2019 Emerging and Advanced Technology Promotion Webinar

- **Please mute your phone**
- **We will record this session**
- **All questions or comments can be sent to us via the chat box**
- **An AV recording and presentation will be posted online**
- **We will begin the presentation at 1pm EST**

2019 Emerging and Advanced Technology Promotion

Updates & New Technology Findings: Part I

December 2018

Presenter: Al Gilbert

- **2019 Emerging Tech Promo Overview**
  - **"New Technologies"**
- **Mixed Reality (MR)**
- **Extended Reality (XR)**
- **Augmented Reality (AR)**
- **Shoppable Video**

2019 Emerging & Advanced Technology Promotion Overview

Emerging & Advanced Technology Promotion

Program Purpose:

As mobile and other print technologies continue to evolve, mail has the potential to offer greater value by engaging customers in various platforms. Due to the distinct advantages mail offers as a direct marketing channel along with the amplified results that can be achieved from an integrated print and digital campaign, we encourage marketers, advertisers, printers, mailers, mail service prodivders, etc., to explore opportunities to incorporate technologies such as Near Field Communication (NFC), "Enhanced" Augmented Reality, Video in Print (ViP), Bluetooth Low Energy/Beacon technology, Virtual Reality, Digital to Direct Mail and other developing technologies like Shoppable Video, Addressable TV, Mixed Reality, and Integration with Digital Assistants. This strategy provides substantial advantages and opportunities for the integration of innovation in the mail now and in future years.

For further technical information, please refer to Technical Specifications on PostalPro™ at: ***https://postalpro.usps.com/promotions***

Promotions Overview | MR/XR/AR | Shoppable Video

Emerging & Advanced Technology Promotion

Encourage marketers, advertisers, mailers, etc., to incorporate interactive technology to drive interest in mail as part of an omni-channel marketing component

Registration Period: January 15 through August 31, 2019

Promotion Period: March 1 through August 31, 2019

Discount: Upfront 2% postage discount

Eligible Mail: First-Class Mail presort and automation letters, cards, and flats
Marketing Mail letters and flats
Nonprofit USPS Marketing Mail letters and flats

Note: All submissions require pre-approval.

Promotions Overview 〉 MR/XR/AR 〉 Shoppable Video 〉

Emerging & Advanced Technology Promotion

Mixed Reality – "New"

Mixed Reality (MR) combines both augmented and virtual experiences through a combined immersive technology that can include site, sound, and touch. Mixed Reality can include different experiences but some of the most common include blending physical and virtual experiences via a head-set.

To qualify for the promotion, the mailpiece must include:
☐ Directional copy that explains to the recipient the apps that must be downloaded to the mobile device or any experiences that must be uploaded to engage the Mixed Reality experience.

☐ The Mixed Reality experience must be related to the message included in/on the printed mailpiece.

☐ The mailpiece may include headset/viewers or devices that allow the recipient to engage in the Mixed Reality experience. Participants may consider incorporating a QR Code or an NFC chip to add ease of use in engaging the Mixed Reality experience through the use of a mobile device and headset.

Examples

1. **Samsung** introduced HMD Odyssey, a VR head-set that uses Microsoft's mixed reality, a piece of Windows 10 that enables immersive computing through head-sets and other devices.
    *   In market November 2017, features two controllers, sharp OLED displays, headphones, and a built in microphone, all for around $500.

Image Source: Samsung Newsroom Website

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Examples

2. Lowe's Home Improvement store recently launched a VR based training program called *Holoroom How To*.

- Provided associates specific in-store equipment training through virtual reality which made employees more knowledgable in order to better help serve customers.
- Launched in Nov 2017 in 10 US markets, more than 400 store associates tested the VR experience and more than 90% of them have reported that VR training would better help serve customers.^

Image Source: Lowe's Innovation Labs Website

^Source: Chainstore Age February 2018

Examples

3. **Apple AR Glasses "Project Mirrorshades",** answer to Google Glass, glasses with motion detectors, transparent displays, and integrated touch panels. Possible launch in 2020.

- Currently, lack of affordable, lightweight, high-performance smart glasses has been a barrier to widespread AR glasses adoption.
- Google Glass and Microsoft's HoloLens didn't take off for price, privacy, and functionality (too bulky) reasons.
- Both Apple IOS11 kit and Google ARCore hint at the possibilities of Smart Glasses, while other startups like Magic Leap, have received funding to create smart glasses. This space is currently up for grabs.
- AR headsets are projected to grow significantly worldwide from less than 5 million in 2017 to over 25 million by 2021.^

^Source: Harvard Business Review (Nov-Dec 2017)

MR: Honda Mixed Reality Race

- Great example of mixed reality.
  - Honda shows an example of car racing -- Go to link below to view the video.
  - For example, Honda sends out a mailpiece and links to this experience then it could potentially qualify of the promotion.

