



1 BILLION

devices are now supported
by Google Assistant

58%

of consumers are engaging
in contextual commerce

81%

of consumers engaging in
contextual commerce do
so through social media

THE DIGITAL CONSUMER REPORT

Contextual Commerce Edition

TABLE OF CONTENTS

03

Introduction

- 03 A look at contextual commerce
- 05 Contextual commerce and the devices making it happen

07

In-house

- 08 How retailers are hitting home with contextual commerce
- 09 Contextual lessons from Netflix

11

On the phone

- 12 The smartphone and its role in commerce
- 13 The importance of content for contextual commerce in India

14

Sidebar

How IoT devices can drive contextual commerce

16

On social media

- 17 How social media platforms are becoming online marketplaces
- 19 Instagram, ads and the role of contextual commerce

21

Feature story

Bringing contextual commerce to the TV screen

24

Looking forward

Contextual commerce as the future of shopping

26

About

ACKNOWLEDGMENT

The Digital Consumer Report is done in collaboration with Samsung Pay, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the findings presented, as well as the methodology and data analysis.

INTRODUCTION

A LOOK AT CONTEXTUAL COMMERCE

Retailers are re-learning an important lesson as the shift to online and mobile shopping speeds up: Context is still key. Consumers are interacting with an ever-growing number of apps, social media sites, smart appliances and connected devices. This makes it more important than ever for retailers to determine how, where and why they buy products.

Consumers may already be accustomed to online shopping, but retailers are now competing for their business by directly integrating shopping experiences into the apps and sites where they spend most of their time. This enables them to conduct commerce in the moment – contextually.

Contextual commerce can refer to any experience in which a customer is presented with, and subsequently buys, a product shown within a social media feed, through a smart device or even through a recommendation by a

friend or online influencer. Some examples include finding a restaurant while using Google Maps or buying a pair of shoes that appeared in an Instagram or Pinterest feed. Retailers that want to enable these experiences must reach their target audiences at the right places and times in ways that are fast and convenient for them.

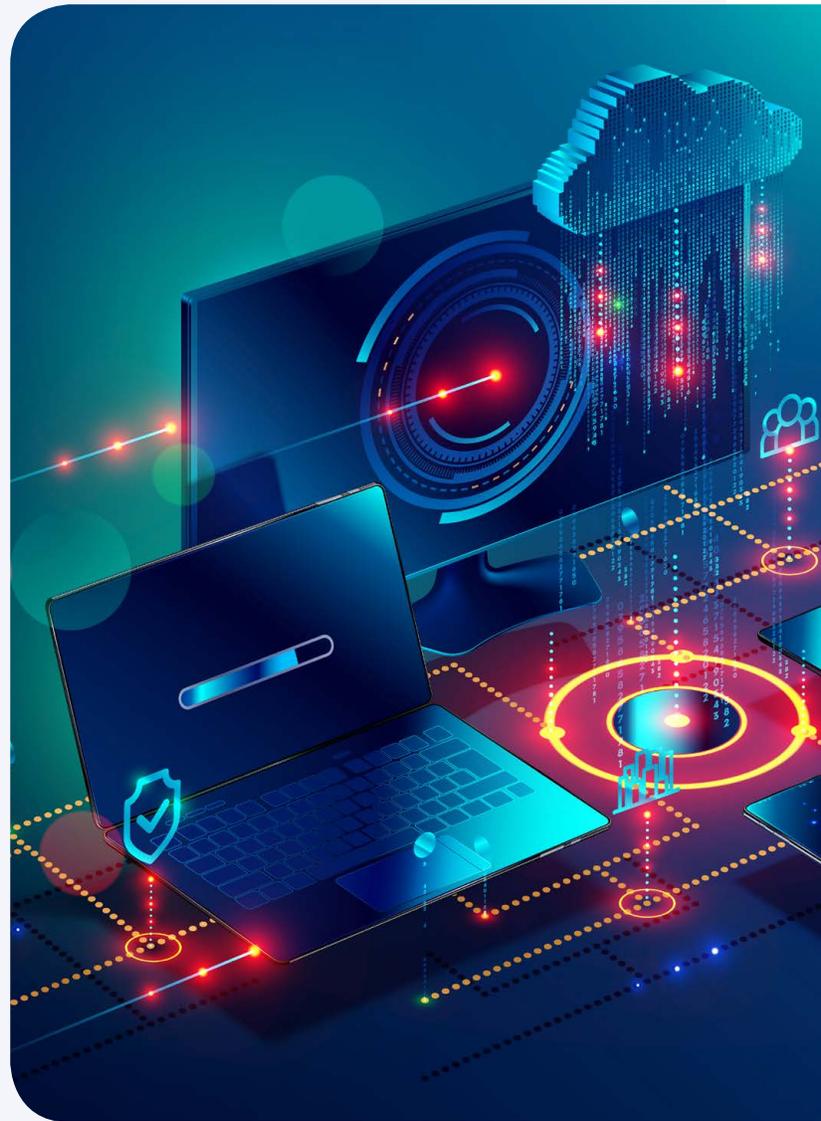
Almost 60 percent of today's consumers have engaged in contextual commerce, and most of them would be happy to experience it again.¹ Of the 58 percent who have engaged in these purchases, 81 percent did so through a social media site. This shows that brands must master these already-thriving channels if they wish to maximize these opportunities.

