Microsoft

Digital Trends 2015

The evolution of digital consumer experiences

Consumers are increasingly knowledgeable about the possibilities that technology offers to make their lives better. They seek digital experiences that are smarter, better and offer a more human touch. Microsoft's Digital Trends 2015 curates Microsoft's perspective on consumer expectations are for digital, both today and into the future. Each trend tells a compelling story of consumers' changing relationship toward devices, platforms, apps and brands.

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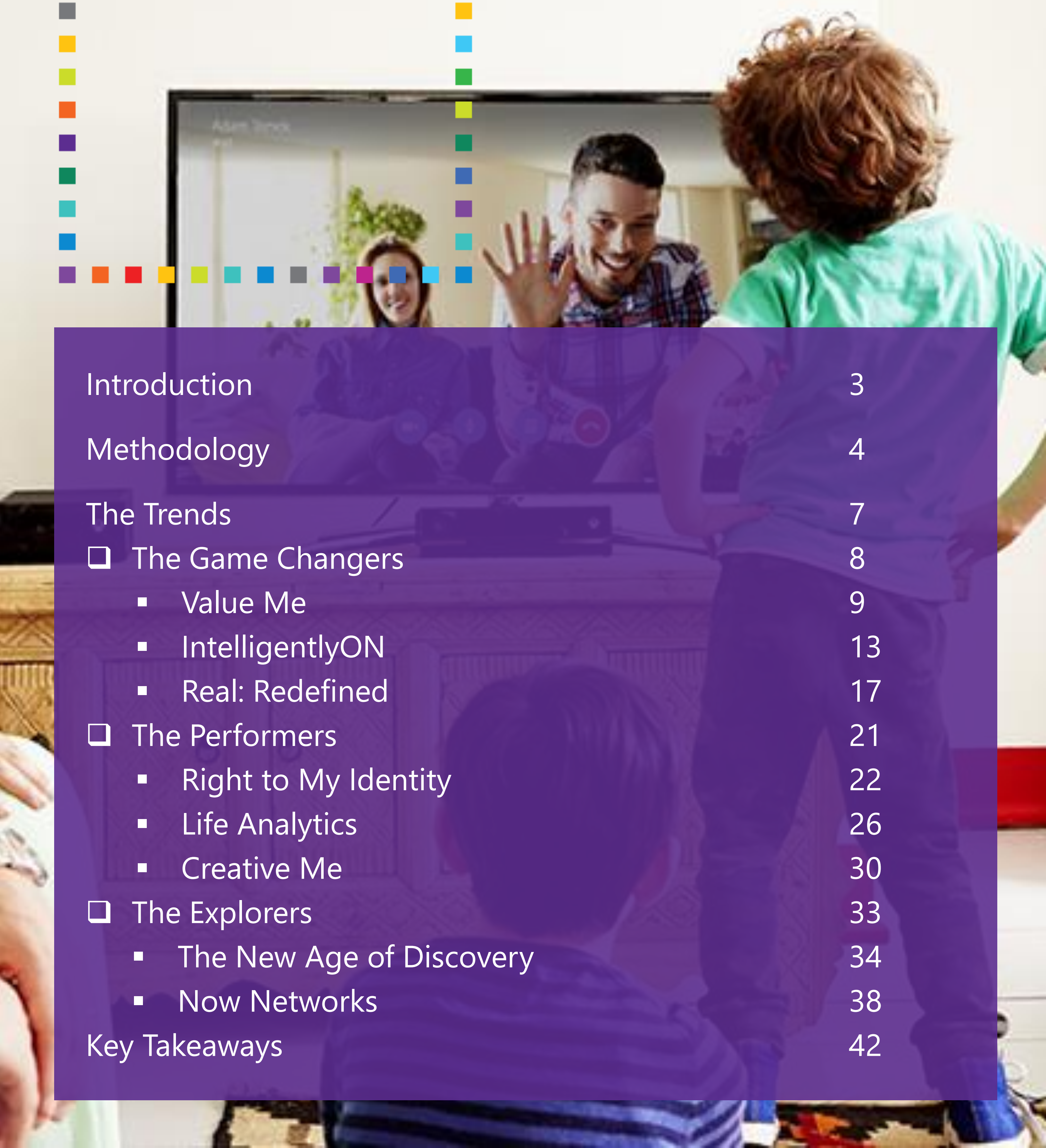


Introduction

In 2013, our inaugural Digital Trends study highlighted the ways that consumers' relationship with technology is maturing. In short, as adoption rates increased, consumers expectations were rising; they wanted technology to support them in more meaningful ways.

Today, we have seen further evolution as consumers use even more connected devices, including wearables, digitally-enabled cars and connected homes. Consumers video chat with loved ones half the world away, shop from the comfort of their living rooms and work on documents with international colleagues in real time.

Through this behavior, we're seeing technology blurring the lines between consumers' physical and digital experiences as new services and devices proliferate. This is fueling more data and the creation of additional services.

But while big data has been a buzzword in marketing and advertising circles in the last few years, we often don't hear much about where consumers fit. Marketers continue to want more information about consumers, while new services increasingly vie for a diminishing share of attention--and digital monetization.

Microsoft's Digital Trends is unique in that it focuses on technology trends from the point of view of consumers and their relationships with technology. By focusing on how digital enables needs and drives motivations, we offer a prescriptive view of how to activate against each trend and spark ideas on how marketers and technologists can align the right content and experiences to resonate with shifting consumer expectations.

Methodology

Microsoft Advertising incorporated qualitative and quantitative interviews to understand how digital trends have evolved since 2013.

Qualitative

We partnered with the Future Laboratory to explore consumer relationships with data and technology via:

- Two Super Sharer workshops in New York (A18-54)
- 10 in-person interviews with Mainstream Friendship Pairs in Boston, Shanghai and Paris (A18-54)
- Fielded: November 2014

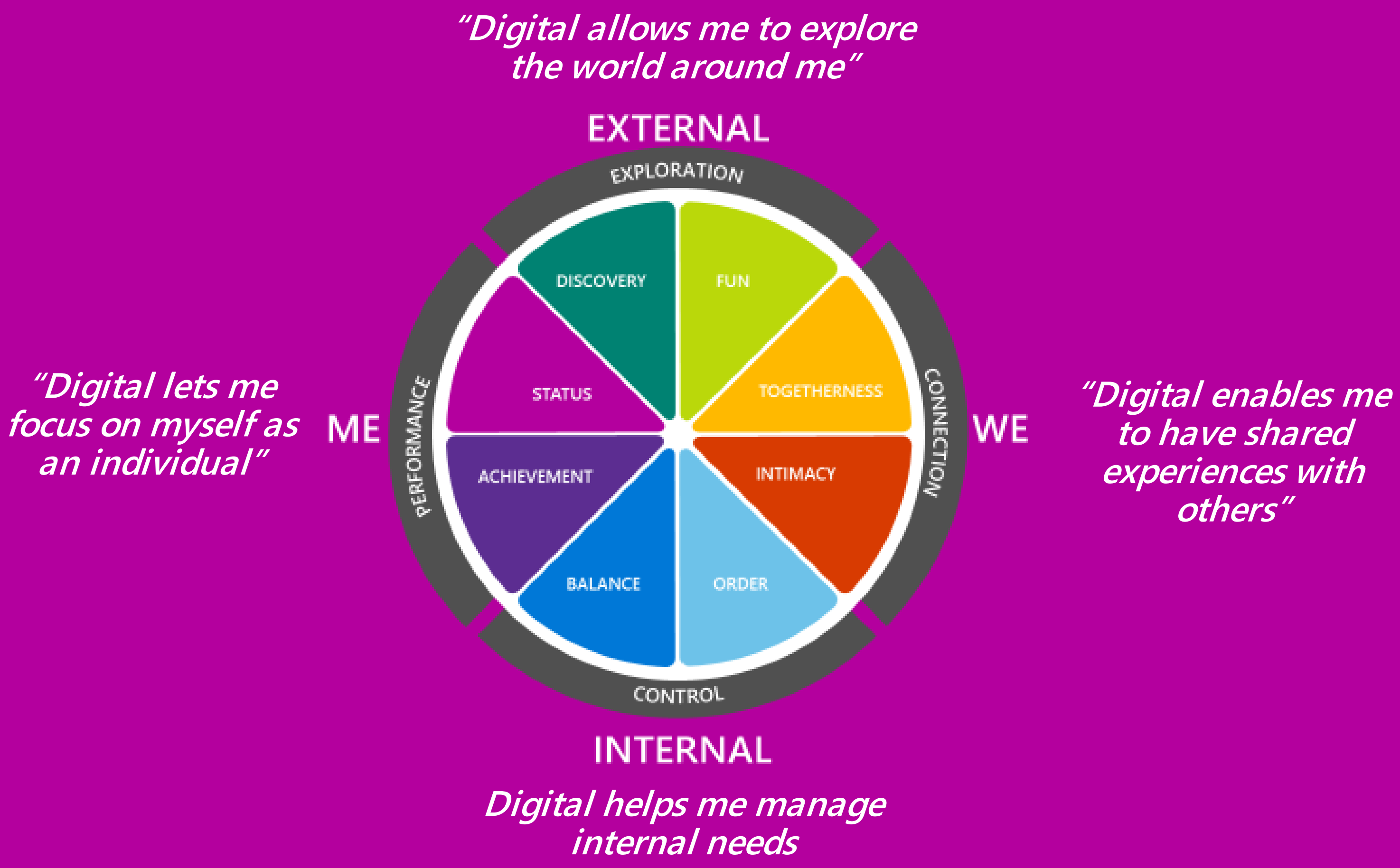
To explore the opportunities for digital to serve consumer needs, we incorporated insights from interviews with 40 Leading Edge consumers (A18-54) in the US and Brazil with The Flamingo Group in September/October 2014.

Quantitative

To track how trends have evolved and validate findings from the qualitative interviews, we partnered with Research Now to field an online questionnaire in 13 markets.

- Countries included: Brazil, Canada, China, France, Germany, Italy, the Netherlands, Russia, Spain, Sweden, the United Arab Emirates, the UK and the US
- Total respondents: 13,200
- Fielded: November 2014
- Online Adults 16-54

The Digital Consumer Needs Model



Microsoft's digital needs model quantifies motivations that drive digital behavior. The model provides a map for marketers and technologists as they develop tools, content and experiences for consumers across digital devices and platforms.

The model establishes two dimensions in which digital experiences orient. On one axis, people move between exploring their external world versus controlling their internal emotions. However, they also move between a focus on themselves as individuals versus a need to connect with others and share experiences.

