WWDC17

San Jose, CA, June 5–9

FAST TAKE

Apple WWDC
Apple Worldwide Developers Conference

June 5th – June 9th 2017

FAST TAKE

ABOUT APPLE WWDC 2017

WWDC is Apple's annual Worldwide Developers Conference where developers meet with over 1,000 Apple engineers. Apple fans, tech nerds and marketers track the event via livestream and social platforms to glean what the new technologies coming to market will be, as well as discern what it means for them (both their wish lists and their businesses, depending on who you are). This year's event was the largest event ever, with 16 million registered Apple developers and 5300 WWDC attendees. It brought heightened expectations, where Apple unveiled new software, their long awaited smart speaker, the most powerful Mac yet and more.

Below are the major announcements, key takeaways from Apple Worldwide Developer Conference 2017 and what it all means for marketers.

"For us it's not about being first, it's about being the best. And giving the users an experience that delights them every time."
- Tim Cook, CEO, Apple

I. MacOS High Sierra

The next version of Apple's desktop operating system will feature updates to classic apps like Photos, as well as a faster Safari web browser. The most interesting (and perhaps perturbing) to marketers were the announcements that macOS High Sierra will feature an auto-play video blocking system for the new Safari browser, allowing users to keep auto-play videos paused until they opt to 'un-pause' them. Additionally, Apple announced a tracker blocker for Safari, dubbed "intelligence tracking prevention," that uses machine learning to power tracker blocking and ensure advertisers cannot track consumers across sites.

WHAT DOES THIS MEAN FOR MARKETERS?
Apple has made it clear that they put their consumers before advertisers with the introduction of technologies that make it increasingly difficult to target consumers via desktop Internet. The auto-play video blocker will pose a challenge to those who attempt to connect with consumers via auto-play video players or sound-driven ads embedded into desktop sites. Obviously this will impact online advertising companies. The impact on ad performance could be notable and also drive auto-play video to apps like Facebook and away from browsers in mobile. The same goes for the tracker blocker – while it could benefit a consumer to not be digitally stalked by the same brand, it poses a dilemma for brands who rely on this tactic to impact the consumer path to purchase.

While we understand this may cause concern for some marketers, keep in mind that, according to eMarketer, at the end of 2016, Safari only had 3.59% market share worldwide. Given these changes are focused on creating an enhanced user experience, we expect that this will drive an increased focus on both the context and content of auto-play content. Remember, too, that this is focused on Safari for desktop; consumers are increasingly using mobile as their primary screen.

II. iOS 11

Apple's improved mobile operating system coming this September will feature updates to enhance control over what users engage in every day, including:

- **iMessage:** There will be an increased accessibility to iMessage with the ability to automatically sync conversations to iCloud to free up local storage space. Additionally, Apple is working on a way to bring businesses to the iMessage platform in order to answer customer questions, offer customer service and even perform transactions.
- **Siri:** Siri, used by 375 million devices monthly, offers translations in more languages, sounds more human and is increasing the ability to understand context. As a result, it can automatically serve a user content they may find interesting from other apps.
- **Apple Pay**: Within iMessage, iPhone users can now send a payment directly from a conversation to other Apple Pay users (comparable to the popular PayPal-owned app, Venmo). Payment receivers get an Apple Pay Cash Card with a balance that can be used for another transaction or withdrawn to their bank. This is Apple's entry into the person-to-person payments arena.
- **Do Not Disturb While Driving:** Announced was a safety feature that automatically turns on Do Not Disturb when it senses a user is driving.
- **Photos:** Among the most critical updates were enhanced photography-related features, including more flexible Live Photos to capture a user's best moments, ability to take photos comparable to a DSLR camera and increased professional-quality filters to provide a slew of effects.
- **Eliminated Social Integration:** Apple eliminated built-in integration with social platforms Twitter, Facebook, Flickr and Vimeo, a feature that previously allowed users to store account information and access it within third-party apps that needed those services. The apps will now be treated like any other app.

For iPad users, iOS 11 offers drag-and-drop functionality, as well as sleeker ways to browse files across the device, as well as iCloud, Google Drive and other cloud-based services. The new management functionalities, as well as deep learning-driven offerings like Apple Pencil, provide new levels of multitasking.

WHAT DOES THIS MEAN FOR MARKETERS?

According to Tim Cook, iOS 10 is installed on 86% of iOS devices. Offerings like an enhanced Siri assistant are designed to be proactive and helpful, such as integrating content across apps into everyday needs or contextual situations. According to Apple, iOS users are taking over one trillion photos per year, making the camera the new battleground between Apple and companies like Facebook, Google, Snap, etc. when it comes to content creation, editing and sharing. De-integrating Facebook and Twitter from iOS 11 is another massive change that impacts everything, from the data that those companies have to the ease of using persistent IDs to easily log-in to all sorts of apps. It's a drastic step and interesting to wonder whether this fits into their new privacy mantra or if it's for a business reason or both. Apple's move into the payments space also illustrates their desire to be at the forefront of the ever-changing digital transaction landscape, as the Apple Pay updates will impact how consumers purchase as Apple moves ahead of apps like Venmo.