As social media platforms like Facebook and Instagram play key roles in enabling these experiences, they're beginning to provide crucial commerce opportunities for

¹ The Commerce Channel 58 Percent of Consumers Now Use – And Like. PYMNTS.com. May 2018. <https://www.pymnts.com/news/merchant-innovation/2018/contextual-commerce-consumer-data-ecommerce-retail-payments/>. Accessed February 2019.

consumers. Not only are people spending more time on their smartphones than ever before – they are also surrounding themselves with an ever-growing number of connected devices ranging from smart bracelets to AI-enabled speakers. As the use of these technologies expands, so does the number of opportunities that merchants have to promote contextual commerce.

In this edition of the Digital Consumer Report, done in collaboration with Samsung Pay, we examine how contextual commerce is growing and where consumers are buying their products. We look at how they interact with these experiences through their smartphones and in their homes and, ultimately, we determine how this type of commerce will continue to grow in the future.



CONTEXTUAL COMMERCE AND THE DEVICES MAKING IT HAPPEN

Social media sites and smartphones may have opened the door to contextual commerce, but they're far from the only channels through which customers access it. Brands are constantly experimenting with new hardware to simplify the shopping experience as consumers of all ages flock to online and mobile retailers. Contextual commerce's continued rise will depend on how well companies – from clothing merchants to grocery providers to automakers – integrate devices and experiences across the internet of things (IoT).

IoT devices can include anything from simple smartwatches to Internet-connected refrigerators or cars, and these technologies offer retailers expanded access to their customers. The data collected from these devices can help companies further personalize customers' experiences and sharpen their contextual outreach.

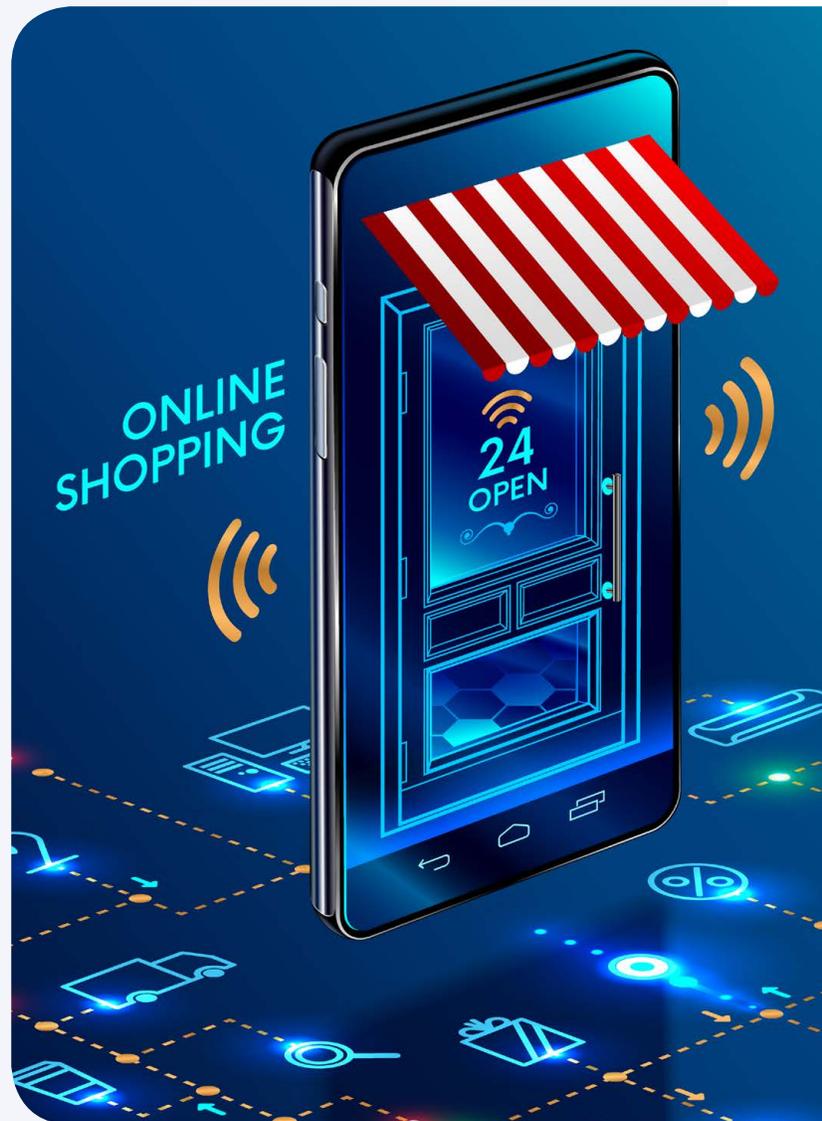
Voice-based digital devices – notably Google Home and Amazon Alexa – are perhaps the most widely known IoT offerings. These technologies are competing for a presence in customers' homes as they grow more comfortable shopping and making



