Maximizing Investment

- eMarketer estimates global digital ad spend to be >$316B in 2019, yet marketers estimate they waste more than a quarter of their marketing budgets. This means we're looking at ***$82B of wasted advertising spend*** in 2019.

  We need to do better than that.

  We need to rethink how we invest marketing dollars and how to measure performance. At Rakuten Marketing, we're building a new kind of business model to achieve this. Accelerate aligns marketing spend to business objectives, optimized across channels and strategies where it will drive the highest returns. With this solved, brands can realize new value and growth from their marketing program, including:

  - Amplifying existing reach and fueling growth in new markets, risk free, while maintaining costs.
  - Optimizing performance metrics such as efficiency, revenue growth or new to file.
  - Expanding into new markets and jumpstarting growth with no incremental cost.

- Brands spend as much as **$100 million** to bring a new product to market, but earn less than **$40 million** in the first year. Additionally, 2018 Rakuten Marketing research found that only **11%** of UK marketers have local marketing teams in overseas markets able to carry the responsibility for the international roll out of campaigns.

  We need to bring more efficiency to these areas costing brands big on budgets and resources.

  Accelerate will use our AI- and machine-learning-driven products to help brands grow beyond their current capabilities, including entry to new markets, whether that's a new product, geography or vertical. With marketing dollars strategically invested with the right fluidity to truly optimize spend where it will have the most impact, brands can jumpstart growth, with no additional cost.

Extended Reach: Scale

- In a landscape wrought with competition – both direct competitors and industry giants – brands must invest in marketing and advertising strategies that promote product discovery and attract consumers directly to their own commerce environments.

  Once acquired, there's significant opportunity to derive the long-term value by bringing them back again and again. Re-engaging consumers after that first purchase is critical – **only 27% of first-time purchasers will purchase a second time, but 45% of two-time purchasers will purchase again, and 66% of those who have purchased five times will**

purchase again.

There needs to be synergy across marketing strategies, which Rakuten Marketing is uniquely positioned to deliver. Grounded in AI and machine learning, and fueled by unique Rakuten ecosystem data, our Prospecting product optimizes campaigns to deliver new-customer success and fuel repeat-purchase opportunity.

- Rakuten Marketing Prospecting is fueled by artificial intelligence that leverages data and learns from consumer signals to create audiences that don't simply mirror retailers' existing customers. AI embedded in audience creation finds connections between retailers' current customers and consumers based on their interests, affinities and online behavior—and predicts audiences that might not be obvious but are likely to connect with the brand.

  When compared to an industry-leading third-party audience, campaigns that run Rakuten Marketing's Prospecting product resulted in:
    - 20% higher visit rate.
    - 229% higher conversion rate.
    - 51% higher new customer rate.

  Note: Localized case studies to be provided by your regional marketing team.

- Central to Rakuten Marketing's mission is delivering experiences people love. Through this sophisticated use of AI and privacy-compliant data, we are able to deliver advertising that brings value to people's online shopping experiences, connecting them to new brands, products and discounts that enhance their lives.

Enhancing Visibility

- According to 2018 Kantar research, **more than half** of global marketers say that multi-touch attribution is one of the biggest gaps in their marketing research.

- The customer journey is complex, and how users engage with brands in the age of digital transformation spans channels, platforms and devices. In order to effectively influence consumers, we need to understand the patterns that shape their behavior by observing them more holistically. With this understanding, we're better positioned to create advertising that brings value to their experiences by connecting them with a new brand, a new product or a discount that makes purchase more accessible – it opens the door to creating experiences people love.

- Knowing who your audience is, is the holy grail. If you can really understand who you're trying to target you're probably going to find more of them.

  EXAMPLE: We worked with a plus-sized retailer who started shutting down physical stores in favor of e-commerce investment. Yield was falling, despite spending money on improving performance. But, when they overlaid the location of online shoppers against stores that were struggling, they saw a correlation. It became very obvious that their particular market was reliant upon having a physical store presence to build a relationship and gain the confidence to buy the clothes they needed. Stores were helping those customers finalize what sizes they needed to go online and buy.