Each of these four dimension establishes areas of engagement and illuminates eight different need-states (next page):

- ❑ Digital as External Exploration
- ❑ Digital as Internal Control
- ❑ Digital as Individual Performance
- ❑ Digital as Shared Connection

In order to highlight brand opportunities, we use the lens of the Needs Model to unpack how each of the trends can be activated. By focusing on the right need-states, brands can better serve up what people are seeking from digital experiences.

For more detail on our Digital Needs Model, read the whitepaper on advertising.microsoft.com/research.

EXPLORATION

"Digital allows me to explore the world around me"

DISCOVERY

Searching for new experiences

Top digital activities: get new ideas about experiences or products

FUN

Looking for pure entertainment

Top digital activities: gaming, short videos/clips

CONTROL

"Digital helps me manage my internal needs"

BALANCE

Seeking equilibrium

Top digital activities: music, streaming content

ORDER

Managing uncertainty

Top digital activities: online banking, weather

PERFORMANCE

"Digital lets me focus on myself as an individual"

STATUS

Cultivating external image

Top digital activities: posting updates on activities

ACHIEVEMENT

Aiming for personal best

Top digital activities: reading about /recording activities

CONNECTION

"Digital enables me to have shared experiences"

TOGETHERNESS

Feeling part of a bigger whole

Top digital activities: sharing opinions

INTIMACY

Deepening relationships

Top digital activities: email , text, video calls

The trends

The game changers

Value Me, IntelligentlyON and Real: Redefined fulfill needs around Discovery, Order, and Achievement. These higher order trends highlight the potential for digital to change how consumers fundamentally do things. If brands can fulfill the promise of digital through these trends, there is potential for disruption and innovation.

Value Me

Quid pro quo

"Offering an ad I don't like is SPAM, an ad that I can use and like is a service."

– Male Local Networker, 40

In 2013, we introduced the Value Me trend, and noted that consumers are increasingly aware that their digital information has inherent value. They were starting to want a slice of the pie and get value back in exchange for brands tracking or using their data.

Unlike all the other trends, there has been little change in how many consumers feel that they know ***how*** to trade for rewards. 30% of consumers in 2013 said they were aware that companies benefit from collecting their information and they knew how to extract value in return. Two years later, 32% of consumers say the same.

The more consumers understand the utility of the value exchange and can see how they benefit (instead of only brands benefiting), the more open they are to sharing data. While awareness is high for the trend (see key measures), there is clearly work to be done to alleviate confusion around how companies use data and why consumers should be willing to share.

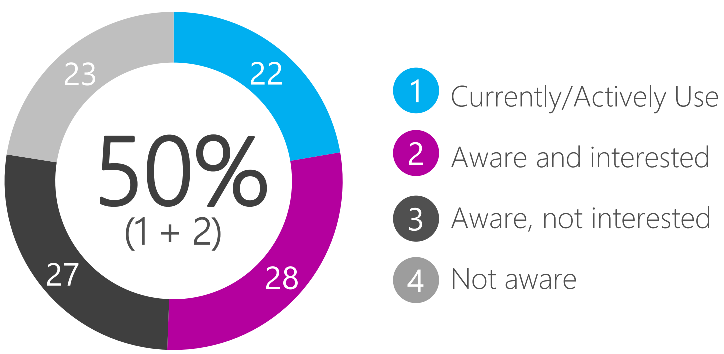
Brands have yet to prove the full value of data usage. About half of consumers see how data can benefit brands, but say they don't know how they can trade and get value in return. Until brands can connect the dots for consumers, consumers will continue to question why they should be sharing information.

49%

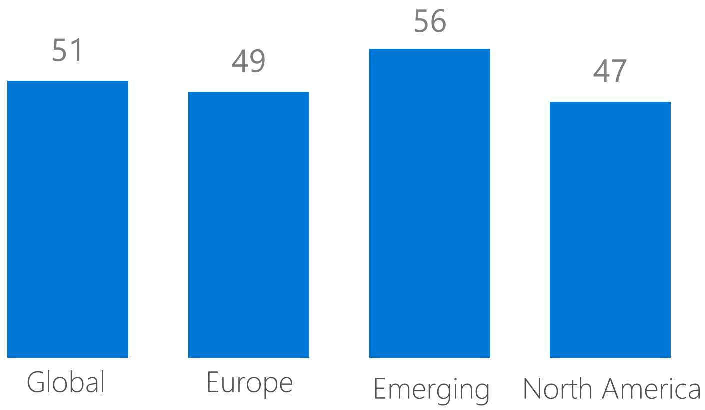
of global consumers are aware companies benefit from their data, but don't know how to trade for value in return

Key Measures

Digital services that can be used for exchanging my data for rewards/benefit (% of Global Consumers)



% of Global Consumers Engaged + Interested by region



One-in-five global consumers say they are already engaging with services that allow them to exchange their digital data for rewards/benefits. An additional 28% say they are interested in using these services, pointing to the immediate marketing opportunity.

Globally, however, people believe that brands are benefiting more from data than consumers. About half can see how brands benefit, but don't feel like they know how to get benefits in return.

Comfort with digital value exchange certainly varies by age and by savviness. 61% of those under 35 say they are used to trading their data to get something in return from companies (e.g. cash, discounts), compared to just 46% of those age 50+. Among heavy Internet users (7+ hours online per week), 61% are used to trading for rewards versus just 43% of light Internet users (1-2 hours online per week).

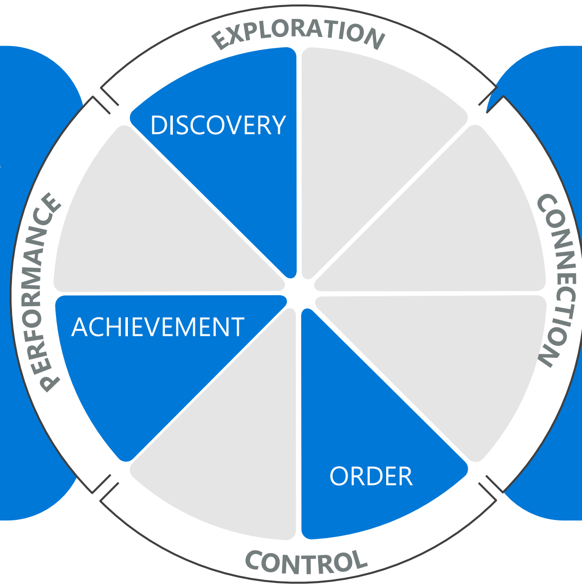
As consumers expand their usage of digital devices and services, it's important for brands to continuously push to prove the value of data to encourage consumers to proactively share.

Marketer Implications

Value Me lights up 'Achievement', 'Order' and 'Discovery'

CONSUMERS WANT TO

- Stay on top of things
- Feel in control
- Make smarter decisions



BRANDS NEED TO

- Prove value of sharing
- Provide a sense of control
- Be open about data

To help consumers understand and better see how data can personally benefit them, technology, media and brands need to light up ACHIEVEMENT, ORDER and DISCOVERY needs. In our Value Exchange data study, releasing later this year, these three needs showed the strongest potential to move consumers to a state where they understood the value of data and were also more open to exchanging that data actively with brands.

ACHIEVEMENT is a natural fit to how consumers think about the benefits that digital delivers. It is about achieving goals, enhanced productivity and making smarter, better informed decisions.

ORDER is also an easy way for consumers to translate how technology can enrich their lives. Order is about planning and organization, supporting life administration tasks, removing steps through seamless integration, and making mundane tasks easier to complete.

DISCOVERY is an untapped territory to consider in the context of data exchange. There are opportunities for marketers to use personal, social and big data to enrich lives through enhanced suggestion and recommendation. The value comes from being not only about me, but about my community or those that share similar interests and behavior. There is an opportunity to focus not only on past behavior patterns, but to help shape spontaneous, inspiring experiences.

In Action

Vmob and Microsoft Azure integrate CRM and social data to drive consumer engagement. From promotions, to interactive experiences in-store, to post-purchase incentives and social integration, marketers can use data in a more holistic way to provide utility across the purchase decision cycle. This end-to-end experience provides consumers with value for each data point and with each interaction encouraging proactive sharing along the way.

Drive customers to stores:

Mobile vouchers and promotions

Individually targeted using live and historic data

In-store experience:

Beacons detect location within store to display custom content or notifications

Loyalty:

Incentivize purchases, in-store, and social behavior

IntelligentlyON

The cure for 'always on'

"Technology is like a giant puzzle. Every time I add a new device, it gets better."

– Male Mainstream, 23

Consumers want digital experiences to allow them to be more productive, do more of the things they want to do, and make better decisions. And IntelligentlyON is where this consumer desire meets the marketer need to use data and technology in the right place, the right time, and on the right screen.

As consumers continue to have access to more content across more devices and services, they are looking for ways to more intelligently organize their world. While they are looking to learn more and do more, they are also looking for ways to streamline and cut through the digital noise.

64% of respondents globally say they are interested in future technology that automatically filters content or messages so they only see or hear what they need to at any one time. That is up from 56% in 2013.

Consumers not only expect technology to anticipate needs, they also want it to be more mindful, responsive and empathetic. In addition, consumers want a warmer, more human touch to communications – e.g., suggestions vs directions, friendlier language, less jargon.

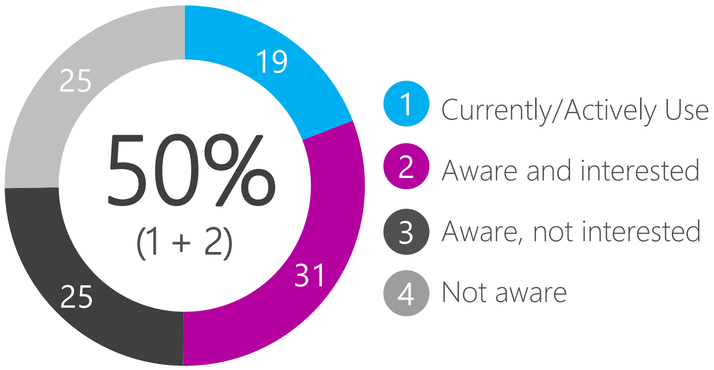
And the payoff for being mindful is significant. Already, 39% of consumers say they would be happy to be tracked so they can have optimized shopping or service experiences. The more contextual and aware content can be, the more consumers will pay attention.

