

ANNUAL TRENDS REPORT

2022

volume 1



butler/till

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INTRODUCTION

New York Yankees catcher, Yogi Berra once said, “It’s hard to make predictions, especially about the future.” Those words of wisdom have perhaps never been more relevant than they are today. It seems almost trite to say that the pace of change in our industry and our world is accelerating, but that doesn’t make it any less true. As a purpose-driven marketing agency focused on helping clients drive transformational business impact, we are looking at trends that impact our industry for two reasons:

1.

We need to understand where our space is going in order to evolve our offerings and provide our clients with the solutions that will set them up for long-term success.
2.

We recognize that these changes are not set in stone. The way that we all react to these trends will help to write the future of our industry. We all have a part to play in that, and understanding these trends is critical to understanding how to best play our part.

Against this backdrop of change, we are pleased to present our first annual trends report. First, though, we’d like to offer a quick explanation of our approach to trendspotting. The lens we view this through is, of course, the relevance of trends to the world of marketing. Sometimes this is obvious, but sometimes it’s more nuanced.

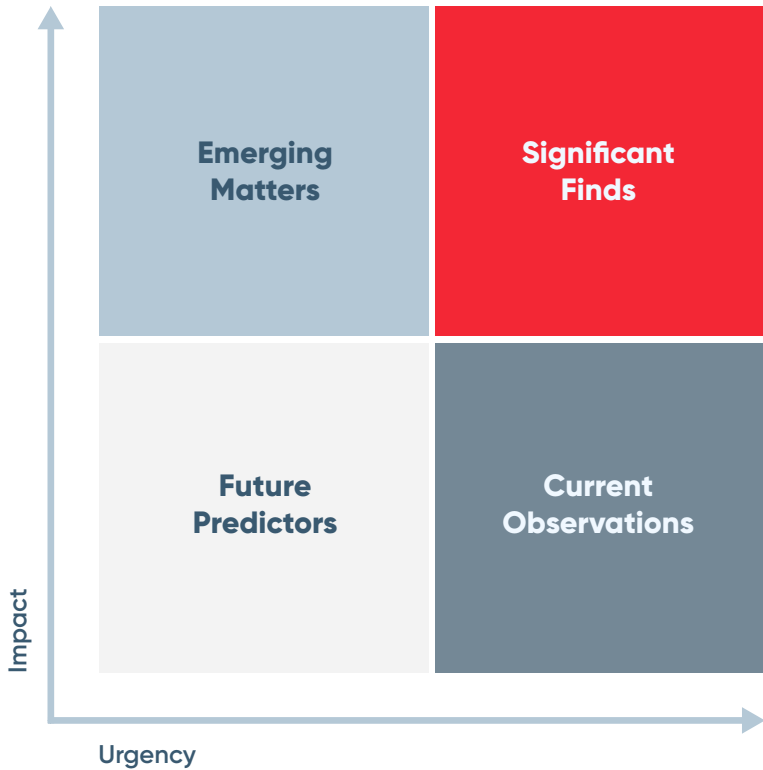
We track macro trends that are more consequential and enduring, along with micro trends that tend to be more timebound and ladder up to the larger trends. It is the former that we present here in volume one of our annual trends report. We’ve plotted these macro trends on two axes: impact and urgency, breaking them into four quadrants.

Significant Finds: These are the trends in the upper right quadrant, and they are the ones that we are watching most closely. They not only have the potential to significantly impact our industry, but they are also urgent. These are the trends that command our attention in the here and now.

Current Observations: These trends live in the lower right quadrant of the chart. They are happening now, and they are important to watch, but their potential impact on our industry is not as significant as the most impactful trends.

Emerging Matters: These are the trends that occupy the upper left quadrant of our chart. They have the potential to transform our industry significantly, but that impact seems likely to occur further into the future than some of the other trends.

Future Predictors: These are trends that fall into the lower left quadrant. They are less urgent, and while they are important to keep an eye on, their potential impact on our industry is not as significant as other trends.