February 2018   https://youtu.be/v2DPAnkOPkA

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Augmented Reality (AR)

- We have been encouraging the use of AR in the promotions for the last 5 years and advances and applications continue to evolve.

- 40M in US used AR in 2017; project 54M by 2019[1]

- 32% of consumers have tried AR; those who have tend to use it frequently[2]
  - 2/3 are active monthly
  - 1/2 are active weekly

- Desired AR content:[2]
  - Games (72%)   - Sports (35%)
  - City Guides (39%)   - Retail (33%)

- 73%: high/very high satisfaction with AR[2]

[1]eMarketer, MarTech today, May 2017
[1]AI & IoT Today, April 2018

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Native AR: IOS 11/ARKIT and Google ARCore

- As enhanced Augmented Reality (AR) evolves, it is important to note some recent developments which are taking this technology to a new level through the use of smartphones.

- With the release of *IOS11 (Fall 2017), the ARKit* has been built-into the device which allows for augmented reality experience directly from your mobile device without having to download any mobile browser augmented reality apps.

- *Google ARCore* is also bringing augmented reality to Android devices.

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IOS 11/ARKIT Adoption Results

The data was released in January 2018 by app market intelligence firm Apptopia, which found that the number of new apps with ARKit tools integrated fell sharply after debuting in September 2017. The number hit a low in November before rebounding slightly in December, but still remains behind the adoption rate seen in October.

The data suggests that while some developers were keen to embrace ARKit at launch, interest in the new capabilities in iOS 11 has softened among app releases and updates.

^Source: Apptopia Study 2018

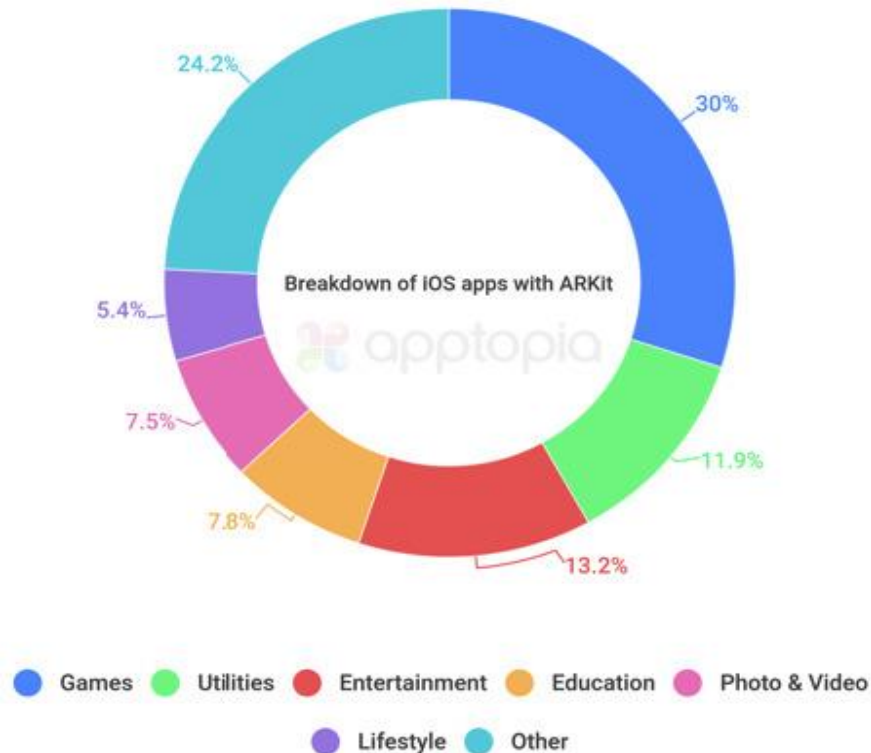| Promotions Overview | MR/XR/AR | Shoppable Video |
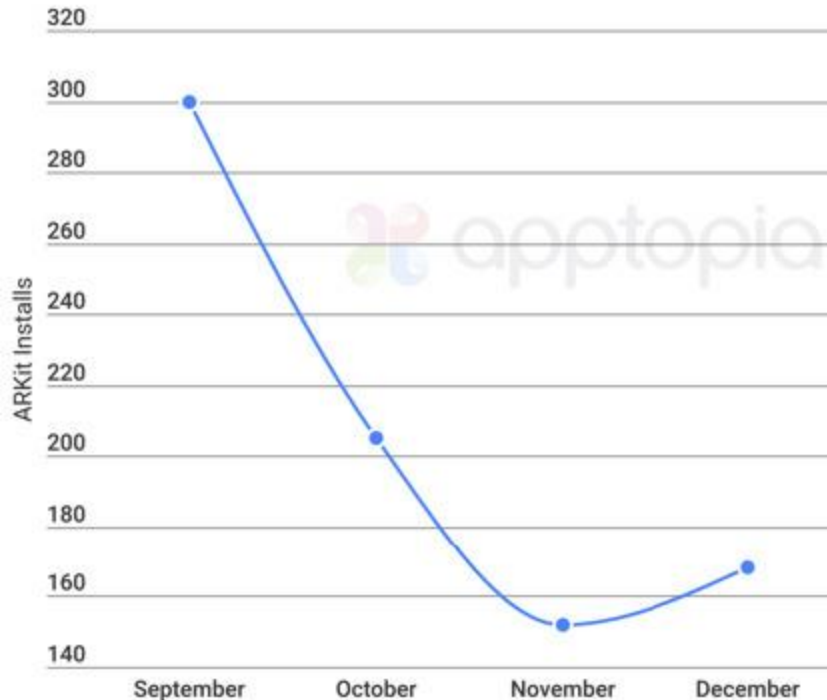
IOS 11/ARKIT Adoption Results (cont'd)