39%

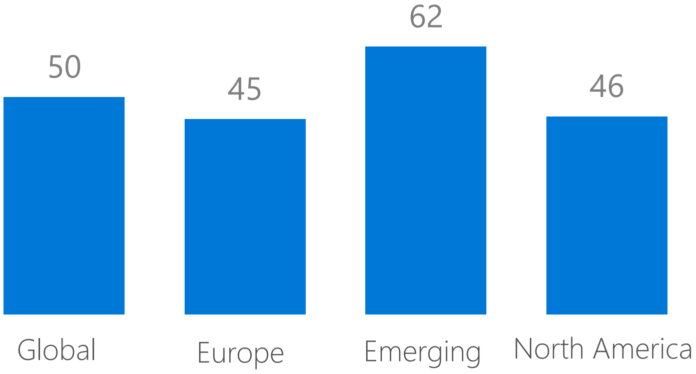
of global consumers are happy for brands to track and analyze data to optimize shopping or services

Key Measures

Devices/services that can be switched off or have the ability to filter content (% of Global Consumers)



% of Global Consumers Engaged + Interested by region



75% of consumers are aware that content can be filtered by devices and services and half are already either interested or actively using these services.

For content providers and marketers who want to actively engage consumers, it is important to keep interactions timely and relevant. 57% of respondents say they are much more likely to pay attention to communications from companies when companies choose the right time and context to reach them.

Expectations are high across all consumer segments. 52% of consumers globally say they expect brands to know when the right moments are to communicate. This expectation is highest among Millennials (57%), Parents (58%) and influencers such as Bloggers (68%), Trendsetters (68%) and Early Tech Adopters (65%).

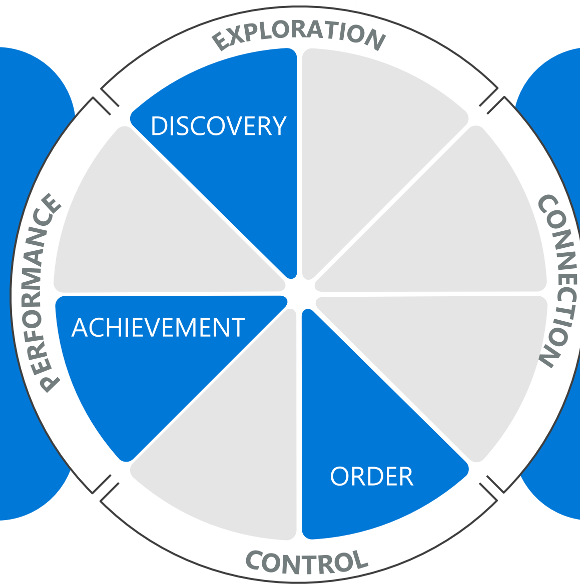
The more marketers can enable integrated, intelligent services using data, the easier it is to move consumers to a place where they allow brands past their filters.

Marketer Implications

IntelligentlyON lights up 'Achievement', 'Order' and 'Discovery'

<u>*CONSUMERS WANT TO*</u>

- Be more productive
- Access to the right content at the right time
- Make more timely decisions



<u>*BRANDS NEED TO*</u>

- Understand consumer signals and be more responsive
- Provide the right experience at the right time
- Curate content

IntelligentlyON fulfils ACHIEVEMENT, ORDER and DISCOVERY needs. When technology enables the right experiences, consumers feel more productive and begin to think about the true advantages of integrating all of their devices and services.

Experiences/Media/Content should:

- ➢ Help consumers feel on top of things
- ➢ Free up time for what is really important by enabling the right decisions
- ➢ Help consumers facilitate new ways to use technology to enrich their lives.

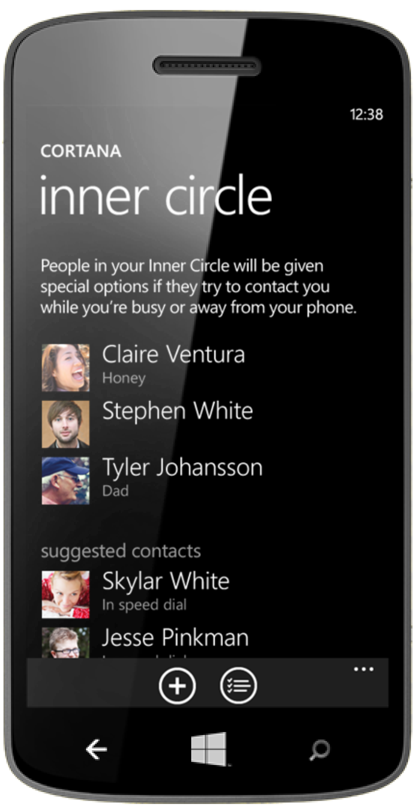
While Value Me is about the conscious exchange with brands, IntelligentlyON is rooted in consumer expectations of automated services that helps facilitate the right experiences at the right time. Consumers expect brands to be mindful and use technology to surface up the right interactions. This is especially true when it comes to proactive communications such as advertising or marketing outreach. 57% of global consumers say they are more likely to pay attention to communications from companies when they choose the right time and context to reach them.

While brands may be tempted to adopt an "Always On" strategy, from the consumer point of view, it's much more important to choose moments that matter.

In Action

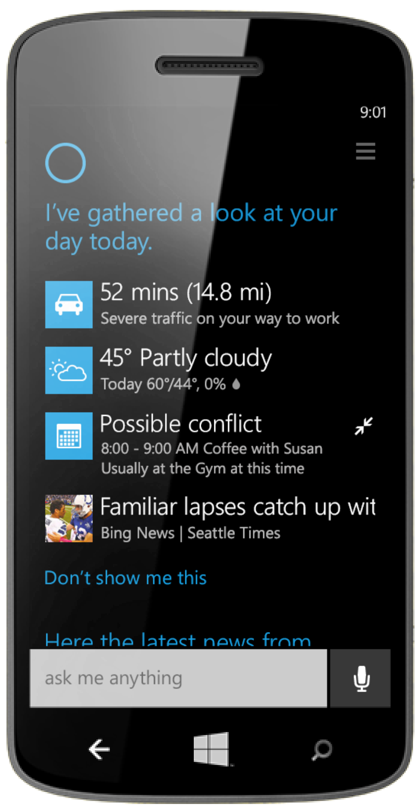
Cortana enables consumers to have a digital personal assistant that learns about you as you use it, offering advice or solving solutions to problems. Cortana is truly personal by paying attention to what matters most to you. Cortana is proactive and stays a step ahead by providing proactive advice based on your context (device, location, time). Cortana provides a more human touch by allowing you to communicate in natural language and showing humor and personality.

Personal



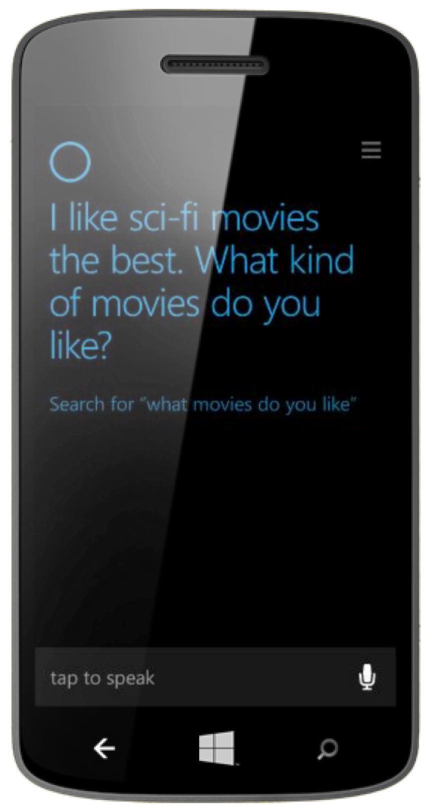
Cortana gets to know you and your preferences

Proactive



Provides recommendations based on your context

Natural



Speaks and gets to know you in natural, fun ways

Real: Redefined

Digital IS physical

"It's just a way to have interactions from far away…We were playing hide and seek with my Mom [on Skype]…we wouldn't have if we didn't have that technology."

– Female Mainstream, 39

Technology is starting to offer more complete, more engaging and more sensory experiences. In 2013, we called the trend "Enhancing the Real" and talked about how digital augmented "real life" physical experiences.

Now, consumers are shifting to embrace what we once referred to as "IRL" (in real life) experiences in purely digital environments; many of these purely online experiences have become just as real as anything one might touch and feel. Consequently, digital experiences are becoming just as important as offline experiences.

The evolution of the trend reinforces more than ever how important it is to eliminate friction between the two realms. Interest in new technologies to bridge the digital/physical divide has only grown. 55% of consumers globally are interested in future technology that allows people to experience any place or object offline or online, up from 50% in 2013. And 49% say they are much more likely to engage with digital experiences that feel real and seamless with their physical world.

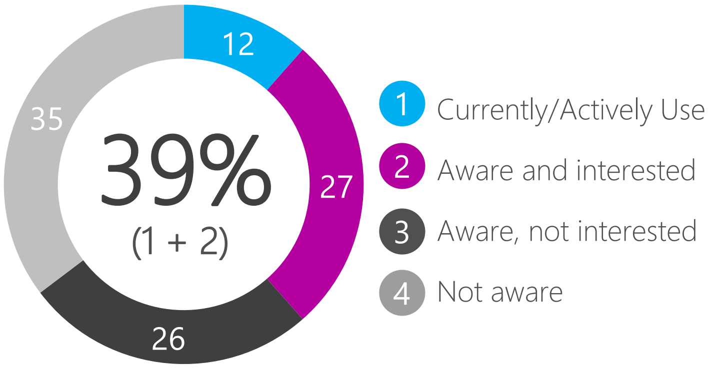
From shopping to communications, work and personal lives, consumers want to get things done efficiently. As consumers live more and more of their lives digitally, they are pushing to eliminate the separation between online and offline experiences.

49%

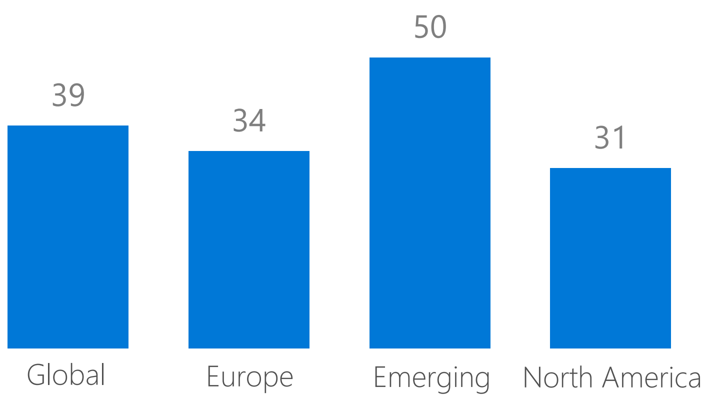
of global consumers are much more likely to engage with digital experiences that seamlessly integrate with their physical worlds

Key Measures

Digital devices/services that blur the lines between digital/physical (% of Global Consumers)



% of Global Consumers Engaged + Interested by region



Two thirds of consumers are aware of technology that allows people to blur the lines between digital and physical, such as interactions with products before they get to the store or join events online and feel like they are really there. While fewer consumers say they actively engage with this trend currently (12%), 27% are interested in these technologies.