Consumer Shift to Digital Media

The trends continue toward consumers spending more time with media and with more of that time spent with the various forms of digital media. At the same time, consumers are increasingly antagonistic toward interruptive, poorly targeted, non-personalized forms of paid media messages. They crave relevance and value in return for their coveted attention and are willing to engage with and reward brands who transparently and genuinely offer that value consistently. While the consumer shift to digital was very much top of mind long before 2020, COVID has accelerated this trend, covering a “decade in days” as McKinsey puts it.



Implications for Marketers

This trend means that an incremental approach to migrating dollars to more progressive media activities is no longer sufficient. Marketers need to reimagine their approach to paid media overall. If there was ever a moment to take a zero-based approach to media planning, this is it. This is the moment we should all be asking ourselves, “if we were starting fresh today and trying to figure out how to forge genuine connections to the audiences that matter most, how would we do it?” Letting go of outmoded channels and ways of doing things will be a defining characteristic of marketers who find success in 2022.



Further Reading

- *US Time Spent With Media 2021*
- *COVID-19: Tracking the Impact on Media Consumption*
- *How COVID-19 Is Changing Consumer Behavior—Now and Forever*



Shifting Attitudes Toward Work

Accelerated by the fallout from the pandemic, people are looking at work differently. Once considered a perk or a novelty, flexible work situations are now table stakes for every industry.

Beyond expectations of flexibility, the pandemic seems to have served as an opportunity for reflection for many. There was already ample evidence of a trend toward better work-life balance, and that trend has kicked into high gear. Employees are in high demand, and they are lobbying for:

better benefits

better working conditions

frameworks that measure outcomes rather than metrics like physical presence or a set number of hours

More and more, employees also want to work for a company that is aligned with their values. This is more than words on a wall or in a mission statement; it is an ongoing demonstration of a company's commitment to the environmental, social, and governance issues that employees care about.



Implications for Marketers

The idea of working from home is just the beginning. In the future, employers will be called upon to rationalize all of their expectations about their relationship with employees through a new viewpoint.

Employers who can intersect this trend with logic, empathy, and progressive policy will win in the increasingly competitive war for talent across all dimensions of the marketing industry. Conversely, employers who attempt to stick with outdated workplace conventions will struggle to attract and retain talent.

Trends like the Great Resignation and the anti-work movement will continue to plague companies that don't create strategic plans to meet today's workforce where they already are.

Further Reading

- *What Corporate Leadership Can Do About Shifting Employee Expectations*
- *What Gen Z Wants from Employers*
- *Three Myths of the Great Resignation*
- *6 Trends on the Gartner Hype Cycle for the Digital Workplace*



Digital Transformation

The new realities of our work life have underscored client awareness of the need to deliver consistent digital experiences to their consumers. However, challenges abound. Many brands do not have the expertise or resources in-house to connect data and technology in ways that deliver the digital experiences that consumers crave and expect. They need help from partners of all kinds to make the case for these resources and to help them to shore up internal expertise. There is a growing sense among brands that they are not moving fast enough and require more help—more quickly.



Implications for Marketers

The myriad of initiatives that surround the huge task of digital transformation will occupy a large chunk of client mindshare for many years to come. Forms of media that do not move these things forward will be deprioritized and potentially defunded. Marketers must rethink the strategies they are putting forth and take a fresh look through the perspective of digital transformation. This is the key to making a case for marketing plans going forward.

Further Reading

- *Speed Up Your Digital Business Transformation*
- *IBM: Most Companies Are Not Prepared for Digital Transformation*
- *Six Steps CEOs Must Take To Save Their Digital Transformation*
- *Coronavirus Sped Up Digital Transformation by 6 Years for Companies, Twilio CEO Says*



Privacy and Regulation

The issue of privacy has seized the attention of our industry and led to a surge of regulation that seems to still be gaining momentum. Consumers are more aware of data privacy issues and the value of their own data. Regulation is largely aimed at companies who make money from consumer data, and the regulations are aimed at limiting the collection and use of third-party data without explicit consumer consent. While legislation has largely been at the state level in the US, there are reasons to believe that momentum is building behind federal policy, too.



Implications for Marketers

Third-party data for the purposes of targeting paid media will continue to become scarcer. Marketers who rely on this data will need to find new strategies. Identity-based solutions are a clear example of how this can be done at scale. Brands need to focus on building and leveraging rich, first-party data assets to decrease reliance on third parties and control their own data destiny. All players throughout the marketing value chain must be hyper-vigilant about how they are advising stakeholders and handling personal data.