purchases through them. Google and Amazon, in particular, are locked in a race, and the former was expected to hit 1 billion Google Assistant devices by the end of January, even as the latter has pushed its technological and contextual commerce capabilities further.²

The growth behind these technologies can be clearly seen in the grocery industry, to which Amazon has devoted a significant amount of its resources during the past couple of years. Grocers are turning to IoT devices to extend their brands' reaches, and chains like Kroger are allowing customers to order through voice assistants. Meanwhile, Amazon-backed Whole Foods can now connect with consumers through their smart ovens in addition to facilitating orders through Alexa devices.³

IoT's rise isn't limited to just grocers, either. Social media firms, car companies and other merchants are enabling contextual commerce through connected devices, and they are doing so in an area that has been traditionally out of reach: the consumer's home.



² Dignan, L. Google Assistant to hit 1 billion devices, aims to surround and pound Amazon's Alexa at CES 2019. Zdnet. January 2019. <https://www.zdnet.com/article/google-assistant-to-hit-1-billion-devices-aims-to-surround-and-pound-amazons-alexa-at-ces-2019/>. Accessed February 2019.

³ Hofbauer, R. 2019 Outlook: The Year Grocers Connect Everyday Activity and eCommerce. Progressive Grocer. December 2018. <https://progressivegrocer.com/2019-outlook-year-grocers-connect-everyday-activity-and-ecommerce>. Accessed February 2019.



IN-HOUSE

How retailers are **HITTING HOME WITH** CONTEXTUAL COMMERCE

IoT devices are beginning to reach more consumers. Companies like Amazon are experimenting with appliances that allow them to place orders without consulting online lists or driving to stores, and firms such as Samsung have long offered smart fridges that feature apps with ordering capabilities.

While these smart household appliances are not yet mainstream, the public's interest in them is growing. PYMNTS' research found more than 50 percent of consumers have had a contextual shopping experience, and 84 percent of those who did were interested in participating in another. Unsurprisingly, their desire for contextual shopping opportunities ultimately comes down to speed and convenience.⁴

Despite these advancements, consumers are becoming less receptive to some traditional attention-grabbing retail tactics like ads, which customers and social media users often scroll past and ignore.⁵ It is also important to note that many of them are aware contextual shopping's convenience could lead to impulse buying, a behavior they usually try to avoid.

Retailers that want to make sure customers are comfortable purchasing through devices integrated into their homes must ensure that users trust them and can seamlessly complete transactions. Consumers' interactions with contextual commerce must ultimately represent a part of their routine daily spending, whether they are aware of it or not.

⁴ The Commerce Channel 58 Percent of Consumers Now Use — And Like. PYMNTS.com. May 2018. <https://www.pymnts.com/news/merchant-innovation/2018/contextual-commerce-consumer-data-ecommerce-retail-payments/>. Accessed February 2019.

⁵ Fischer, S. 1 big thing: Amazon's next ad play. Axios Media. January 2019. <https://www.axios.com/newsletters/axios-media-trends-1dfd7510-8393-4c57-946d-9e659cc7a4e4.html>. Accessed February 2019.

Contextual LESSONS FROM NETFLIX

The entertainment industry, for one, has managed to successfully integrate into customers' daily routines by prioritizing convenience, speed and personalization. The slow process of bringing on-demand movies and shows into consumers' homes began in the '80s with VCRs and movie recordings, culminating in the launch of now-ubiquitous streaming services like Netflix.⁶ A CNBC survey found that nearly 60 percent of U.S. adults consume the majority of their movie and television content through streaming services, with most of them turning to Netflix as their primary source.⁷

Netflix's streaming industry dominance leans on two of the most essential contextual commerce experience factors: convenience and personalization. It maximizes its services by offering tailored, in-the-moment content and knowing which data to collect, why and how to use it.

