both professional material and consumer contributions, we found that the input from consumers contributed an authenticity and believability. While the professional media afforded the consumer to have greater “faith” in certain feature claims, the consumer videos were effective in verifying specific product claims like superiority and convenience, it was definitely the consensus that both channels worked to complement each other in providing the consumer with greater confidence in their purchase decisions which of course has the potential to result in more effective sales and product placement.

(**Slide 10)** Crowd sourcing provides challenges, but those are not insurmountable. We’ve learned that the ratio of texts to video is 3000:1 and the biggest challenge we face is to get user generated videos for the big-ticket items like appliances and consumer electronics. Of course as with most pyramid based product selections, our access to user content for consumables is much greater.

(**Slide 11**) We were very impressed with discovering the benefits of having the authenticity that only content from real consumers can provide. As we tested long form professional how-to instructions against unedited user based content explaining set up for the same items, it was clear that consumers knew what was important in the set up and construction of these items. The scripted and edited professional content just was not as effective.

(**Slide 12**) How do we fill our digital shelves with compelling consumer content contributions? We find, as we’ve said, that a marriage of both professional and user-based video create an enticing mix for the potential consumer and we’ve seen that user video is malleable to fit the correct “shelf.” (**Slide 13**) As we look at the ZMOT of an online product page, we are all aware of how precious space is and how important it is to curate the page to create optimal opportunity for consumer choice. We’ve observed that etailers like Quidsi may use up to nine (**video?**) thumbnails (**NOTE: does this include video-because as I follow your notes, the next statement doesn’t seem to follow**) on their product pages, however, it has been our experience that when offering professional video and consumer generated video on a product page, we find that user content is more popular and effective with regard to sales and ultimate consumer satisfaction. Quidsi is offering a lot of choice, but the bottom line tells us that video viewers are 64% more likely to make a purchase. We’ve already seen that consumer videos are more effective so let’s ride the horse in the direction it’s going!

(**Slide 13 is not mentioned in notes-I placed it above where I thought it fit in)**

(**Slide 14**) The impact of the EXPO video widget on a product page is undeniable. It’s been discovered that with an EXPO video widget the conversion rate is over 5 times greater than without it and the cart size increased by 66% for visitors that watched related consumer video content thanks to EXPO.

(**Slide 15**) It’s no secret that You Tube is the go-to site for all things video and it’s the most powerful video channel **in the world**. Consumers know that if they want to see a video on anything, and in particular your product, YouTube is the nexus of the user generated video universe. And by the way, that universe includes you and your brand and products too. When people want to see video of your product, YouTube is of course the first stop. Sears has implemented the automated publishing of brand approved video on the channel and along with that exposure comes the ability to capture and analyze metadata thanks to the asset optimization enabled for each video which also facilitates priority exposure for Google searches.

(**Slide 16**) Although you and your families and colleagues may not currently be making any substantial purchases on Facebook, studies have shown us that as a collective online culture, Facebook recently has surpassed even Google as the site where people spend the most time of their online life. Leveraging Facebook as a venue to be an effective retail shelf is obvious. When EXPO researched this concept it discovered that Facebook offers a higher click to buy activity than other retail sites used in the study. (**Slide 17**) Facebook has really become a viable online platform for the new age of retailing and that position is only going to grow. When we think of the growth that Facebook has sustained and the connections it has facilitated in everyone’s lives, it’s really astounding. CNET reports that as of January 2013, Facebook had over one billion active monthly users worldwide-and you can just imagine that’s without China!!!… Maybe that accounts for its recent impressive gains in stock price!!! Like I said in the beginning of my presentation-although it may seem like we’ve been involved in etailing for a wile, there is nowhere to go but grow!

(**Slide 18 -I don’t see slide 18 in the Powerpoint**) The on the go consumer… and quite frankly, doesn’t that describe each one of us? … is getting more and more used to watching video content. Cisco predicts that 90% of mobile bandwidth is going to be used for video consumption this year. That indicates that there is a huge opportunity for marketers to reach audiences at unprecedented levels and means. Every video uploaded by a consumer is encoded in up to eight different formats insuring optimal visibility based on device and platform and other technologies are in place to maximize the viewer’s experience on almost any mobile device.

All this means that there is a golden opportunity for all of us in the retail industry to observe the trends, stay current with technology, and honor the consumer. Business gets more challenging every day and the people who keep us going are being stretched more and more. They’re being challenged on every level of life and everyone is really beginning to realize that as consumers they want quality, value, and respect. All of those requirements come to the forefront as we get closer to that consumer and as we get closer, we have a real sense of how important it is to acknowledge the essential importance of not only hearing, but **listening**, to the customer’s voice. We’ve seen that other consumers want to hear what their comrades have to say, and quite frankly, so should we.

As I said earlier, “adapt or die.” We all have a tremendous opportunity to do the research to really get to know our customer’s tastes, habits, and tolerance for quality and value across all product lines and as we explore new avenues of connectivity and conversation, we open the doors for the new era of commerce. I for one am thrilled to be a part of this exciting adventure and I’m sure all of you are as well.

Thank you again for the opportunity to share these concepts and I look forward to seeing amazing growth and innovation from our side and the consumer side in the months to come.

Thank you all and see you online!