Interest in augmented reality on one end is especially high among men, which likely comes as no surprise, given the easy connection to gaming. One-in-five men express an interest in fully immersive experiences, such as augmented reality, compared to just one-in-six among all respondents. Dads in particular are interested with one-in-four saying they want all their digital experiences to be fully immersive.

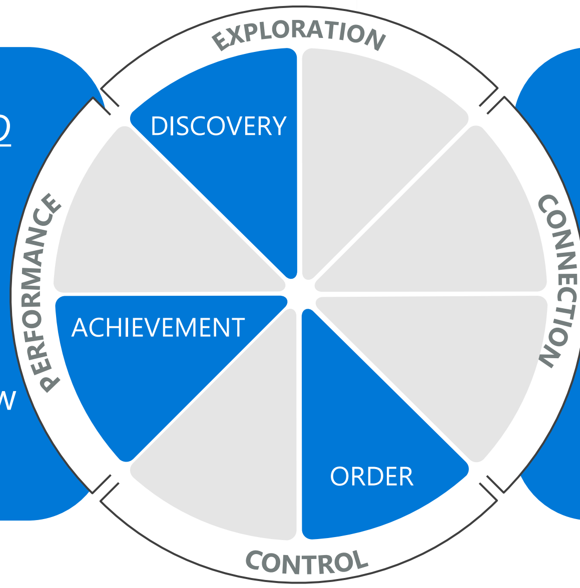
As technology continues to offer up ways to enhance experiences, consumer definition for "real" will continue to evolve.

Marketer Implications

Real: Redefined is anchored in 'Achievement', 'Order' and 'Discovery'

CONSUMERS WANT TO

- Find new ways to use digital more effectively
- Be more efficient
- Make the mundane new again



BRANDS NEED TO

- Remove friction
- Simplify and integrate online/offline experiences
- Spark excitement with technology

Real: Redefined is anchored in Discovery, Achievement and Order. Consumers seek ways to better use digital to enhance offline experiences, but are also moving more mundane tasks online to be more efficient or more fun.

Imagine…It's the end of the day and you need to start dinner. However, you've recently been stuck in a rut and want to try something different.

You ask your mobile digital assistant to suggest "dinner ideas" and you receive recommendations based on restaurants you've recently visited, reviews you've posted and recipes you like. You also get ideas based on popular recipes in your location and what your friends and family have liked.

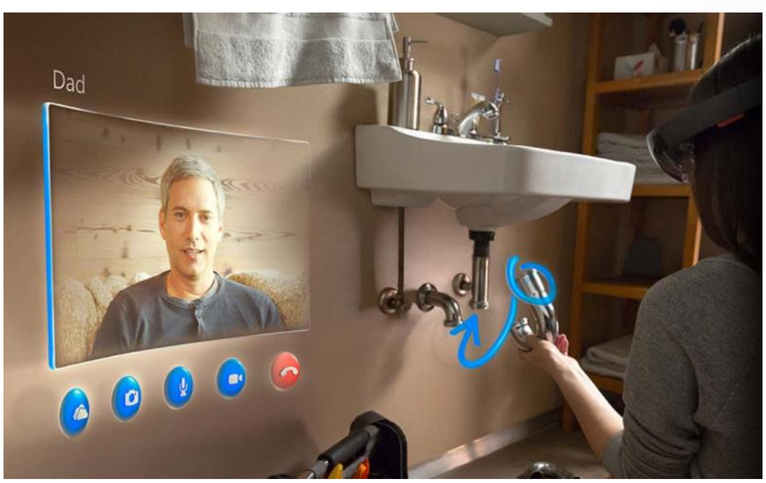
You pick a dish that looks interesting, and because you have connected your phone with your smart fridge, you get a grocery list based that accounts for what you already have at home.

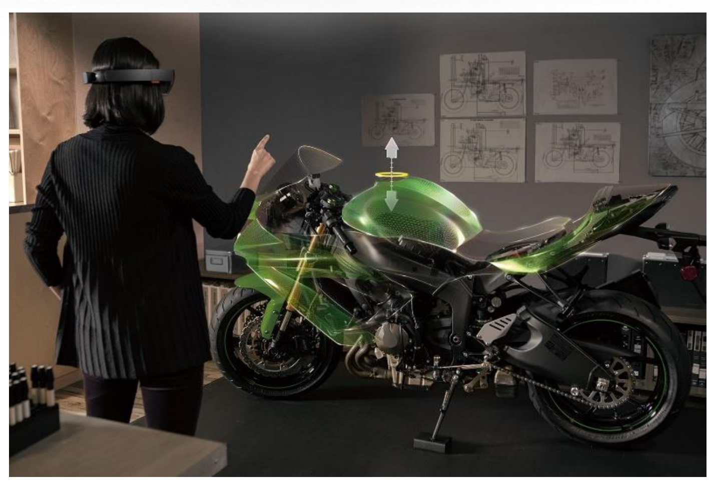
Based on your list, you get a recommendation for the closest stores that have the lowest prices on your total shopping list. When you choose a store that you have not shopped with before, your phone automatically sends directions on how to get there.

To get there, people need to share their data and have their devices and activities seamlessly integrated. By eliminating friction points between the digital and physical, brands have the opportunity to redefine engagement and drive consumer needs at the same time.

In Action

Microsoft's HoloLens will offer a visual computing platform controlled by speech and gesture that is so intuitive it fades into the background, offering up a whole new way of living in the virtual world. With the ability to design and shape holograms, people will have a new medium to express creativity, a more efficient way to teach and learn, and a more effective way to visualize work and share ideas. Digital content and creations will be more relevant when they come to life in the world around you. By enabling holograms to seamlessly integrate into people's reality, the next generation of "virtually real" just arrived.





New ways to teach and learn

Going beyond the screen

The performers

Trends anchored in Performance through Achievement and Status reflect the growing need of the digital consumer to "show up" well. As more about you is known, Right to My Identity, Life Analytics and Creative Me speak to the need to shape the me I want to be.

Right to My Identity

Curating my digital self

"I put a lot of that information out there myself, but the digital me is not a carbon copy of who I am."

– Male Super Sharer, 27

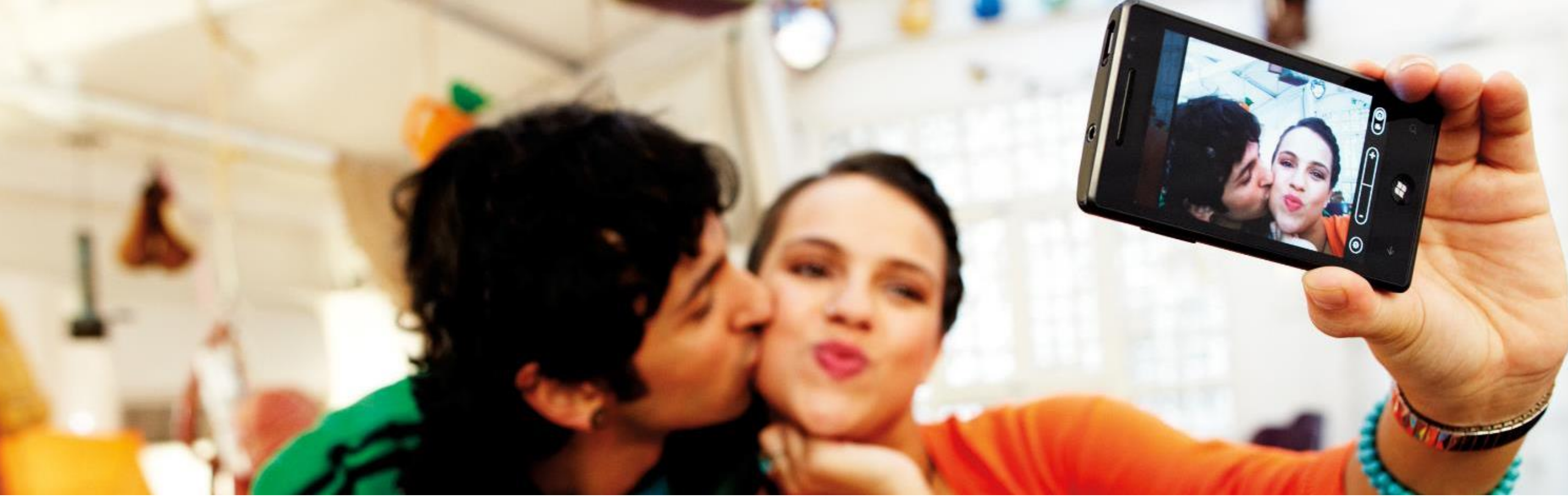
In 2013, we flagged how consumers were concerned about privacy and looking for ways to be more anonymous with Right to Anonymity. We saw awareness for this trend hit the mainstream in 2014 with headlines around the "Right to be Forgotten" ruling in the EU and growth of ephemeral messaging services, such as Snapchat.

Today, we are starting to see a shift away from a privacy focus as consumers are growing increasingly aware that they cannot hide their footprint. With this shift comes a growing desire to control their digital narratives. Interest in more automated tools to manage digital identities has grown since 2013. 57% of consumers want to be able to choose how long information they share stays online and 80% are interested in services that 'manage their digital identity', an increase from an already high 73%.

On the surface, this new trend is a threat to the digital advertising industry. The less information that consumers make available online, the more challenging it is to target them with relevant, contextual advertising experiences. However, it is also an opportunity. Managing a digital identity online isn't just an exercise in deleting; it's also an exercise in building. Sharing social media updates, best marathon times and our travel plans are all part of shaping the online persona we want.