This will be critical for the service as it confronts Disney, Marvel and other entertainment brands that are beginning to build their own streaming options.

Even Facebook is getting into the streaming game as it explores a potential partnership with entertainment service HBO. A deal between these two companies would enable Facebook users to watch HBO without leaving the social media hub's app or website. More importantly for Facebook, the partnership would also bring it HBO subscription revenue.⁸

Retailers must also consider data's importance and relevance as commerce moves from a solely brick-and-mortar world into one that also encompasses contextual experiences online and through apps. Merchants across all channels will need to stop relying on data segmentation to target consumers by age, household income, location

⁶ Webster, K. The Case For Contextual Commerce. PYMNTS.com. June 2018. <https://www.pymnts.com/news/payments-innovation/2018/consumers-contextual-commerce-purchases-ecosystems-facebook-instagram/>. Accessed February 2019.

⁷ Leisman, S. Nearly 60% of Americans are streaming and most with Netflix: CNBC Survey. CNBC. March 2018. <https://www.cnbc.com/2018/03/29/nearly-60-percent-of-americans-are-streaming-and-most-with-netflix-cnbc-survey.html>. Accessed February 2019.

⁸ Kafka, P. Facebook wants you to buy HBO on Facebook and watch HBO on Facebook. Recode. December 2018. <https://www.recode.net/2018/12/13/18139946/facebook-hbo-pay-tv>. Accessed February 2019.

and search history when they offer products. They must instead analyze those details to further personalize their product pitches for each customer.⁹

Even retailers that achieve personalization and ensure consumers are comfortable purchasing in their homes will face additional challenges as they attempt to stay competitive in the contextual commerce space. As these retailers work to get a handle on using IoT products, they must remain focused on the 21st century's crowning digital device: the smartphone.



⁹ Gossage, R. The key to e-commerce personalization: contextual relevancy. DigitalCommerce360. January 2019. <https://www.digitalcommerce360.com/2019/01/02/the-key-to-ecommerce-personalization-contextual-relevancy/>. Accessed February 2019.



**ON THE
PHONE**

The smartphone and AND ITS ROLE IN COMMERCE

American consumers spend more than 11 hours per day on their smartphones, using them to find nearby restaurants or buy clothes through social media apps. The smartphone has essentially become the nucleus of the modern shopping experience by enabling consumers to quickly make purchases in the moment. Of consumers who have made a contextual commerce purchase, 59 percent stated they did so because it promoted a faster buying experience.¹⁰

Smartphones are unlocking more than just speed, too. Retailers Wayfair and Houzz are even experimenting with augmented reality (AR) technology to bring customers more tangible buying experiences. Some offerings allow

users to point their cameras at empty spaces and use AR to furnish those surroundings, for instance.¹¹

In markets where digital payments are quickly expanding, smartphones are being paired with new technologies like artificial intelligence (AI) and richer voice recognition capabilities that also allow contextual commerce to thrive. Chinese consumers, for example, have already widely adapted to mobile shopping by using messaging apps like WeChat to instantly make purchases.¹² One in 10 queries on Chinese search engine Baidu are made by voice, with half of them expected to be made via that method by 2020.¹³

¹⁰ NEW DATA: The Commerce Channel 58 Percent of Consumers Now Use—And Like. PYMNTS.com. May 2018. <https://www.pymnts.com/news/merchant-innovation/2018/contextual-commerce-consumer-data-e-commerce-retail-payments/>. Accessed February 2019.

¹¹ Author Unknown. The Future of Shopping Is All About Contextual Commerce. Techcrunch. <https://techcrunch.com/sponsored/the-future-of-shopping-is-all-about-contextual-commerce/>. Accessed February 2019.

¹² P2P Falls As Other Payment Ecosystems Expand. PYMNTS.com. January 2019. <https://www.pymnts.com/ecosystems/2019/china-p2p-lending-payment-commerce/>. Accessed February 2019.

¹³ Author Unknown. The Future of Shopping Is All About Contextual Commerce. Techcrunch. <https://techcrunch.com/sponsored/the-future-of-shopping-is-all-about-contextual-commerce/>. Accessed February 2019.

The importance of content FOR CONTEXTUAL COMMERCE IN INDIA

Contextual commerce is poised to further expand in markets where users lack the ingrained habits of digital shoppers accustomed to laptops and websites instead of mobile apps. In India, for instance, money, business and digital payments are quickly evolving as more residents consume mobile content. This has put the country's commerce in a state of flux as physical cash's role diminishes while people interact through smartphones – the first step toward making contextual commerce experiences possible through mobile channels.