III. WatchOS 4

Apple's newest smartwatch software features a slew of new features, including new watch faces, Activity app animation, personalized workout challenges and improved connection to Apple Music. There is a focus on health, with new features for the Activity and Workout apps such as Gym Connect, the ability to sync to gym equipment (e.g. treadmills) via an NFC sensor on select gym equipment (launch partners including Cybex, StairMaster and Life Fitness). The most critical announcement, however, was that the watch faces will now integrate Siri into a user's smartwatch home screen, offering the wearer Siri-powered information driven by machine learning (e.g. showing a wearer's commute to work or a meeting scheduled in the morning).

WHAT DOES THIS MEAN FOR MARKETERS?
There is plenty to come for the future of smartwatches, considering global smartwatch shipments hit a new quarterly high of 8.2 million in the past three months, with the Apple Watch accounting for a 63% market share, raising total smartwatch shipments to a record 21.1 million last year (Strategy Analytics). These major updates for the Apple Watch deliver on many of the pain points consumers have voiced regarding more synced and personalized experiences. NFC technology has previously been reserved by Apple for Apple Pay only, so it's interesting to see an increased investment across other technologies in its portfolio. Also, with one of the watch faces offered featuring Disney characters from Toy Story, we wonder if this is the potential start of Apple being open to smart collaborations. However, Steve Jobs was Pixar's CEO and main shareholder (and on the Disney board), so this could also just be a one-time thing.

IV. iMac

iMac's new lineup offers professional-grade computers with enough power to run VR applications for both developers as well as consumers. iMac Pro is Apple's most impressive computer yet, the 5K supercomputer with brand new processors is so powerful that it is intended for anything and everything, from VR to machine learning to even real-time 3D rendering.

WHAT DOES THIS MEAN FOR MARKETERS?
Although Oculus once noted that they don't support Mac computers because they weren't powerful enough to run VR, Apple has made it clear that's not longer a problem. The result is new opportunities for VR developers to create compelling content for non-PC users

V. HomePod

The long-awaited HomePod speaker, designed as Apple's answer to Google's Google Home and Amazon's Echo, is a Siri-enabled smart speaker that has incredible speaker capabilities (e.g. it can detect its surroundings and tune itself automatically).With the goal of combining smart speakers (e.g. Sonos) and voice-activated devices (e.g. Echo) and improving on them both, HomePod connects with Apple Music, lets Siri answer questions (with a simple "Hey Siri), controls smart devices in the home and much more. Focusing on music, the speakers uses "Hey Siri" as a command to access answers, as well as access a "Musicologist" feature connected with Apple Music that streams music.

WHAT DOES THIS MEAN FOR MARKETERS?

Finally, Apple has entered the smart speaker marketplace, offering a connected device that offers new functionalities from Apple for consumers. Interestingly, HomePod, and its introduction, focused on music far more than anything else (including Siri), especially compared to Amazon and Google, who have focused on shopping and home-based capabilities. While the device does not hit the marketplace until later this year, it will be interesting to see what, if any, brand integrations or actions Apple allows for HomePod. While Siri's utility to answer questions or activate home devices is helpful, especially as it gleans intelligence via AI, until brands are allowed to engage, there are yet to be many opportunities for marketers.

VI. Metal 2 Developer Kit

Apple's new iteration of its Metal graphics-rendering framework gained an increase in speed, as well as a slew of other features, the most important among them being virtual reality (VR) support. Apple is working with companies like Valve to bring SteamVR SDK support to Macs (Note: SteamVR is the software driving headsets like the HTC Vive, as well as Unity and Epic Games' Unreal engine to optimize select VR game engines for Apple's macOS).

WHAT DOES THIS MEAN FOR MARKETERS?
Metal 2's VR-optimized display pipeline and other updates will offer VR developers an opportunity to build strong content for Apple screens. If Apple's Star Wars mixed reality demo, complete with Darth Vader himself, is an indication, VR is a field that Apple will continue to invest in, which could offer brands partnering with VR content creators new opportunities in the near future.

VII. ARKit

Developers can use ARKit to build augmented reality (AR) apps for iPhone and iPad via iOS, as well as improve real-time issues. The goal is to help developers provide more intricate and realistic experiences via fast and stable motion tracking, plane estimation with basic boundaries, scale estimation, and more.