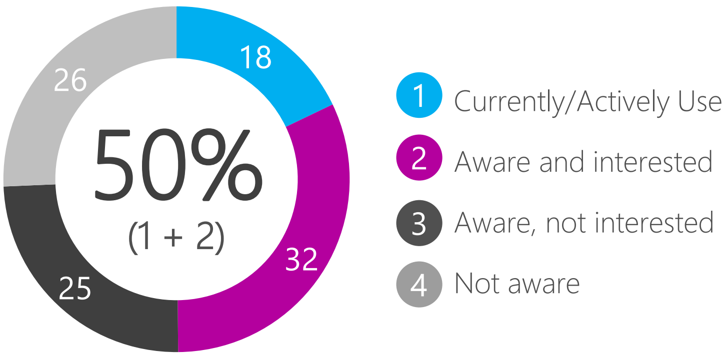
57%

of global consumers want to be able to choose how long information they share stays online

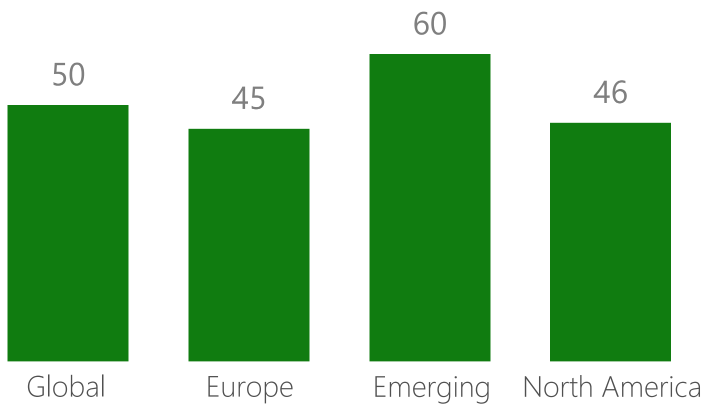


Key Measures

Digital tools/services to manage the information I share or have online (% of Global Consumers)



% of Global Consumers Engaged + Interested by region



While 74% of global consumers are already aware of services that manage online information, only 18% are currently using them.

There is also an onus placed on companies tracking digital information. 75% of global consumers say it's important to them that companies let consumers delete information or choose how long their information stays online. This is very similar across all consumer segments, pointing to the universal need to "own" one's digital information.

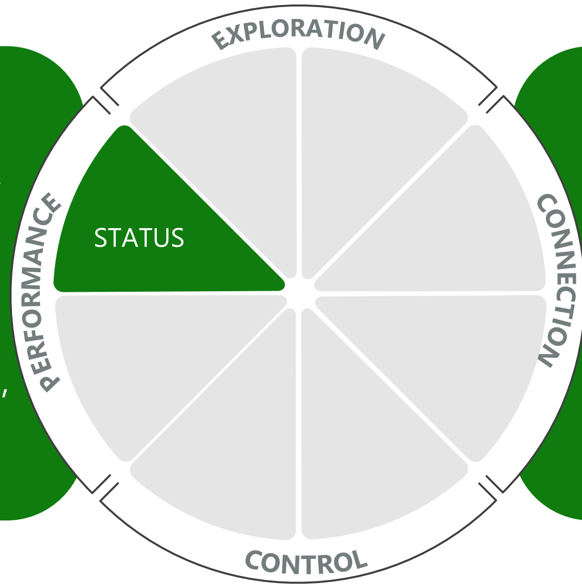
The 'age of digital self-destruction' - triggered by the rise of ephemeral messaging – looks set to give users more control than ever over how much information they share online for how long. However, this doesn't have to spell trouble for brands advertising online. Rather it should be a forcing function that encourages them to collaborate closely with consumers in co-creating a digital identity that they are proud of.

Marketer Implications

Right to My Identity triggers "Achievement" and "Order"

CONSUMERS WANT TO

- Cultivate image
- Court attention and admiration
- Broadcast a 'better me'



BRANDS NEED TO

- Offer social and cultural capital to help consumers stand out
- Help build ideal identities for their consumer
- Provide aspirational, exclusive experiences

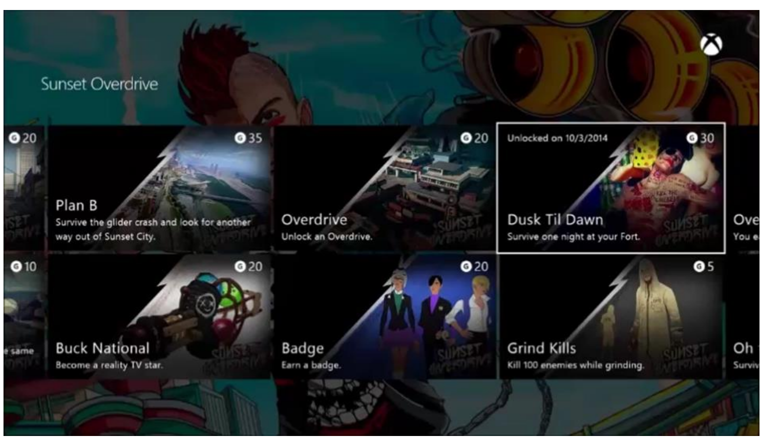
Right to My Identity Trend aligns to the STATUS need-state. STATUS is the need to make an impression, command attention and respect, and be recognized as an individual.

We shape the image we present to others, optimising and amplifying aspects of our personalities. We do this by curating and broadcasting our desired image, whether it be socially on Xbox or professionally on LinkedIn. Status can be about defining yourself as superior in some way, or just different… but it's always about showing 'the best me'.

In a world where consumers are obsessed with their online 'self', exclusivity is more potent than ever. Take a luxury fashion retailer that hosts an online, invite-only 'sneak peek' at the upcoming autumn collection as an example. The retailer uses purchasing data to select its best customers, and rewards them with a 'VIP viewing' before arming them with content to share across social channels. The brand rewards us with an amazing experience, and weaves itself into our online identity.

We use digital to craft how we want to be perceived, broadcast it to others, manage and solicit positive feedback. For brands, it's important to offer the right support, whether that's in the form of content so consumers can share and broadcast their interests, or services that allow consumers to feel proud and in control of their personas. This also brings an added benefit of opening up consumers to a broader, more sophisticated understanding of personal data.

In Action



Achievements as backgrounds

Customizable bios

Some of the more recent updates on Xbox One focus heavily on personalization and how users can have fun with their profiles. They can now start using game achievements as backgrounds for other gamers to see. Bios incorporate badges, reputation scores and allows for Twitter integration.

Interaction with data in a fun way not only allows consumers to feel like they are in control of their identity online, it also reinforces the advantages of integration and connecting a wider variety of digital services to enable more holistic experiences.

Life Analytics

Give me personal insights, not data

"I like the idea of sensors everywhere and being able to incorporate that in life...."

– Male Intuitive Social, 27

In 2013, rising interest in the quantified self led us to introduce "My Analytics" as a trend. However, with the "Internet of Things" becoming commonplace, access to associated new data streams is driving consumers to seek more integrated insights and we see the trend evolving to "Life Analytics" in 2015. The key for marketers is in stoking this interest in data and finding ways to bring more utility to consumers.

Consumers want more sophisticated views of data, not just about themselves, but also about the world around them. The proportion of consumer who have never interacted with tracking apps or devices has declined from 38% in 2013 to 25%.

Over half of global consumers say they are using or are interested in using digital devices or services that track activity and performance. 36% of consumers in emerging markets say they already use these services compared to 24% in Europe and 25% in North America. However, while consumers may have been downloading more trackers, less than a third are currently using it to optimize performance. In fact, 46% say they either don't do anything with the data or rarely use the apps at all.

Marketers are not the only ones looking for insights from data. Consumers want to use data productively and look to partners to make it happen.

43%

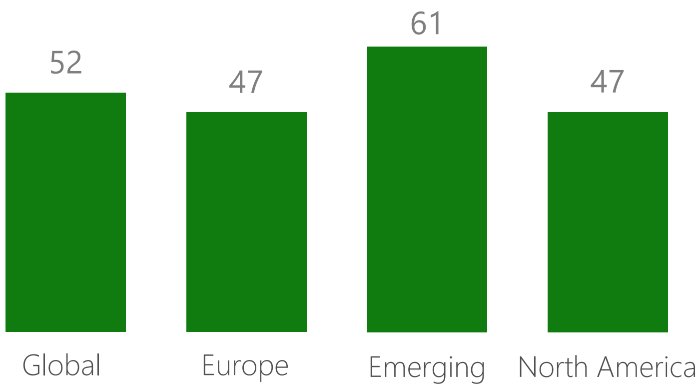
of consumers say they are much more likely to use products/services that bring in various data sources to help improve their lives

Key Measures

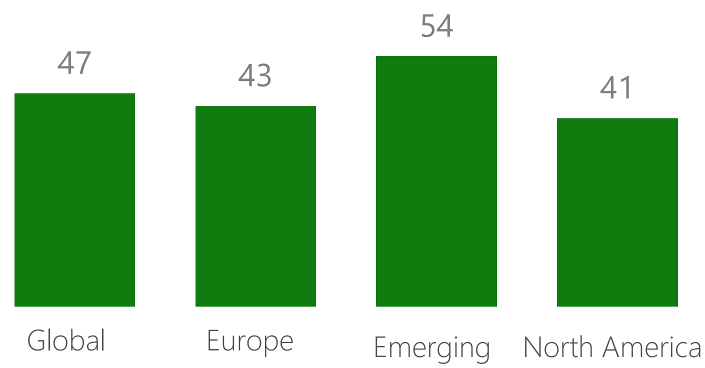
Digital devices and apps to track my habits, activities and performance (% of Global Consumers)

Digital devices and apps to track data from things I own (e.g. car, appliances) (% of Global Consumers)

% of Global Consumers Engaged + Interested by region (Personal Trackers)