Further Reading

- *Data Privacy Abuse Continues Because We Struggle to Define the Problem*
- *The State of Consumer Data Privacy Laws in the US*
- *A National Data Privacy Regulation Is Good for Business*



Virtual, Augmented, and Mixed Reality

The concepts of virtual, augmented, and mixed reality have been topics of conversation in our industry for years. Recent innovations, however, have increased the feasibility, accessibility, and adoption of these technologies.

While related, these three concepts do have discrete definitions. Virtual reality is an immersive technology that creates a separate reality for the user to experience. This is generally achieved through a headset and some form of haptic controller set. Popular examples include the Oculus Quest devices and PlayStation's VR headset.

Augmented reality is a technology that overlays information and/or visuals onto the real world. This can be accomplished through common devices like smartphones or emerging technology like smartglasses. Popular augmented reality examples include Amazon's "View in Your Room" feature and the Pokemon Go smartphone game.

Mixed reality, as the name suggests, combines elements of virtual reality and augmented reality. While virtual reality creates a new reality and augmented reality enhances the real world, mixed reality enables interaction and manipulation both of the real world and virtual elements. Popular examples include Microsoft's HoloLens and Magic Leap.



Implications for Marketers

These technologies and concepts will allow marketers to create new experiences for their audiences. It will create content opportunities for brands to explore. As these technologies continue to mature, there will likely be increased opportunity for paid media inclusion in virtual, augmented, and mixed reality spaces.

For healthcare, this has the potential to change a wide variety of things from telemedicine visits to procedures performed virtually. For retail, this includes features like seeing what a piece of furniture would look like in your room or how you might look in a piece of clothing.

It's critical for marketers to begin thinking about the implications of these technologies on their marketing efforts and their industries.



Further Reading

- *Demystifying the Virtual Reality Landscape*
- *10 VR Marketing Examples to Inspire You*
- *Marketing Using Virtual and Augmented Reality*
- *How VR Will Impact the Future of Marketing*



Trust is the New Data

Consumers are craving trust and want to buy from brands they have confidence in. They want to know that those brands are delivering on their promises and acting responsibly with their data. They crave transparency and genuine communication from brands. They seek to do business with brands who overtly represent and live up to their values in the marketplace. Trust is a valuable commodity that brands must earn through hard work and can lose all too easily.



Implications for Marketers

Increasingly, the role of our industry is to be change agents in the transformation from mere marketers to stewards of trust.

Gartner tells us that 89% of consumers indicate that they would take action to disengage with a brand that breaches their trust.

While there are various dimensions of consumer trust, research indicates that dependability is the most important to customers. Marketers must present strategies that are focused on helping them engage with audiences in ongoing conversations that engender trust. This means creating meaningful, helpful, genuine content assets to drive the necessary trust-building interactions.

Further Reading

- *Customer Trust Is the New Gold, and the Original Gold | 5 Ways to Build It*
- *10 Effective Ways to Build Trust With Customers Through Your Marketing*



Automation

The marketplace acceptance to the idea of paying for tasks that can and should be automated by companies of all kinds is decreasing fast. The idea that data flows freely and adds value to touchpoints of all kinds is becoming a basic expectation in the marketing world and beyond.

The value of marketing will not be delivered in the form of the executional tasks that have conventionally been part of the equation. It will continue to trend toward the strategic thinking and business optimization that an automated supply chain affords.



Implications for Marketers

A certain level of automation is a baseline expectation as we go into 2022.

Marketing budgets will no longer fund manual tasks that can and should be engineered out of the value chain.

Procurement departments are already hunting for these efficiencies among their partners. Agencies must prioritize the necessary infrastructure and talent to drive automation.



Further Reading

- *AI and Automation Are Linchpins for Post-Pandemic Business Success*
- *8 Automation Trends to Watch*



Big Tech Backlash and Legal Action

As tech companies like Facebook, Google, and Amazon have grown in size and influence, lawmakers, consumers, and regulators have become increasingly concerned about the amount of power they hold across numerous industries.