- In all, about 300 apps with ARKit were said to have debuted on the App Store in September 2017, around the launch of iOS 11. The number fell to just over 200 in October 2017, before approaching 150 in November 2017. According to Apptopia, it rebounded to around 170 in December 2017.

- To date, in all, Apptopia says there are less than 1,000 apps with ARKit capabilities, of more than 3 million downloads available on the App Store.

^Source: Apptopia Study 2018

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IOS 11/ARKIT Adoption Results (cont'd)

- Apptopia data finds that most —30 percent —of ARKit apps are games. The next most popular app category was entertainment at 13.2 percent, followed by utilities with 11.9 percent. A large number of apps fell under an undefined "other" category, accounting for 24.2 percent of options.
  - Remaining uses are education (7.8 percent), photo and video (7.5 percent), and lifestyle (5.4 percent).

Breakdown of iOS apps with ARKit

Legend: Games, Utilities, Entertainment, Education, Photo & Video, Lifestyle, Other

^Source: Apptopia Study 2018

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Recent AR Releases

- Amazon AR View, released in November 2017, lets customers visualize online products in their own living space. It is available in the Amazon app for IOS devices.
- Snapchat AR – Snapchat rolled out its Lens Studio in Dec 2017 allowing anybody to create their own AR experience with a set of desktop creative tools.
  - Tool has been well received with 30,000 lenses created as of mid-February 2018 (just 6 weeks into its launch)*
  - More than half of 13 to 34 year olds in US play with AR lenses on Snapchat*
- Facebook recently opened up its AR platform to developers
- Google and Apple have recently introduced AR platforms as well
- NY Times added AR features to its mobile app (February 2018) and introduced an AR experience for the 2018 Winter Olympics in South Korea – currently available on Apple IOS and will be soon available on Android devices.

*Source: Business Insider Feb 2018

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Current Use of AR

- Only five percent of marketers are employing AR.[1]
- Using a commerce-focused web platform could accelerate use of AR by stimulating a retail store experience online.

Is AR just a fad or does it offer long-term benefits?