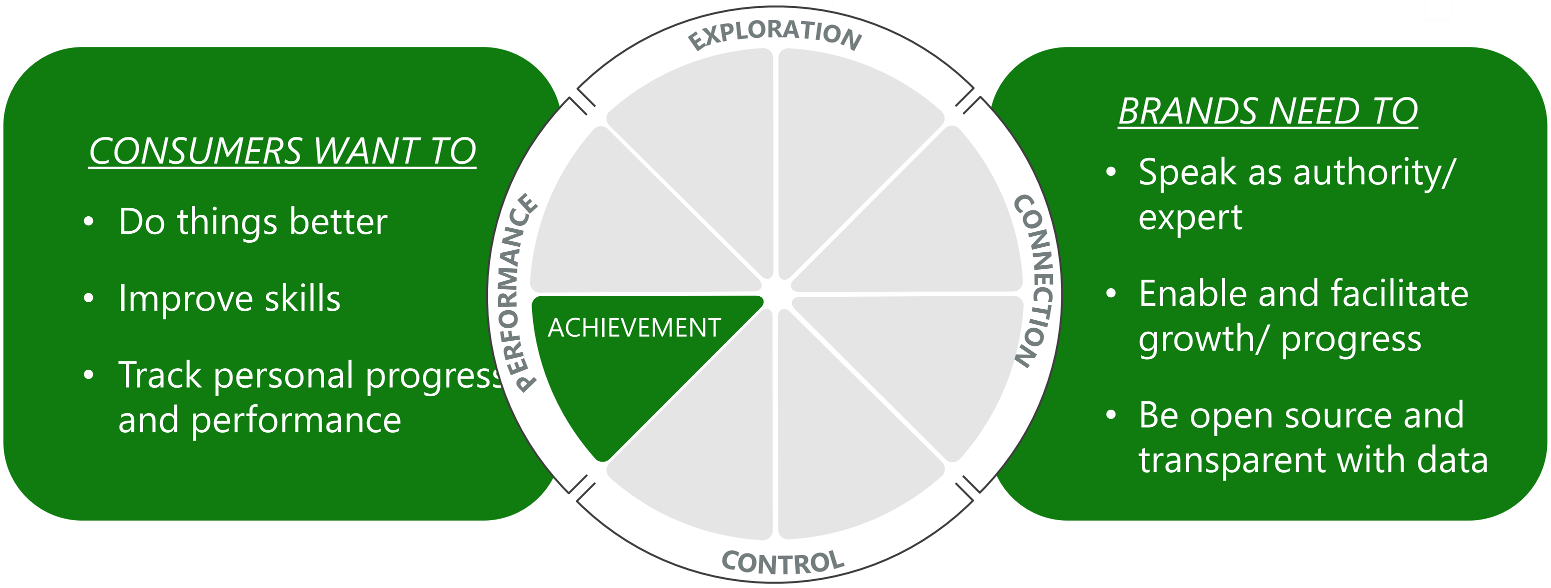


% of Global Consumers Engaged + Interested by region (Internet of Things Trackers)



Marketer Implications

Life Analytics inspires “Achievement”



The key to keep engagement and interest high will be in truly offering up ways to help consumers to do things in a better way.

Life Analytics speaks to ACHIEVEMENT and the need to perform tasks efficiently, effectively, and smartly. It’s about making better choices and doing things well so we can get more out of life.

It is important for brands to keep these needs in mind as they open up data stores to consumers. Are they truly facilitating progress and celebrating achievement to further goals, or merely adding to the cacophony of information that do not add value to consumers’ lives? Consumers are looking for ways to have more utility out of data. Brands can bring in more data streams to provide holistic recommendations and drive more personalized experiences.

In some ways, data still sits in very different places, and while it’s fun and interactive, it may not have a lot of true utility. Consumers really start to understand the usefulness, however, when they see how that data can be integrated. Some examples:

- Improve product recommendations with suggestions on how other consumers use or supplement products
- Reminders for replenishment with additional ideas outside of their normal routine or product set using data about people like them to help aid discovery.

In Action

The Microsoft Band is a great example of how consumers start to think about integration and the possibilities of data as a service. It offers support for health-related activities, such as GPS tracking, guided workouts and sleep/heart rate monitoring. However, it also integrates with email, calendar and Cortana to keep you connected. It even allows consumers to pay for their coffee on the go with Starbucks payment integration. What's really interesting however, are what COULD be possible. Microsoft has hinted that the Health dashboard will start to play with analytics in a fun way. What if you could tell which meetings cause the biggest heart-rate spikes throughout the day? What if you received suggestions about healthy snacks to offset the sedentary morning you had?

Live healthier.

Microsoft Band makes it easier to reach your fitness goals. You can track your daily physical activity and review your stats with a glance at your wrist. Just like a personal trainer, Microsoft Band guides you to improved wellness by constantly learning about you, your current fitness level, and your future needs.

Watch the video

Guided Workouts
Maximize your fitness with a choice of expert-designed workouts that are just right for your needs.

24-hour heart rate tracking
Monitor your heart rate 24 hours a day so you can perform at your best.

Sleep Tracking
See how long and how well you sleep and how often you wake.

GPS Run Mapping
Map the routes you've run, biked, or hiked and save your favorites.

Be more productive.

Email previews and calendar alerts appear right on your wrist so you know what you have to do and where you have to be even on the go. And with help from Cortana, your productivity will soar.

E-mail
Monitor and preview email activity at a glance.

Calendar
Get calendar alerts on your wrist so you can be where you need to be.

Cortana
Your very own personal digital assistant looks out for you and makes life easier.

Timer & Alarm
Time your laps around the track or set an alarm to wake you silently.

Creative Me

Creativity, MY way

"I don't think we serve technology, the technology should serve us…to allow us to do the things we do in life."

– Male Mainstream, 50

Taking a 'one size fits all' approach doesn't wash with consumers any more. Thanks to the ongoing rise of digital services, consumers are shaping and designing products based on their needs and interests. Whereas once this was the domain of coders and hackers, consumers are now empowered to lifehack for themselves and show preference against brands who limit them to generic experiences.

Experimentalism, creativity and desire for individual expression and achievement lie at the heart of the new movement. Using digital, consumers are looking to shape and design products and services based on their needs and interests. Consumers seek more ways to have digital work for them and looking to engage with brands who enable more fluidity and more creativity.

Over half (56%) of respondents are much more likely to buy from companies who allow them to shape their products or services, while 42% (an increase of 4 points since 2015) want to learn more about how to make or adapt their own digital devices and services.

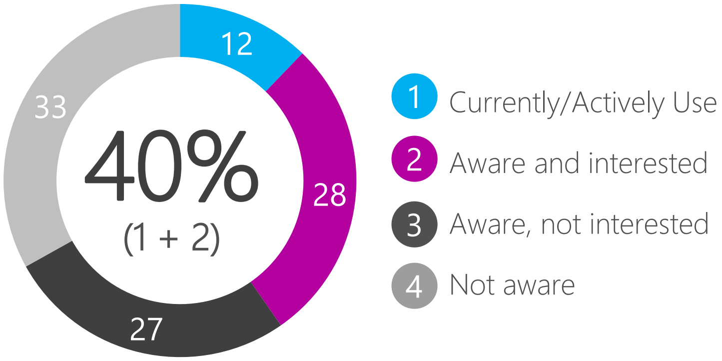
Why the change? Consumers want to know how to do things better and adapt their environments to suite their specific needs and wants. Digital services are the toolkit to help stretch their limits and goals.

56%

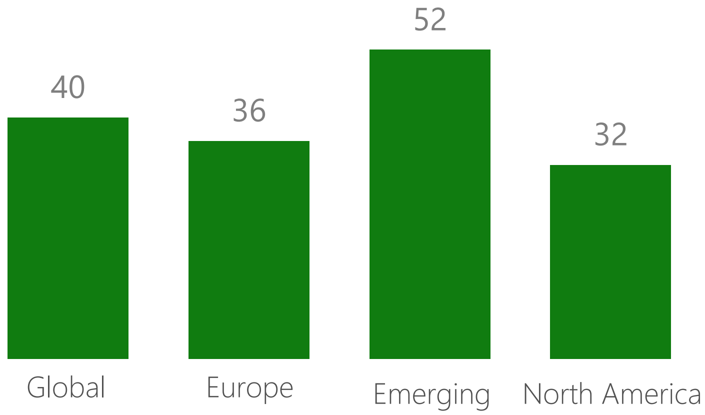
of global consumers say they are much more likely to buy from companies who allow them to shape their products or services

Key Measures

Digital devices/services that allow for customization (% of Global Consumers)



% of Global Consumers Engaged + Interested by region



40% of global consumers expressed interest or are already using digital services and tools to customize products. More consumers in emerging markets show interest at 52% compared to just a third in Europe and North America.

Creative Me links to ACHIEVEMENT need-state. Consumers want to know how to do things better and adapt their environments to suit their specific needs and wants.

Digital provides a toolkit: the knowledge to be better informed, the tools to be more efficient and the ability to track progress. It also helps us stretch our limits and our goals.

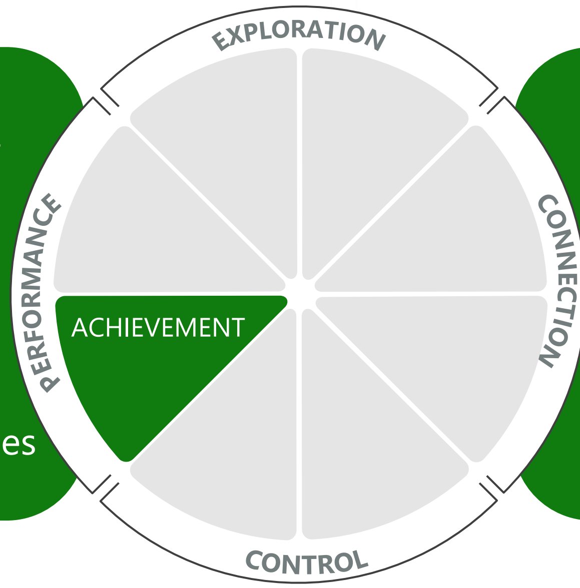
Brands who guide and enable more flexible ways to engage can help consumers feel more a part of the creative process. 56% of respondents globally say they are much more likely to buy from companies who allow them to shape products or services just for them. 47% expect brands to be open and allow them to create new products or services using their original design and features.

Marketer Implications

Life Analytics inspires "Achievement"

<u>*CONSUMERS WANT TO*</u>

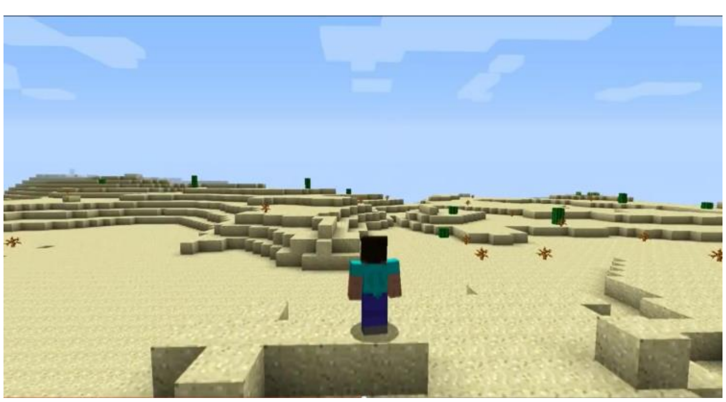
- Know how to do things better
- Have more bespoke experiences
- Shape better outcomes



<u>*BRANDS NEED TO*</u>

- Guide and inform
- Enable flexible and navigable processes
- Help celebrate and showcase successes

Microsoft recently bought Minecraft maker Mojang. The creative building aspects of Minecraft allow players to build a multitude of worlds out of textured cubes with no limits to what players can create. Motivated players, in some cases, have built elaborate copies of their favorite movie or TV shows, e.g. Game of Thrones, Star Wars, Friends.



The explorers

Trends anchored in Exploration, the New Age of Discovery and Now Networks, highlight how consumers look to digital to spark ideas and expand their horizons.