The leaders of these companies and others have been called before Congress to testify about their practices, and anti-competitive action lawsuits have been filed against them for the ways in which they wield their power. These legal actions came in a flurry at the end of 2020, followed by revised complaints into 2021, and the bombshell whistleblower report on Facebook by the Wall Street Journal.

facebook

Google

amazon



Implications for Marketers

These legal actions are likely to take many years to work their way through the courts. However, the trend points to some level of divestiture across these large companies. That divestiture could result in us needing to create strategies for multiple platforms (Instagram and Facebook separately, for instance). Given that the intent of these actions is to promote competition, we could also see new players emerge in these areas, which would also require additional strategies.

Further Reading

- *Google Digital Advertising Antitrust Litigation*
- *Facebook Faces Legal Risk Similar to Big Tobacco or OxyContin, Analyst Says*
- *Amazon and Antitrust: As EU Inquiry Begins, U.S. Ponders Similar Action in 2021*
- *FTC Files Renewed Antitrust Complaint Against Facebook*



Quantum Computing

Investments in quantum computing have skyrocketed globally in recent years. This is the first real change in the basic mechanics of computing since the invention of the computer. It is a shift from binary to multi-state calculations, and it has the potential to be millions of times faster than the world's fastest conventional computers.



Implications for Marketers

This level of acceleration in the capabilities of computing has the potential to change every aspect of the business world. For marketers, this could introduce new formats and experiences for brands to interact with consumers. It has the potential to accelerate the concept of artificial intelligence and potentially automate service tasks. It also presents material security concerns, as quantum computers would be able to bypass current standards of encryption.



Further Reading

- *What Is Quantum Computing?*
- *Explainer: What Is a Quantum Computer?*
- *The CIO's Guide to Quantum Computing*
- *Defense Department Must Determine the Threat from Quantum Computers*



Web3

Web3 is an umbrella term that generally refers to a series of developments that point to a more decentralized internet. This is largely centered around concepts that are built on blockchain technology. Key examples of Web3 concepts include cryptocurrency, nonfungible tokens (NFT's), and the metaverse. The 3 in Web3 refers to the third generation of the internet. In the simplest of terms, here's how those generations are defined:

Web 1.0 - online publishing and early ecommerce.

Web 2.0 - the rise of platforms, social media, and advanced digital commerce.

Web3 - an economy that is defined around digital assets transacted and valued in a fully decentralized manner.



Implications for Marketers

One of the main promises of Web3 is that it could empower individuals over companies and platforms. A commerce framework based on blockchain could, theoretically, operate exclusively on a peer-to-peer basis.

An identity solution based on blockchain could put online footprints into the hands of users, allowing them to consciously trade with their own data online versus being tracked. NFT marketplaces allow users and brands to trade digital assets directly with no fear of counterfeiting or theft.

Further Reading

- *The Father of Web3 Wants You to Trust Less*
- *Web3 Is Coming – What Does It Mean for Brands?*
- *Battle for the Soul of a New Web*
- *Web 3.0 Can Repair the Attention-Driven Digital Economy*



Customized Treatments

Advances in technology are making it more and more likely that we will see pharmaceutical companies develop highly-customized therapies that could work with a very small number of people or even an individual. These personalized or “private label” pharmaceuticals could change the way drug companies think about patients and even research and development.



Implications for Marketers

Deloitte reports that while 72% of pharmaceutical company executives identify customized treatments as a top threat to the industry, just 13% say they feel they are prepared to meet the challenge. While the trends in the industry are already moving toward more personalized messaging and addressable channels of communication, large strides in this area could accelerate those trends exponentially. Marketers would have to rethink their entire approach to integrated planning in a world where treatments are customized at a 1:1 level.

Further Reading

- *Biopharma Leaders Prioritize R&D, Technological Transformation, and Global Market Presence*
- *Developing Products for Personalized Medicine: NIH Research Tools Policy Applications*
- *PharmaIntelligence – Personalized Medicine*



5G Connectivity

The rollout of 5G connectivity across major providers in the United States promises to ramp up connectivity in a number of dimensions. This technology offers exponentially increased speeds, latency that is near zero, and much higher device density (number of devices connected at a time).