The country's mobile phone usage has skyrocketed, with the average Indian customer consuming more than 9 GB of data monthly – up 125 percent from 2018 and 900 percent from 2017.¹⁴ As such, mobile applications in the country, including those that facilitate contextual commerce, are growing more personalized as smartphones take center stage.

Indian retail merchants keen on tapping into this market are experimenting with technologies that will greatly personalize mobile experiences. They are investing in deep learning, AI and carefully curated content for consumers. India-based internet company Info Edge, for instance, is turning to AI and machine learning (ML) to source and curate content.¹⁵ The company is also banking on an additional increase in mobile consumption amid the marked decline in the number of desktops used daily by the average Indian customer.

India also enjoys lower data charges than other countries, allowing consumers to access a wealth of mobile phone content. That said, merchants still need to cut through a sea of competing digital content to capture the attention of the country's smartphone users.

¹⁴ Sengupta, D. Consumption to double: Data usage to turn upwardly mobile in 2019. Economic Times. January 2019. <https://economictimes.indiatimes.com/tech/internet/data-usage-to-turn-upwardly-mobile-in-2019/articleshow/67358232.cms>. Accessed February 2019.

¹⁵ Author Unknown. Content marketing and personalized approach to rule as mobile consumption will go up in 2019. BestMediaInfo. December 2018. <https://bestmediainfo.com/2018/12/content-marketing-and-personalised-approach-to-rule-as-mobile-consumption-will-go-up-in-2019-sumeet-singh-cmo-infoedge/>. Accessed February 2019.

SIDEBAR

HOW IoT DEVICES CAN DRIVE CONTEXTUAL COMMERCE

Smartphones may be consumers' primary channel for interacting with the world, retail brands and each other, but that doesn't mean they will always be center stage. Consumers are already flocking to a growing number of Internet-connected devices to fulfill the digital needs that mobile devices do not, and companies are scrambling to provide them.

Connected devices will occupy a key role in contextual commerce. A recent PYMNTS study found that the average consumer owns at least one such device aside from a smartphone, tablet or computer – and a healthy number of users own six or more connected devices. The "Super Connected," as these users are called, want all of their devices to offer the same type of commerce experiences they receive on their smartphones.¹⁶

This indicates retailers need to adjust how they present content and products – and perhaps even which of them to present – to customers based on whether they're seeking answers through smartphones, voice assistants or smart ovens. It also means that they must invest in the resources needed to analyze consumers' data, creating personalized contextual experiences tailored to each connected device.

Merchants must also determine how to woo consumers using products such as connected cars that, at first glance, may not seem to promote ideal commerce conditions. Providing the ability to conduct a transaction through a vehicle's interface isn't a new idea, but it's a difficult one to accomplish. Companies like Amazon are working to change that, though. It wants to link Alexa

¹⁶ Webster, K. How Connected Devices Are Revolutionizing How and Who We Pay. PYMNTS. October 2018. <https://www.pymnts.com/news/payments-innovation/2018/pymnts-visa-study-on-how-connected-devices-and-voice-change-how-and-who-consumers-pay/>. Accessed February 2019.

to users' cars and offer "contextual assistance features" within them. While these initial experiences would likely be less complex than those provided by more-established channels, they could offer a glance at contextual commerce's fast, deliberate and in-the-moment future.¹⁷

The key force behind contextual commerce is its ability to offer purchase experiences that seamlessly blend into consumers' journeys without interrupting the flow of their daily lives. Speed, voice recognition and a connected omnichannel experience will be crucial to making sure that commerce opportunities are available in every context.¹⁸



¹⁷ Walmsley, J. Amazon Will Get More Into Cars With A New Alexa Partnership. Forbes. January 2019. <https://www.forbes.com/sites/juliewalmsley/2019/01/07/amazon-will-get-into-more-u-s-cars-with-a-new-alex-a-partnership/#1c83236f2fd4>. Accessed February 2019.

¹⁸ Webster, K. How Connected Devices Are Revolutionizing How and Who We Pay. PYMNTS. October 2018. <https://www.pymnts.com/news/payments-innovation/2018/pymnts-visa-study-on-how-connected-devices-and-voice-change-how-and-who-consumers-pay/>. Accessed February 2019.



ON SOCIAL MEDIA

How social media platforms ARE BECOMING ONLINE MARKETPLACES

One space that seems particularly suited to contextual commerce is the social media market. These platforms are often geared toward simple, image-based content and connections that consumers trust. This gives them the unique opportunity to seamlessly stitch shopping experiences into feeds and posts.