The New Age of Discovery

Purposeful serendipity

"I know what I'm into, but there might be that one time that you might show me something that I haven't seen before that I really love…[that's value]."

– Male Gamer, 27

Digital serendipity has matured as a tool for discovery, and consumers are increasingly open to chance encounters. They are looking for recommendations, not just based on things they like or activities they've done, they are also seeking experiences that give them the option to move outside their comfort zone.

In the "Age of Serendipity" in 2013, we found consumers wanted to use technology to surprise and delight. In 2015, the "The New Age of Discovery" illuminates how delight needs to have a purpose in order to have a lasting impact. Delight can also go beyond just the "new" and can also come from exploration of newer, deeper facets of current activities. While surprise and delight was at the heart of the Age of Serendipity, the New Age of Discovery is about feeding passions and content that enhances the utility of digital and technology.

Consumers expect brands to drive discovery. Discovery feeds curiosity and allows us to grow as people.

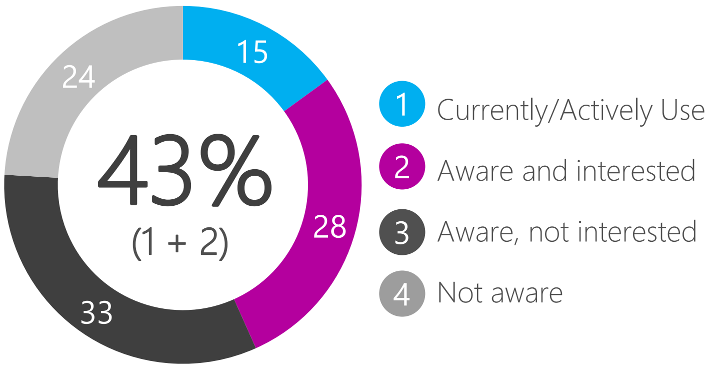
However, consumer exposure to services that aid in discovery is still quite limited. Outside of targeted advertising, few consumers can name digital experiences that enable seeded discovery.

48%

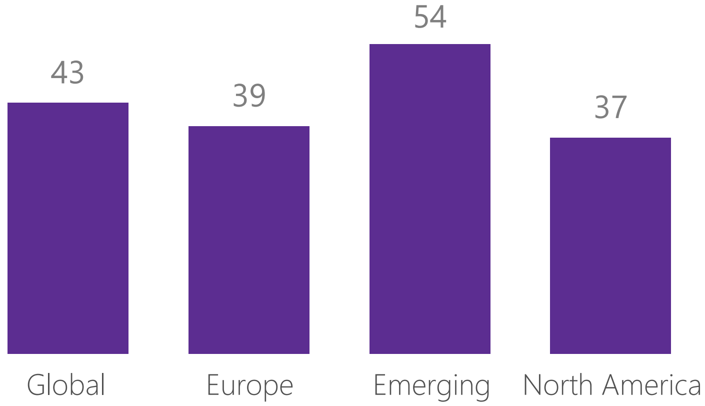
of global consumers expect brands to know them and help them discover new products or services that fit their needs

Key Measures

Digital devices/services that provide proactive recommendations (% of Global Consumers)



% of Global Consumers Engaged + Interested by region



43% of global consumers are either already using or are interested in digital devices and services that provide recommendations or content that doesn't require people to actively seek them out. While only 11% of consumers in North America say they use these kinds of services, one in four say they would be interested.

Consumers are interested in future technology that could serve up the right kinds of recommendations. In 2013, 50% of consumers expressed interest in adopting technology that would offer up suggestions and recommendations for new experiences, connections and activities that fit one's personality and needs. In 2015, that number has grown to 55%.

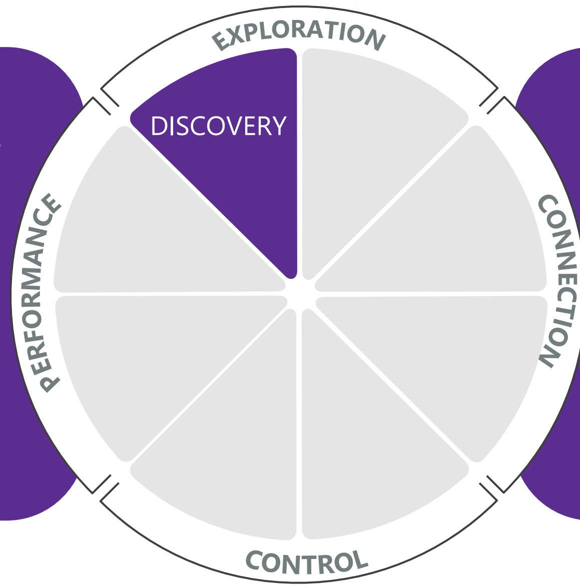
The majority of consumers also say they "love" or "like" services that provide recommendations that are based on previous behavior. This is especially true of Millennials (65%) and Dads (67%). How can brands offer up ways to explore new spaces? For more established relationships, how does a brand keep things fresh by offering up new ways to engage through new activities, content or products?

Marketer Implications

The New Age of Discovery is sparked by the Need to Explore

CONSUMERS WANT TO

- Satisfy curiosity
- Feed passions
- Open themselves up to new thoughts/ experiences



BRANDS NEED TO

- Open up new worlds
- Play to consumers curiosity
- Drip feed interesting nuggets

DISCOVERY is the need to dive into the world and everything it can offer us. We seek new experiences, express ourselves and follow our passions.

Excitement, surprise and difference are key here, whether we're looking for new digital experiences, media and content, or looking to nurture new interests.

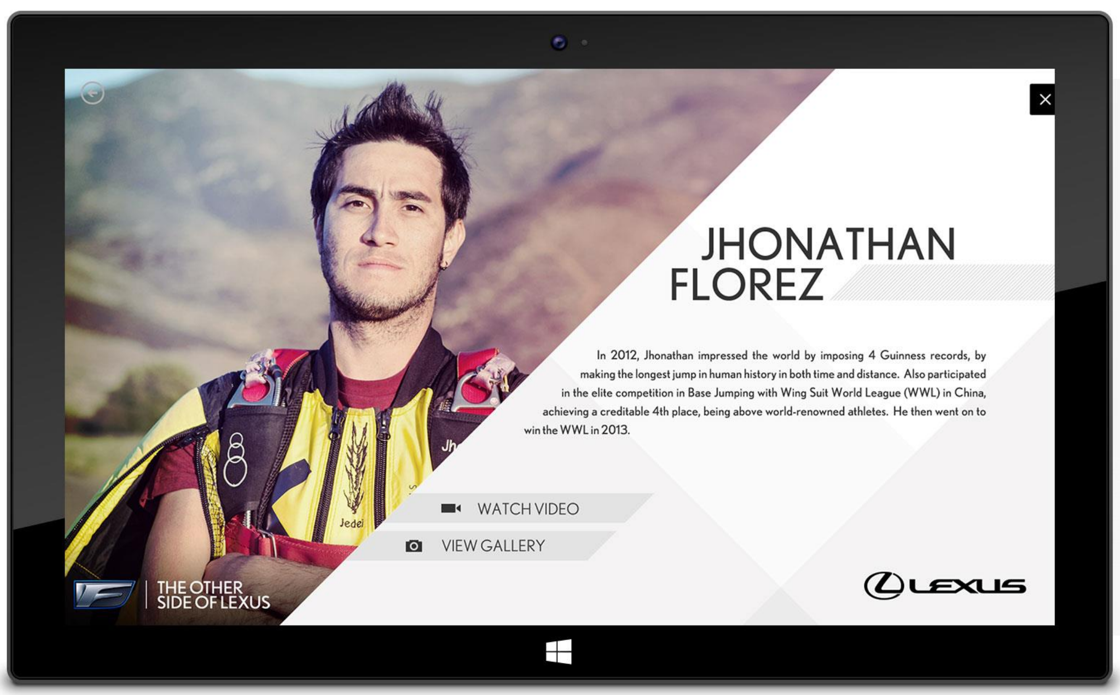
Brands should tap into this curiosity and take consumers to new spaces and open them up to new ideas. And consumers are open to inspiration. 48% say they expect brands to help them discovery new products or services that fit their needs. 41% say they expect brands to know them and offer them something they didn't even know they wanted. This is much higher in emerging markets (62%) and among parents (50%) and influencers such as bloggers (59%) and early tech adopters (58%). These influential and vocal consumers give brands the opportunity to amplify messages and drive mainstream adoption, IF they can deliver on the promise of the trend.

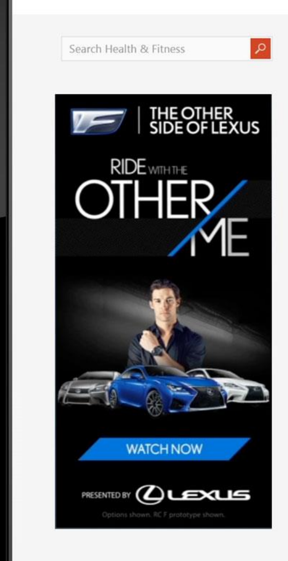
If brands can feed curiosity, ignite passions and get consumers thinking in a new way, they can forge more inspiring relationships with their customers. Invite consumers to keep coming back by seeding interesting content, ideas and products that consumers may not have thought of before.

In Action

Microsoft is investing in being smarter about our consumers in order to serve up more serendipitous experiences across screens. With Microsoft ID, we are linking intelligence about our consumers across different platforms to drive up higher engagement. With Microsoft ID, marketers can start thinking beyond demographics to target, and can truly think about context and screen, no matter what platform consumers may be using.

Microsoft Advertising and Lexus used Microsoft ID to serve up connected experiences across Xbox, MSN and Windows. By connecting intelligence about the right audience on the right screens, the campaign delivered superior performance for Lexus on brand and search metrics and providing a new way to tell seeded stories across digital screens.





Now Networks

Who am I now?

"I'm very passionate about music…I can build and share with people in like-minded situations…."