- A six-week beta period with Tenth Street Hats[2] showed:
  - users spend an average of 74 percent longer on product pages with AR than ones without.
  - visitors are 33 percent more likely to make a purchase as a result of visiting product pages with AR, than on product pages without.
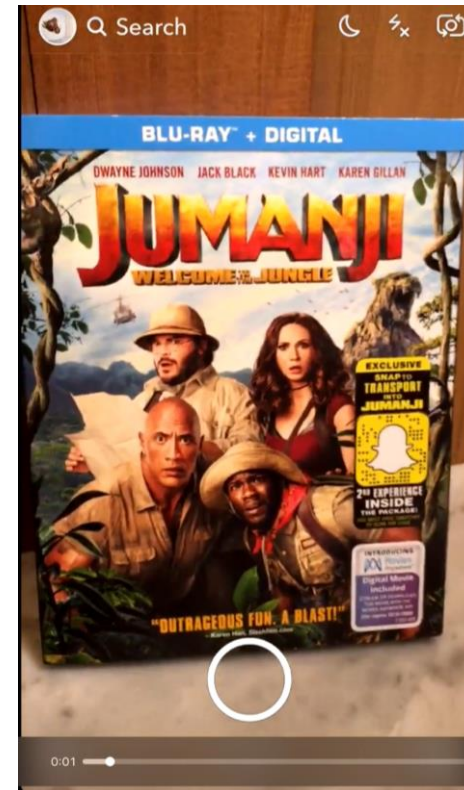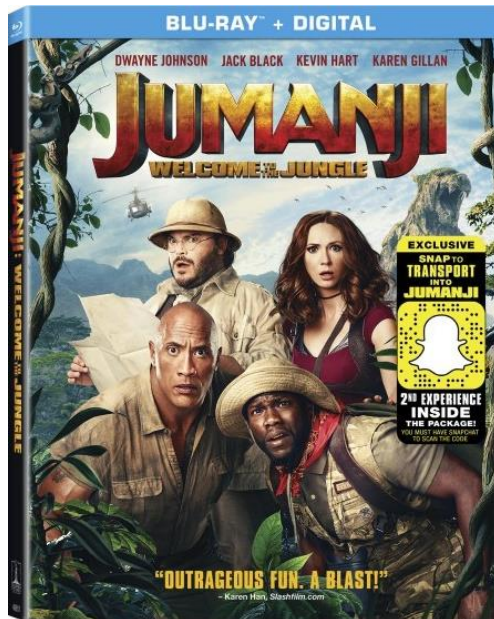
[1]Source: November 2017 Forrester report

[2]Source: MarTech Today November 2018 - California ad agency Vertebrae

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Practical Use of AR

- AR doesn't really make sense for short-term engagement, because it often requires integration into a brand's inventory and other systems.
    - Many retailers don't have all their inventory available entirely as 3D.

- To make sense from a long-term engagement standpoint, you need to find something that wants to be AR day after day, not simply a novelty.
    - Solve a real problem.
        - IKEA AR app lets people put virtual furniture into a customer's place—visualize what the furniture looks like before you buy it.

AR: Jumanji Movie Release – Snapcode AR Experience

http://www.adweek.com/digital/sony-experiments-with-ar-by-using-snapcodes-on-jumanji-blu-ray-and-dvd-packaging/   *Ad Week, March 2018*

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UNITED STATES POSTAL SERVICE®

AR: Wine Bottle Experiences

Living Wine Labels

Wine: *19 Crimes*

January 2018 https://youtu.be/9pjrl3ORqXM

Wine: *Walking Dead*

February 2018   https://youtu.be/SuK9hfiRnmI

Wine: *Chateau St. Jean*

February 2018   https://youtu.be/Ada2MJzDyOE

Experiences Available Now

Promotions Overview | MR/XR/AR | Shoppable Video
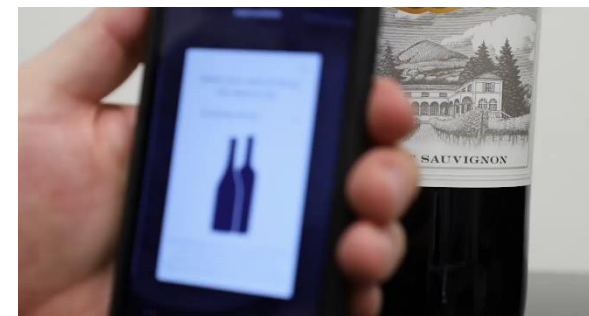
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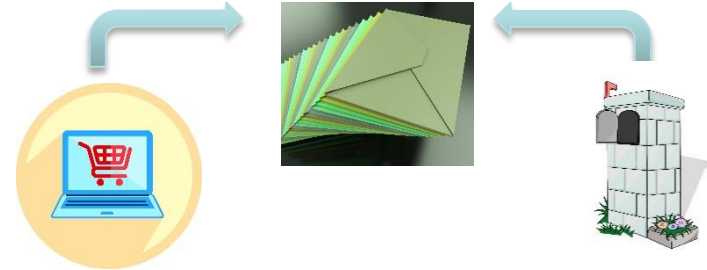
Shoppable Video – "New"

Shoppable Video is the process by which a user can view videos and make a purchase without having to navigate to a retailers' website on their own. The experience involves viewing a video which contains clickable spots on the video where you can make a purchase. The viewing device can be a desktop computer, laptop, tablet, smartphone or digital screen at home, at the office, or from an offsite, secure location. Shoppable Video is platform agnostic but can often be viewed through social media platforms like Facebook, Instagram, and Snapchat as well as e-commerce sites.