- At Rakuten Marketing, we empower our brands to do this with our Signal dashboard. Unlike any other performance dashboard on the market, Signal is designed to provide a holistic view for brands to gain insights into both their single and multi-channel campaigns. This empowers them to improve cross-channel campaign optimization efficiency, consolidate reporting, and build compelling business insights from the accurate, complex data being captured.

Advancing Automation

- Currently, affiliate marketing is projected to reach **$6.8B** by 2020 (10% annual compound growth rate), based on Rakuten Marketing funded Forrester research.

- In 2013, industry experts predicted the programmatic display business to be a $32.6 billion global industry by 2017. In actuality, programmatic display came in at $56.5B globally in 2017 – ***nearly doubling its growth expectations***. And this year, it's expected to reach $83.8B.

  Affiliate marketing has gone decades without significant innovation or advancements to influence this expected growth trajectory. Today, it's still reliant on a heavily manual business process. This places limitations on its ability to achieve scale, and to improve personalization and contextualization.

  At Rakuten Marketing, our aim is to disrupt affiliate marketing, and transform its growth trajectory at the same scale that programmatic did for the display industry.

- At any given time over the past two decades, we've had hundreds of thousands of brands running affiliate programs using our platform. Now we're reinventing that platform with a foundation of the machine learning technology and strategic acumen we've gained through our hugely successful programmatic display business.

  We are the only company in the industry that is positioned to do this. We've built a business centered around diversifying our technology and expertise to be able to achieve real business success for our clients, and empower them to drive their bottom lines. Now we're able to harness the best of what we've built to really disrupt a space that is well overdue for innovation.

- There are a few reasons why now is the right time to apply programmatic technology to the affiliate model.
    - Brands have access to big data, and are moving towards strategies to centralize their data through a single platform, making it more ready than ever to be activated through strategic technology.
    - AI and machine learing are becoming more prolific, as the price point is becoming more accessible.
    - As we enter this new era of programmatic affiliate, we armed with key learnings from programmatic display, allowing us to take the best of what we learned, and to address the mistakes that were made along the way.
        - Best of:
            - The use of real-time data to drive relevance for users.
            - Real-time pricing, with the ability to predict the value of each impression to drive the expected ROAS.
            - Moving from highly concentrated reach to strategic scale.
            - More visibility into ROAS.
        - Learning from mistakes
            - An ecosystem reliant on ”middle men” to complete transactions between advertisers and publishers, causing a breakdown of their relationship and leading to limited transparency for advertisers into the quality of publishers serving the ads, and to what audience.
            - Scrutiny on publishers resulted in a downturn in earnings, accommodated by an increase in inventory and ads served, leaving consumer inundated with ads.
            - Vulnerability to fraud and its impact on performance.
            - Optimization built on short-term goals, like CTR, and the volume of ads to achieve those goals that created a poor and invasive experience for consumers.

- Today, we are already laying the groundwork for programmatic affiliate with solutions designed to bring AI-driven automation to the affiliate channel.
    - **Paid Placements Marketplace:** Connects advertisers and publishers to new partners that will have the most impact on their overall business objectives, achieve the highest performance on a given campaign or deliver the best returns in a specific ad placement.
    - **Affiliate Graph:** Provides publishers with unique insights into data from consumers’ browsing and shopping behavior, empowering them to make smarter content-serving decisions in real time and create more personalized experiences to target specific consumers based on their purchase history.
    - **Accelerate:** Capitalizes on our extensive affiliate publisher network and performance data to optimize overall affiliate channel performance and reduce costs. Rakuten Marketing optimizes and allocates spend within the affiliate

channel, meaning brands can reduce overall direct costs while meeting agreed upon perform-ance goals. We assume the risk of media spend while helping brands enter new markets and jumpstart growth with no incremental costs.

- **Dynamic Commissioning:** Empowers advertisers to assign sophisticated rules to their commissioning strategy to reward publishers based on the audiences and behaviors that drive their business objectives forward, from promoting a high-margin product to reaching new-to-file customers.