Implications for Marketers

Increased connectivity will open up new possibilities for marketers. With more devices connected with faster connections and minimal latency, potential touchpoints with consumers will increase significantly. Just as the rise of high-speed cellular data paved the way for the smartphone revolution, this new technology will usher in behavioral and technological changes that we are unable to predict, as of yet.

This level of connectivity should enhance things like AR/VR experiences, autonomous vehicles, and allow for more server-side processing. This could change the form factor of mobile and wearable devices, opening up new avenues of innovation.



Further Reading

- ***Everything You Need to Know About 5G***
- ***5G Technology Begins to Expand Beyond Smartphones***
- ***Tele-Surgery Performed by A London-Based Surgeon On A Banana Fruit in California, Using the 5G Communication Network***



Digital Commerce

While the world has been shifting to digital shopping experiences for decades, the circumstances of the global pandemic have accelerated this trend significantly.

Major shopping categories like consumer electronics, books, music, and video became majority ecommerce categories in 2020, and more are expected to flip throughout 2022. Overall, retail ecommerce grew nearly 34% in 2020, which was nearly triple eMarketer's prepandemic forecast, with every category growing faster than expected.



Implications for Marketers

The rapid shift to buying online has solidified Amazon's hold on the ecommerce space. Every business looking to transact online must consider the impact of Amazon, either by considering selling through the Amazon platform or considering how to create compelling customer value outside of that ecosystem.

Comprehensive digital commerce platforms like Shopify and SAP will continue to grow in influence as consumers seek out authentic, end-to-end experiences with brands. These types of platforms will likely give rise to many more new small businesses that are created, grown, and exist entirely in the digital world.



Further Reading

- *US Ecommerce by Category 2021*
- *Digital Commerce Spend to Breach \$11.6tn; Essence Launch Essence Impact*
- *Google, Shopify Extend Ties in Commerce Blitz Against Amazon*
- *3 Digital Commerce Disruptions Driving Revenue Opportunities for Brands*



The Evolution of the C-Suite

The makeup of the executive teams at large companies has been shifting with the rapid changes in the business world. The general trends are toward these roles lining up against identified business outcomes rather than traditional functions. For example, the Chief Revenue Officer is, in some cases, replacing (or at least taking responsibility for) the Chief Marketing Officer. The COO and CIO roles are merging in many cases with direct responsibility for financial and business outcomes. The role of the CFO is trending even more toward growth and away from cost reduction and efficiency, and CFO is increasingly the path to CEO.



Implications for Marketers

The marketing world has long traded on a series of abstractions. Impressions, clicks, conversions, and engagement metrics have been held up as ends unto themselves. With the attention of the C-Suite bending toward defined, measurable business outcomes, marketers must shift their focus as well. Even if day-to-day client contacts are focused on legacy metrics, agencies must find ways to connect marketing efforts to broader business objectives. This will mean entering new areas, collaborating with new partners, and reimagining the relationship between client and agency.

Further Reading

- *5 Traits of Game-Changing Chief Revenue Officers*
- *Chief Revenue Officers: Why They Are Replacing CMO's*
- *New Study On CEOs: Is Marketing, Finance, Operations, Or Engineering The Best Path to CEO?*



Healthcare at Home

Technology has enabled disruption across the healthcare industry, and the global pandemic has accelerated many of those disruptions. Today, patients can address many of their health needs without leaving their homes. Direct-to-consumer companies in categories like orthodontia, men's health, hearing aids, vision, and more have cropped up and taken market share from established players. Huge increases in telemedicine during quarantine have normalized interacting with doctors virtually, and Amazon has launched Amazon Pharmacy, which allows its 82 million Prime members to have prescription drugs sent directly to their homes.



Implications for Marketers

These disruptions will likely bring brands and consumers closer together. It will make it even more important for health brands to think about building direct relationships with their audiences. Pharma brands will need help navigating the HCP and point-of-care marketing function with patients visiting the office with reduced frequency. All of these services (but Amazon Pharmacy in particular) have the potential to expose cost irrationality and apply pricing pressure. Which ultimately could have an impact on marketing budgets for health companies across the board.

Further Reading

- *How DTC Is Disrupting Health Care*
- *Trends in the Use of Telehealth During the Emergence of the COVID-19 Pandemic*
- *Explained: Amazon Pharmacy and Changes it Brings to Pharmaceuticals*

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