Social media is by far the most popular channel for the nearly 60 percent of consumers who already make contextual purchases. Fifty-five percent of these shoppers engage in this type of commerce both on and off these platforms, while 26 percent experience it only through social media. Only 19 percent of these consumers used another channel to engage in a form of contextual commerce.¹⁹

Social media sites are also device-agnostic, giving consumers equal opportunities to engage with them regardless of whether they use Samsung Galaxy devices or iPhones, for instance. This gives platforms an

advantage in a world in which users spend a majority of their online browsing time on their phones.

That's not to say that social media companies aren't facing challenges. Platforms like Facebook have to confront quite a few obstacles – from growing concerns over data privacy to ad fatigue and competition – to stay relevant and maintain the trust that enables users to connect and make purchases.

Ad fatigue in particular poses a large threat to social media companies like Facebook that are working to facilitate contextual commerce. eTailers like Amazon are revamping the way they treat advertisements, allowing brands on their sites to offer free samples. Allowing users to test out products is one of the world's oldest advertising tricks, and it has historically been hard to duplicate in an online setting.²⁰ Such strategies would allow brands like Maybelline and Folgers, for instance, to pay to send samples to select users. These tactics would also be tricky for companies like Facebook to match.

¹⁹ The Commerce Channel 58 Percent of Consumers Now Use – And Like. PYMNTS.com. May 2018. <https://www.pymnts.com/news/merchant-innovation/2018/contextual-commerce-consumer-data-ecommerce-retail-payments/>. Accessed February 2019.

²⁰ Fischer, S. 1 big thing: Amazon's next ad play. Axios Media. January 2019. <https://www.axios.com/newsletters/axios-media-trends-1dfd7510-8393-4c57-946d-9e659cc7a4e4.html>. Accessed February 2019.



To keep up, social media platforms are under pressure to re-invent and support new contextual commerce use cases. Facebook and others are expanding the types of content they offer on-site and adding new ways for consumers to interact with brands, influencers and each other. Facebook's effort to integrate offerings from entertainment providers like HBO on its site and app, for example, could bring a healthy chunk of revenue to the company while also ensuring users don't leave the site to watch what they want.²¹

The company has also sought partnerships with businesses like PayPal to make payments smoother. Facebook has allowed PayPal payments on its site for years but has expanded its collaboration to include transactions that would better allow users to buy and sell products through its Facebook Marketplace portal.²²

The ability to facilitate quick and secure payments is essential to all types of commerce, but it's integral to the success of contextual commerce on social media sites. Users who make purchases often want to continue browsing on the platform after they complete transactions instead of being redirected to other sites. Even platforms like Instagram, where contextual commerce is already taking a larger role, must work on these capabilities if they want to win more consumers.

²¹ Kafka, P. Facebook wants you to buy HBO on Facebook and watch HBO on Facebook. Recode. December 2018. <https://www.recode.net/2018/12/13/18139946/facebook-hbo-pay-tv>. Accessed February 2019.

²² Kim, T. How PayPal, Facebook Could Create a 'Match Made in Heaven'. Barrons. December 2018. <https://www.barrons.com/articles/stock-market-bulls-look-to-shake-off-the-selloff-and-party-like-its-2016-2019-01-08>. Accessed February 2019.

Instagram, ads and **THE ROLE OF** CONTEXTUAL COMMERCE

Instagram influencers²³ have already become commonplace in modern society. The platform's users have come to accept paid product promotions and advertisements as part of the in-app experience. The Facebook-owned social media network has a bustling ad market of its own and introduced native payments for purchases on its app back in spring 2018. Still, it doesn't support the seamless ordering experiences promoted on eCommerce sites as opposed to social ones.²³ These factors have primed the platform for contextual commerce, even if consumers engaging in it haven't realized this.

Traditional advertising is losing some of its effectiveness on social platforms as users grow accustomed to seeing ads and brands alongside their social connections. Even Amazon makes the bulk of its advertisement revenue through display ads, which are rapidly growing stale in

an arena where consumers expect dynamic, curated promotions.²⁴ This could explain why just 2 million of Instagram's currently active 25 million business accounts are still advertising their products through traditional methods.²⁵

Brands that seek a deeper connection with Instagram users instead aim to weave ads into their in-app experiences. These merchants are attempting to integrate their content into the feeds consumers already access when they open the app. Not only are Instagram users accustomed to seeing ads pop up in their feeds – they're also used to watching influencers and brands they follow advertise or recommend products. This added level of trust plays off the "social" aspect of this network and personalizes the ad experience, which is essential for contextual commerce's success.

