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Marketing and Advertising Transformation

SUMMARY: Advertisers and marketers are exploring innovative ways to connect with the public. Online advertising is growing, but concern is rising about vulnerabilities to abuse for other purposes, including fraud, as well as whether the model is even effective. Meanwhile, innovations in marketing and advertising are reshaping practices and assumptions by blurring the lines between marketing, entertainment, advertising, and content.

Forecasts

- Advertising will shift from traditional formats toward greater reliance on embedded marketing and product placement as means to influence brand perceptions. Brands looking to attract younger audiences will become more dependent on social media "influencers" to reach mass audiences.
- Artificial intelligence interfaces like Alexa and Siri will be critical gatekeepers in a growing proportion of consumer transactions. AI platforms will be locations of experiments with new advertising approaches, such as paid search placement or discount microtargeting.
- Decentralized internet technologies such as blockchain will play an important role in supporting new advertising technologies. These technologies offer new ways to prevent fraud and protect privacy, and potentially they will provide a means for consumers to monetize their attention.

Key Uncertainties

U.S. adoption of EU-style data protection practices

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Shifting consumer attitudes toward privacy protection

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Effectiveness of traditional online advertising

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Ability and willingness to curb "fake clicks" and fraudulent web traffic

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Willingness of consumers to pay for online news and entertainment

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Integration of advertising into new personal-assistance platforms

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Extent of regulatory controls imposed on "big tech" companies

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Supporting Trends

- **Growth of native advertising.** Native ads—ads in the form of the surrounding content—are growing quickly in both total spending and share of spending on digital media.
- **Algorithmic microtargeting.** Social media platforms can increasingly deliver customized and personalized marketing appeals.
- **Global social-media use.** The number of social media users is rising, with an estimated 480 million new accounts from January 2016 to January 2017—an increase of 21 percent.
- **Voice search.** Voice search is taking a growing share of search engine queries, creating new pressures for marketers to ensure that their products rank high in the relevant search results.
- **Regulators targeting big tech.** Regulators in the EU, Asia, and the United States are tightening regulation of the activities of the world's tech titans.
- **AI as customer.** Consumers are empowering smart assistants (e.g., Alexa and Siri) to make transactions, requiring companies to adapt to new "non-human" customers at the point-of-sale.
- **Audience fragmentation.** The idea of mass media is increasingly outmoded as audiences fracture.
- **I read it online.** Social media is a growing source of news for many Americans.

Related Drivers of Change

- Blockchain Platforms
- Nichification: Big Data Segmentation
- Algorithmic Politics
- A Shifting Environment for Content

Notable Data Points

GLOBAL AD SPENDING

During 2017, nearly **50% of global advertising** spending went through **Google and Facebook**. Their dominance of online advertising enables them to collectively attract **83% of new global advertising spending**.

Source: Sara Fischer, "Tech giants eating the advertising world," Axios, June 27, 2018

ADOBE FINDS AD FRAUD

An Adobe study found that approximately **28% of web traffic was bots** or fraudulent click-farm activity.

Source: Alexandra Bruell, "Fraudulent Web Traffic Continues to Plague Advertisers, Other Businesses," The Wall Street Journal, March 28, 2018

AMAZON, THE AD UPSTART

Amazon's global ad sales could grow from **$3 billion in 2017** to **$20 billion by 2020**.

Source: CNBC, April 3, 2018, https://www.cnbc.com/2018/04/03/amazon-ad-business-could-be-20-billion-by-2020-analyst-says.html.

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Strategic Insights

- Associations have the potential to play an important role as trusted intermediaries between their members and providers of goods and services. Associations could put marketers in touch with key influencers among the membership or experiment with paid placement models in association information—though leaders would need to avoid compromising association information integrity.
- Smartphones are becoming a primary attention channel, and associations need to have a presence in that information stream. Leaders will need to consider the best value proposition for members among options such as quick access to news and information, socializing, professional networking, or continuing education.
- Associations can train their members to market using non-traditional media platforms like YouTube or podcasts. These platforms can be particularly effective outreach channels for engaging with younger audiences.
- Reputation and rating systems have been popularized by companies like Amazon, Yelp, and Angie's List. Associations could develop their own rating and feedback platforms for their membership. This could help diminish the power of external rating platforms, support the marketing efforts of individual association members, and strengthen the gatekeeping functions of the association.

Timing

- **Stage:** Fast shifts in old and new structures
- **Speed:** Rapid

Potential Alternative Futures

- **Internet public utilities:** Facebook and Google ad platforms are regulated as public utilities, allowing a variety of ad networks to compete on equal footing.
- **Rise of ad-utainment:** Advertising shifts to direct sponsorship and/or production of entertainment and e-celebrity content.
- **Pay-to-play advertising:** Technology enables advertisers to narrowly target demographic groups through intermediaries that protect personal privacy and distribute micropayments to consumers.
- **Gated media communities:** Quality content migrates to paid advertising-free platforms like Netflix and Amazon Prime.

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Take Action

- **Be clear what your marketing objectives are.** Before you approach this proliferation of digital channels, clarify your marketing strategy's desired outcomes. For-profits advertise to increase market share and profitability. Nonprofits can have more complex goals, such as achieving the mission, increasing member engagement, selling products and services, influencing public opinion, etc. Design your strategy and choose your channels and tactics to hit your goal.
- **Position your entire association as a strategic distribution channel for advertisers.** Start by recruiting advertisers that meet member needs and enhance your association's brand. Then treat them as valuable strategic partners supporting your association and members in multiple ways.
- **Explore the potential for pay-to-play content marketing.** You may be able to capitalize on the subject matter expertise of your vendors and advertisers to produce editorial content and support learning experiences. Minimally, strategic partners will see this as a way to enhance their return on investment. Optimally, some associations may unlock a new source of nondues revenue.
- **Use your data to make smarter marketing decisions.** Communication surveys provide some insight into how your members prefer to hear from your association. Behavioral data from social media and digital interactions also can help align marketing channels to member preferences. Associations will need to invest in the infrastructure to capture, analyze and interpret this data.
- **Take care not to cut people off from your message.** Your message needs to be where your members and customers are in these digital environments. While you will need to prioritize your channels, you don't want to make marketing choices that exclude some people or fail to take advantage of the potential audience that lies beyond your membership.

Keyword Search

To continue researching this change driver, use combinations of these search terms:

digital advertising, digital advertising networks, AdWords, cost per action, cost per click, A/B testing, influencer, behavior targeting, demographic targeting, interest segmentation, customer segmentation, digital segmentation, behavioral retargeting, retargeting

Who Will Be Affected

All associations market and many advertise. Advertising is a major source of nondues revenue for most associations. Many associations either have entrepreneurial members or members in areas that now must become more entrepreneurial, such as people working in the arts and many professions. These associations could educate and advise their members about effective marketing practices in today's digital and mobile environment.

About ASAE ForesightWorks

ASAE ForesightWorks is a deliberate, evidence-based research program and emerging line of products to provide association professionals with a *continual* stream of intelligence about the changes facing the association industry, including:

- regularly updated action briefs;
- tools for applying insights from the research in your association;
- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

Ultimately, the program's mission is to empower association leaders to create a culture of foresight in their associations and to lead their organizations confidently into the future.

Check **asaecenter.org/ForesightWorks** and follow **@ASAEfdn** on Twitter for updates on new findings and events.

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