☐ Video viewers are 70% more likely to make a purchase when watching a shoppable video than non-viewers (Invodo Study 2015).

☐ For purposes of this promotion, blending a physical mailpiece which includes a trigger (i.e., AR-based app or QR Code) which leads to a Shoppable Video via mobile devices, especially using vertical video which maximizes viewing space and opens opportunities for increased advertising messaging, can only enhance the customer experience and increase engagement.

Promotions Overview   MR/XR/AR   Shoppable Video

Shoppable Video uses a multi-media recording that allows a viewer to conduct an order or transaction within the video.

Shoppable Video Origins
Shoppable Video is not new technology, as it dates back nearly 10 years (2009), when it was first experienced on YouTube's "click to buy" tools.
- Geared towards an online retail environment, it allows a consumer to view products and make a purchase typically using tags which appear on screen and can be clicked on to take an action within the video itself without having to navigate through a company's website.

Benefits:
- Interactive experience
  - Videos allow for a high-level of engagement
- Reach a consumer early and throughout in their decision making process
- Shorter path to consumer conversion and purchase of a product
- Provides an immediate experience and response

Challenges:
- UX problems: no one clear technology platform supporting shoppable video
  - Some shoppable videos are more intuitive then others
- Shoppable videos can be an interruptive process as some videos stop playing when clickable tags are engaged
- Not clear where to click so uncertainty on what products are shoppable
- Video can move too fast
- Clear metrics and measurement are lacking, creating difficulty with ROI/sales attribution

Shoppable Video Examples

MikMak: a platform that creates, distributes, and measures shoppable videos campaigns
- MikMak Attach – product that connects a retailers' Instagram stories and Snapchat ads with links to eCommerce sites
- Individual brands can link their posts to MikMak URL that plugs into a retailers' ecommerce site and features a video showing how a specific product works
- MikMak technology is built into a retailer's own website
- MikMak is also working with Facebook to make Facebook Live videos shoppable

Bustle: a millennial publisher
- Sephora worked with Bustle to promote their Sephora Collection using Bustle's Instagram account and website via video content and purchase products from Sephora's website.

Smartzer: Shoppable Video Player (UK based)
- Allows for sharing of video content on a company/individual's website and via Instagram, Facebook, and Snapchat
- Allows viewers to click on individual items and add them to a wish list to buy later

Shoppable Video Examples (cont'd)

Cinematique: Technology platform for touchable and shoppable video
- Worked with Matches Fashion online content blog and Facebook
- As video play, viewers prompted to click screen wherever they see an item they want to shop
- When finished, all saved items are paired with buy-now button which sends the customer to a product page on Matches website

Google/YouTube:
- 2013 – worked with haircare brand Tresemme to sell products during instructional "how to" videos

Adobe: Launched shoppable video publisher tools in 2015
- Tools allow customers to click on products shown in video and purchase them

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Shoppable Video: Impact

Matches Fashion – worked with Cinematique on 120 shoppable videos[1]
- Users click/shop throughout video and review saved products later
- 13% click-to-buy ratio, 9X the average

Shoppable videos on YouTube[2]
- Wayfair reported 300% revenue increase per impression
- Sephora saw 80% lift in consideration and 54% lift in ad recall

MikMak – focus on social video commerce[3]
- Reports that 14% of all users add the product in a story to a cart
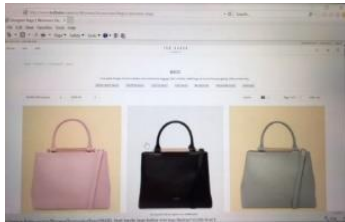
Leverage mail to link to shoppable video experiences!

[1]Digiday, December 2017
[2]Digiday, May 2015
[3]Internet Retailer, February 2018

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Shoppable Video:

TedBaker - Wirewax

- **67% will interact[1]**
- **Spend 2x longer with interactive videos[1]**
- **"Industry-smashing" 16% CTR[1]**

[1]wirewax.com

Ted Baker Christmas

No need for frantic shopping sprees – watch @ted_baker 's fantastical film, filled with shoppable gifts. www.wirewax.com/8019770

- There is a new and related technology category in the 2019 Emerging Technology Promotion.
  - Incorporates the use of targeted advertising with direct mail.

- Contact the Emerging Technology Promotions Team if you have any further ideas related to the integration of MR/AR or Shoppable Video.
  - Send all questions or comments to the Emerging Tech Inbox: EmergingTechPromo@usps.gov

- Look for a schedule of upcoming FY2019 Webinars on our PostalPro promotions page: https://postalpro.usps.com/promotions

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