²³ Constine, J. Instagram quietly launches payment for commerce. Techcrunch. May 2018. <https://techcrunch.com/2018/05/03/instagram-payments/>. Accessed February 2019.

²⁴ Fischer, S. 1 big thing: Amazon's next ad play. Axios Media. January 2019. <https://www.axios.com/newsletters/axios-media-trends-1dfd7510-8393-4c57-946d-9e659cc7a4e4.html>. Accessed February 2019.

²⁵ Loh, J. Contextual commerce is coming – Carolyn Breeze tells us how to use it and where it's going. Marketing Mag. April 2018. <https://www.marketingmag.com.au/hubs-c/inter-view-breeze-contextual-commerce/>. Accessed February 2019.



While Instagram has made some strides in eliminating ad fatigue and allowing users to more closely interact with brands, the platform still lacks a one-click ordering option that doesn't interrupt users' feeds or force them to leave the site.²⁶ Such features are difficult but not impossible to implement on social media platforms. Facebook already has one in place, and Instagram could eventually provide its own option. Consumers have made it clear that these features are important to them, too. Of the nearly 60 percent who have already engaged with contextual commerce, 36 percent reported that they had the ability to see and buy a product without leaving the platform through which they viewed it.²⁷

²⁶ Loh, J. Contextual commerce is coming — Carolyn Breeze tells us how to use it and where it's going. Marketing Mag. April 2018. <https://www.marketingmag.com.au/hubs-c/inter-view-breeze-contextual-commerce/>. Accessed February 2019.

²⁷ The Commerce Channel 58 Percent of Consumers Now Use — And Like. PYMNTS.com. May 2018. <https://www.pymnts.com/news/merchant-innovation/2018/contextual-commerce-consumer-data-ecommerce-retail-payments/>. Accessed February 2019.

FEATURE STORY

BRINGING CONTEXTUAL COMMERCE TO THE TV SCREEN

The average Android user spends 53 minutes per day on Instagram. Add in the time spent on Facebook, Pinterest and other platforms, and consumers are scrolling past thousands of images and videos daily. When it comes time to actually purchase something they spotted on social media or video feeds, though, the experience is rarely friction-free.

Buyers looking for the blue dress Gemma Chan wore at the 2019 Golden Globes, for instance, would be lucky to find the same one or something similar online. They would need to determine which dress she wore, figure out where it was sold, find a legitimate seller, purchase it and then wait for it to arrive. This process can seem cumbersome for consumers used to easy shopping experiences.

Some firms are tackling this friction-filled process, however. New York-based company [TheTake.AI](#) is seeking to clear these obstacles with an AI- and ML-based solution that boils the experience down to a single click.

The company enables contextual commerce experiences for eTailers, integrating the buying experience right onto users' laptop screens.

"People see this now on Instagram," Cooper said during a recent interview with PYMNTS, referring to shoppable posts with product tags. "They're seeing it on other digital products where people can shop through image. So, from that, consumers are starting to think about shopping in this manner. Whether it's the TV executives or the [original equipment manufacturers, different industries are] looking at this and saying, 'This is something that's of the moment.'"

TheTake relies on AI, neural networks and other solutions to thread shoppable products directly into video content, and Cooper said the technology needed to create these contextual commerce experiences is finally advanced enough to cater to consumers' needs.

Contextual commerce and new technologies

From consumers' perspectives, TheTake's purchasing experiences are fairly simple. Users can view products featured in movies or shows on their laptops. They can then click on a product and be directly routed to a retailer's website to purchase the item with one click. This mirrors how they already shop on Instagram or other online platforms. TheTake currently powers this experience through just web-based video content, though it is also working to bring its offering to television.

Cooper told PYMNTS that enabling contextual shopping via TV requires screens that can process the amount of data necessary to make viable experiences, as well as software that can accurately distinguish between similar items. He said the company has promoted this by working with a database featuring millions of images to hone these capabilities.

"[We] built a handful of neural networks and ML networks from the ground up. We trained those networks on our own hand-curated data sets of products, that we identified manually," he said. "Then, [the networks] leverage that information to begin to develop their own notion of what is similar between an item on-screen and an item in our database."

TheTake's neural networks tag 500 separate products per TV episode and about 2,000 products per movie, Cooper stated, adding that these solutions operate at levels far beyond their previous capabilities.

"We're also working with a few different smart TV manufacturers right now to [feed] this technology directly into their televisions. In that instance, you'd have to [point and click] with your remote," Cooper said. He said the company was developing voice technology to assist in the transactions.