WHAT DOES THIS MEAN FOR MARKETERS?
By letting developers use devices they already own (i.e. Apple products) versus having to invest in external hardware like some companies (e.g. Microsoft) to develop AR apps, this could be a great opportunity to drive AR development, promotion, and ultimately usage by consumers. This is especially exciting as, while you could previously access third-party iOS apps with AR (e.g. Snapchat), now both Apple's hardware and software are designed to enable it. As AR rises in popularity, it will be interesting to see how developers leverage the ability to take advantage of the iPhone's offerings (e.g. motion sensors, camera upgrades) to bring enhanced experiences.

VIII. Planet of the Apps

Apple introduced Planet of the Apps, a 50-minute original show with entrepreneurs pitching their apps to celebrity judges. The episodes can be watched online via iTunes if you're a subscriber of Apple's streaming music service, Apple Music. Apple's four judges for Planet of the Apps are: Jessica Alba, Gwyneth Paltrow, Will.i.am and Gary Vaynerchuk, along with in-house host Zane Lowe.

WHAT DOES THIS MEAN FOR MARKETERS?
After talk of original TV content, Apple's launch of original programming illustrates their move into the content space, a profitable and expected move for Apple. Although Planet of the Apps will have no ads, future brand opportunities are a possibility s Apple continues to explore content.

MORE APPLE ANNOUNCEMENTS

iPad Pro – The new 10.5 inch iPad Pro features no bezels (unlike previous models), making the front of the tablet almost entirely screen, as well as a better camera. It has a full-size on-screen keyboard, brighter display, faster speed and increased usability.

Apple Music MusicKit API – With 27 million paid subscribers (versus Spotify's 50 million), developers will now be able to use the new MusicKit API to use your Apple Music subscription to play full songs in their apps. Developers can access your Cloud Library, pull your For You recommendations for music personalization, surface Featured music and charts to show what's most popular and search through playlists, stations and categories. Also, MusicKit will power Nike+ Run integrations with your playlists, the ability to instantly add songs to your library that you identify with Shazam and let you DJ with all of Apple Music's 40 million songs via the podcasting app Anchor.

Amazon's Prime Video App For Apple TV – Amazon's Prime Video app is coming to Apple TV "later this year," squashing the companies' ongoing video rivalry to offer viewers access to the app, which offers channels and content from 50 partners.

AirPlay 2 – The new AirPlay 2 puts multi-room audio speaker control directly into iOS via HomeKit so that users can easily play songs in specific parts of their house. It also allows to collaborate playlists between Apple users on the same Wi-Fi network.

A Redesigned App Store – Launching with iOS 11, the complete overhaul to the App Store on iPhone and iPad will have a new design that will look familiar to users of Apple Music. The redesigned store page for each app will include more detailed information, more prevalent screenshots, more videos and a purchase button.

WHAT'S NEXT FOR MARKETERS & APPLE?

Apple has always been pro-consumer, which was made abundantly clear at this year's WWDC with announcements that may not exactly spark excitement among content providers and brands (see: tracker blockers, blocking auto-play video) who are not investing in creativity to connect with consumers. It has also been historically proven that Apple users are quick to upgrade to the latest iterations of software, and even hardware, so the impact on the consumer experience will be evident sooner rather than later. We expect offerings like AR-driven experiences to rapidly increase with tools like ARKit providing strong development support.

While the proliferation of functionalities for consumer devices like smartwatches, updated camera functionalities via iOS 11, person-to-person payments and the inclusion of VR & AR capabilities hint at exciting, it is the enhanced consumer-facing experiences in both the short and longer term that should pique marketers' interest. Although it is still unclear how brands can potentially get involved immediately, there's only opportunity to gain if consumers increase their usage of (and usage occasions for) devices like smartwatches, tablets and even laptops for accessing the content experiences, apps and even content creation opportunities they enjoy.

Those who watched the livestream most likely noticed the numerous times Apple spoke about different forms of artificial intelligence (AI) today; it seemed to be a part of nearly every app demoed for attendees and every new OS feature. Leveraging AI to drive the utility of offerings like Siri and smart device OS ensures Apple owners get an enhanced, increasingly personalized experience with every use of an app, every wear of a watch, every opening of a laptop. These cognitive skills will soon become the norm across nearly every device and software, underscoring the imperative for marketers working within the digital space, be it via an app offering, a home speaker skill, or a digital marketing campaign, to step back and evaluate how AI can be used to drive success for your experiences and content-based offerings.

Overall, we believe that the announcements and updates shared reflect a strong push towards to a safe, pro-consumer tech-driven experience that will uncover new opportunities for brands to build better experiences for consumers across devices and platforms, as well as enhance the ones already offered. As the new software and hardware devices hit the marketplace, we will be carefully tracking the opportunities they uncover for marketers.

ADDITIONAL RESOURCES

Apple WWDC Site

PCMag: HomePod

TechCrunch: Redesigned App Store

CONTACT
Whitney Fishman Zember
Innovation & Consumer Technology
Whitney.Fishman @mecglobal.com

MEC OFFICE
825 7TH AVE
New York, NY
10019

www.mecglobal.com