–Male Leading Edge, 43

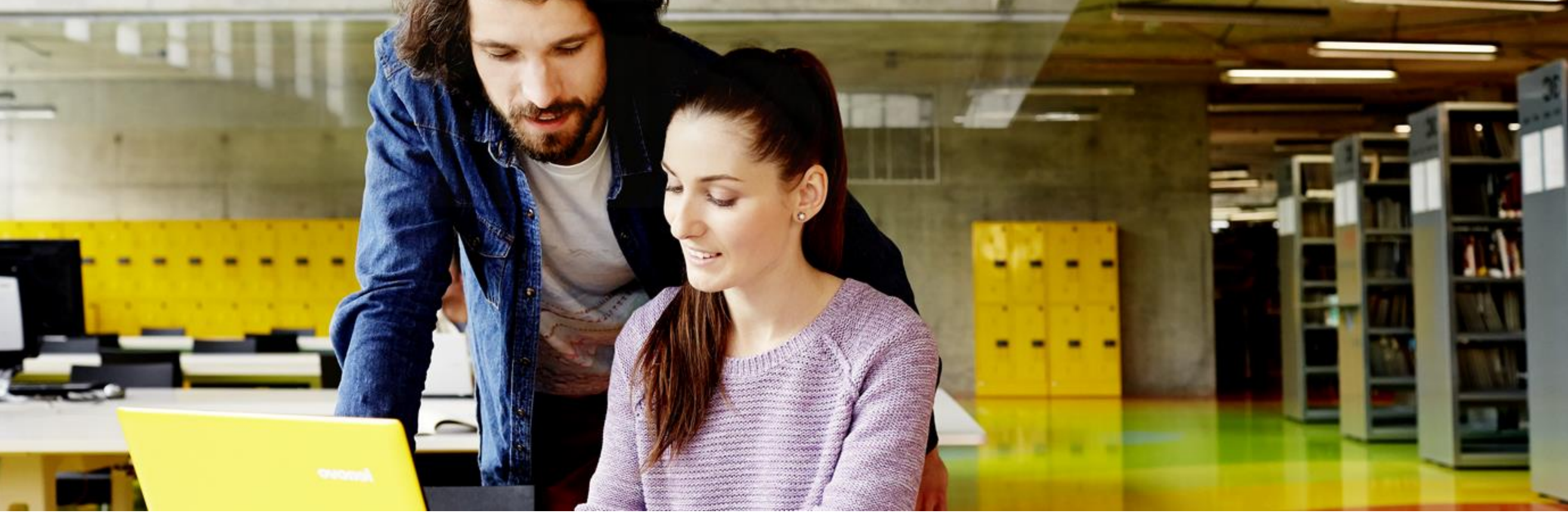
Consumers are seeking more flexible, temporal networks that allow them to flow in and out as their varied interests and life stages change. Whether it's interaction at an event, or a current hobby, consumers seek like-minded people to share and connect on a deeper level in the moments that really matter.

Social networks are maturing and so are the roles that consumers assign to different digital spaces. Our 2013 "Niche Networks" trend focused on groups based on fixed activities or interest (e.g. fitness groups, moms), but consumers are increasingly seeking more fluid networks to engage as their mindsets and interests change. "Now Networks" speaks to the fluidity of self and interests that digital enables.

Almost half (49%) of consumers now say they interact on smaller networks up from just 41% in 2013. And consumers seek experts to provide authoritative voices, especially around decisions or goals. 55% of respondents say they are more likely to interact with brands through specialist services. This presents both a challenge and an opportunity for brands to find the right voice and to offer a way to connect with consumers in their moment.

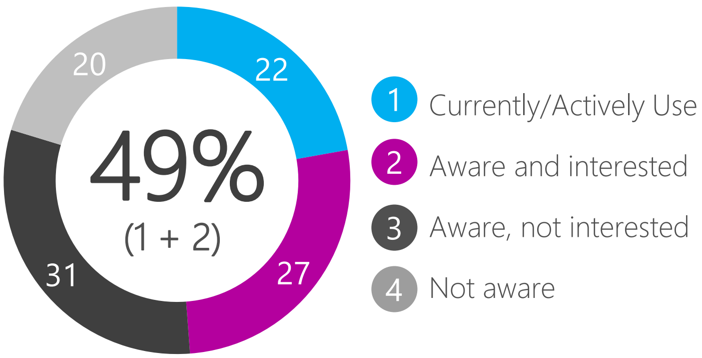
55%

of global consumers say they are more likely to interact with a brand when using more specialist and niche digital services

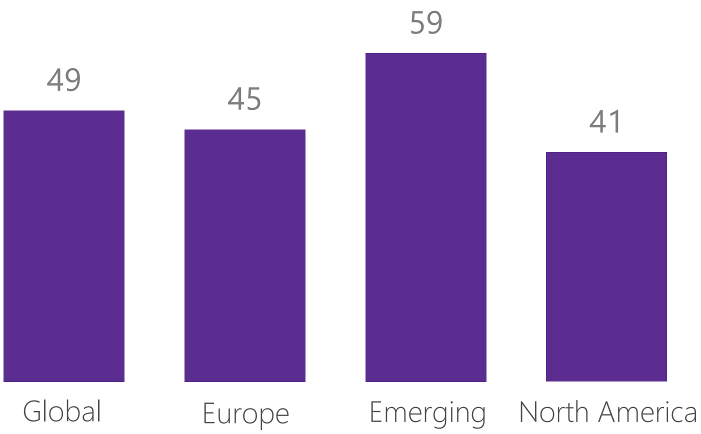


Key Measures

Social communities focused on specific topics or activities (% of Global Consumers)



% of Global Consumers Engaged + Interested by region



Half of global consumers are interested in topic or activity-based communities. Parents (54%) and Millennials (55%) show higher interest as do consumers who own wearable devices (61%), likely owing to this segment's interest in fitness tracking and their need for motivation.

The most social markets continue to be Brazil and China, who show much higher interest and engagement with specialist social networks, in particular. In fact in Brazil, 30% say they already use many different social networks dedicated to specific topics and purposes while that number is an eye-popping 47% in China (compared to only 18% globally).

The US has seen the biggest growth in the types of social networks used. In 2013, 52% of US respondents say they try to limit the number of social networks they use and try to go to one place primarily while in 2015, that number has dropped to 38%.

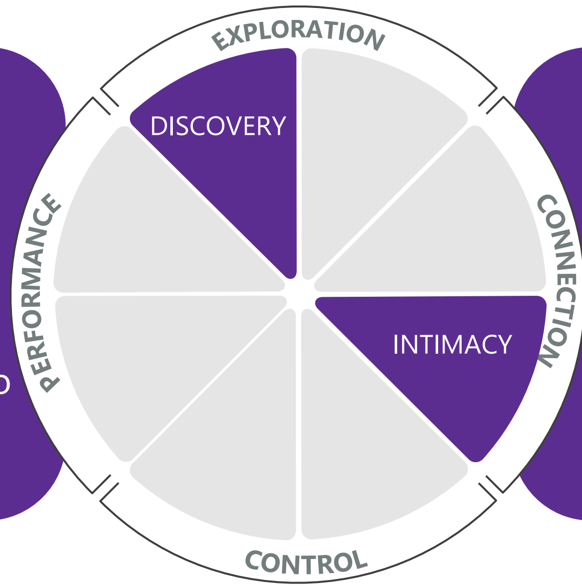
As consumers start to explore interests, they will continue to seek out like-minded communities and social spaces to connect and have meaningful dialog.

Marketer Implications

The New Age of Discovery is sparked by the Need to Explore

<u>*CONSUMERS WANT TO*</u>

- Have richer conversations
- Explore passions with like-minded people
- Open themselves up to new thoughts/ experiences



<u>*BRANDS NEED TO*</u>

- Invite consumers to explore common passions
- Enable shared moments
- Enhance interactions with compelling, relevant content

There is strong incentive for marketers to enable deeper conversations. More consumers are open to interactions when conversations and engagement are centered on specific and specialized topics and activities.

Smaller networks feed self-expression and helps enable participation in more intimate ways. They feed the need to feel close, deep connections to others who share interests. We want the most natural, unmediated communication as possible… with the people who really matter. Intimacy demands both ongoing, small connections, as well as richer, deeper connections.

Brands need to facilitate more compelling conversations and provide content that keeps communities and conversations going. However, it is important to keep in mind that authenticity and customer knowledge are key. 54% of consumers say they expect brands to really know and understand them and communications to be personalized and tailored to their values and preferences.

By layering in data to surface the right message, tone and content in a more intimate social setting, brands have the opportunity to forge real connections. In doing so, consumers are likely more inclined to share additional moments and additional shared interests as they evolve and grow.

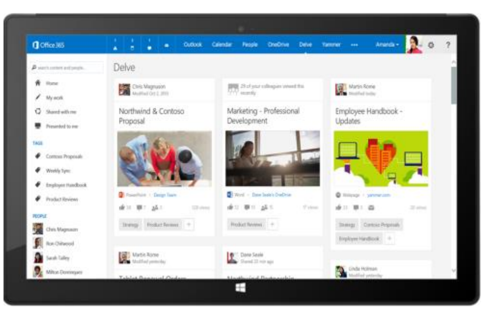
In Action

Delve, powered by Office Graph, is a new way to search and discover content across Microsoft Office 365 based on personalized insights. These new insights are derived from each person's behavior, their relationships to content, topics and one another. Delve determines what's relevant to each individual based on who they work with, and what they and the people around them are working on currently. It helps people stay better connected and informed on topics and projects that matter most to them and enables serendipitous collaboration.

Office Delve

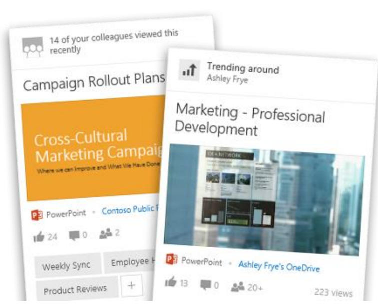
Powered by the Office Graph

Stay In the Know



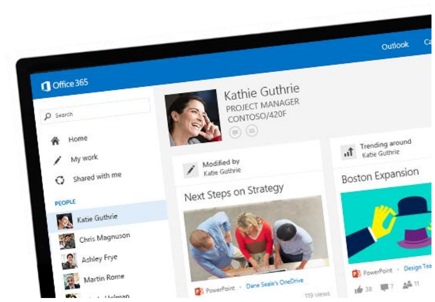
Discover new information tailored to you from your network

Find What you Need



Find just the right results from any source and take action

Discover New Connections



Connect with the right colleagues and learn more about their content.

3 rules for evolving consumer experiences

- Facilitate seamless experiences across the digital and physical to drive proactive sharing
- Be open about data usage and enable consumers to feel more in control
- Remove friction by using data to give value for every data point collected

Microsoft Advertising Consumer Insights

While many tech and media companies conduct market research that describes what consumers are doing, the Microsoft Advertising Consumer Insights team believes innovation stems from getting to the *why*. As a result, we take a consumer-centric approach. We go beyond behavior to focus on why consumers do what they do—whether that's choosing one brand over another, or exhibiting a preference for a specific platform. Our goal is to humanize digital behavior and motivation, enabling brands and agencies to put consumer needs at the center their marketing strategies.

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