The company has launched several pilot programs and options for consumers who want to experience contextual

commerce, including a demo with Samsung last year as part of the company's booth at CES 2018. The demo involved both a Samsung TV and mobile phone, and used TheTake's technology to highlight the clothes actors were wearing in a TV episode to help customers easily identify and buy them. The company also used its technology for an offering on the Golf Channel during the 2018 PGA tour. Cooper admitted that it will take some time for customers to get accustomed to shopping through their TV screens, however.





Educating consumers on how to shop

While Cooper said TheTake's pilots and demos have seen "pretty significant" consumer engagement, he mentioned that one of the challenges confronting contextual commerce is customer education. Modern consumers are sensitive to unexpected, in-your-face advertising. Platforms like Instagram, for instance, must seamlessly weave retail experiences into their feeds, while TV shows

and movies must ensure their offerings aren't intrusive to viewers.

"We've also had to fight [to educate] our users that the possibility is even there to use this type of service," he said. "[We're] educating them that this feature is available, but [we're] also not making it intrusive, not making it feel like an advertisement."

Educating consumers on contextual commerce's exact capabilities can be tricky, however, as Cooper said the ecosystem "is not something that's simple by any means." The channels through which customers can and do purchase goods are constantly changing, and the development of new technologies and tools will lead to more shifts in the future.

The future of contextual commerce in a connected world

The potential use cases for contextual commerce will grow as customers become accustomed to these buying experiences. Developers could employ a variety of technologies, such as AR, to advance these solutions further, Cooper said. While TheTake isn't offering AR yet, the company is focused on streamlining and simplifying customers' experiences.

"We're working with a couple of our partners on just integrating a universal card solution where you can just purchase it through that platform without having to navigate out through the retailers' websites ... that's definitely coming in the not-to-distant future," he said.

Contextual commerce is rapidly advancing. With yearly developments in the tools and technologies that power these experiences, the space is set for continued growth in the future.

LOOKING FORWARD

CONTEXTUAL COMMERCE AS THE FUTURE OF SHOPPING

Retailers and platforms need to rethink how they approach content, payments and customer relationships if they hope to enable contextual commerce experiences that ring true with consumers. Modern customers require personalized digital content and seamless experiences before they will begin consciously embracing it.

Moreover, while the type of content that's pitched to users can prod them to make impulse buys, they are becoming increasingly wary of spending their money without planning to do so. This means retailers need to up their game to woo consumers.²⁸ People expect their contextual commerce experiences to mirror the interactions and content they already seek when they open an app or access a site. Furthermore, merchants need to look beyond enabling these experiences on just smartphones – they must also account for the ever-growing IoT ecosystems in consumers' homes.

Contextual commerce is already here, and the opportunities it provides will only grow. Retailers that wish to succeed in this space must simultaneously enable fast, secure, convenient and entertaining experiences. Above all, it is crucial for them to remember: Context is key.



²⁸ The Commerce Channel 58 Percent of Consumers Now Use – And Like. PYMNTS.com. May 2018. <https://www.pymnts.com/news/merchant-innovation/2018/contextual-commerce-consumer-data-ecommerce-retail-payments/>. Accessed February 2019.



SAMSUNG

PAY REPORT

about

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



Samsung Pay, a mobile payment service from Samsung Electronics, is simple, safe and available almost anywhere you can swipe or tap your card. Combining near field communication (NFC) with Samsung's proprietary magnetic secure transmission (MST) technologies, Samsung Pay provides consumers a way to pay almost anywhere you can swipe or tap a card at millions of merchant locations. Samsung continues to strategically expand its partnership ecosystem for Samsung Pay to provide greater flexibility, access and choice for customers while enabling an easy and safe payment experience. Samsung Pay is compatible with select cards and Samsung devices, as well as leading wireless providers. Please visit www.samsung.com/pay to learn more.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe to future editions of the Digital Consumer Report, please email us at digitalconsumer@pymnts.com

disclaimer

The Digital Consumer Report may be updated periodically. While reasonable efforts are made to keep the content accurate and up-to-date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.

You agree to indemnify and hold harmless, PYMNTS.COM, its parents, affiliated and related companies, contractors and sponsors, and each of its respective directors, officers, members, employees, agents, content component providers, licensors, and advisers, from and against any and all claims, actions, demands, liabilities, costs, and expenses, including, without limitation, reasonable attorneys' fees, resulting from your breach of any provision of this Agreement, your access to or use of the content provided to you, the PYMNTS.COM services, or any third party's rights, including, but not limited to, copyright, patent, other proprietary rights, and defamation law. You agree to cooperate fully with PYMNTS.COM in developing and asserting any available defenses in connection with a claim subject to indemnification by you under this Agreement.