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TRENDS REPORT

— VOLUME 2

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INTRODUCTION

Canadian philosopher and communication theorist Marshall McLuhan once said, “Our Age of Anxiety is, in great part, the result of trying to do today’s jobs with yesterday’s tools and yesterday’s concepts.” As the pace of change in our industry and our world continues to accelerate, the risks and costs associated with using yesterday’s tools and concepts to do today’s (and tomorrow’s) jobs are rising fast. It is in that spirit of change and continuous improvement that we are proud to present the second annual Butler/Till Trends Report. The trends identified in this report are a result of collaboration between our employee-owners and our research, technology, publisher, and client partners throughout the year. We make the collective investment in this effort for two primary reasons:

1.

We need to understand where our space is going 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 discovering how to best play ours.

Before we get to the trends themselves, we’d like to offer a quick explanation of our approach to trendspotting. We view all trends through a marketing lens, 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 our annual trends report. We’ve plotted these macro trends on two axes: impact and urgency, breaking them into four distinct quadrants:

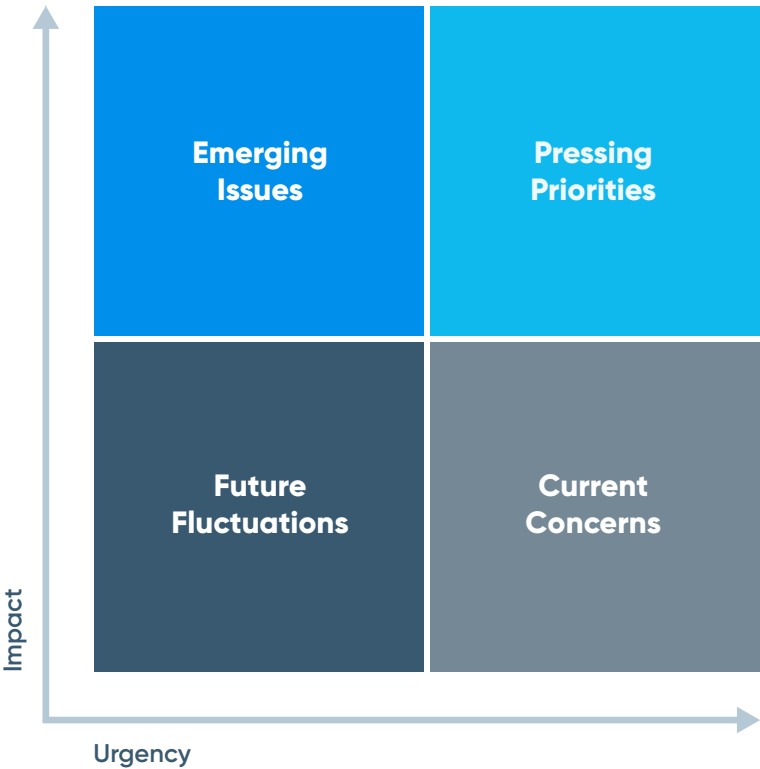
Pressing Priorities: These are the trends in the upper right quadrant, they are the ones that we are watching the most closely. Pressing Priorities not only have the potential to significantly impact our industry, but they are also urgent. These are the trends that command our attention in the here and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

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

Emerging Issues: 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 Fluctuations: 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.

Let’s dig into our macro trends for 2023 by category.





The Revolution of Television

For decades, television has held tremendous sway in the world of media and marketing. In many ways, TV was monolithic both in terms of consumer behavior and marketing spend. Things are changing fast, though, and 2023 looks like a year of media revolution for television in its many forms. Consumers are shifting from traditional, linear television viewing to streaming and digital video experiences. Simultaneously, their overall media behaviors are continuing to shift from offline to online. These behaviors are being driven by technological change and content availability; a considerable amount of in demand content is now available exclusively through digital channels.

One of the major contributing factors to this trend is the migration of premiere sports content from linear to digital, including the major sports leagues in the US. This content is being split between a proliferation of streaming services that are increasingly ad-supported in nature. In search of the content they want in an on-demand environment, consumers now spend several hours with digital media for every hour they spend with television. Marketing budgets are quickly following the viewers into these emerging channels. All of this adds up to what promises to be a revolutionary year for television in 2023, meaning that both consumer attention and marketing budgets will continue to move rapidly from linear television to digital providers.



Implications for Marketers

A revolution in consumer behavior requires a revolution in the approaches we take to planning and executing media and marketing. The fragmentation of television viewership brings opportunities and challenges in equal parts. Streaming services and digital video providers offer levels of addressability, flexibility, and accountability that traditional television buying has lacked. However, for many marketing campaigns, achieving the levels of reach that was historically available through linear TV alone, now requires activating across a myriad of channels, providers, and formats.

As emerging providers have low levels of interoperability and industry standards for things like currency, frequency control, and overall transparency, marketers now must create bespoke data strategies to maximize outcomes and take advantage of the measurability of digital formats. This means that 2023 will be a year for marketers to blaze new trails, try new things, and participate in industry conversations about new standards.

Further Reading

US Time Spent With Media 2022

3 Top Trends in Advertising That Will Carry Into 2023

Streaming TV Advertising Landscape and Opportunities

NFL, Google Announce Agreement to Distribute NFL Sunday Ticket on YouTube TV, Primetime Channels



Automation

Fueled by advances in artificial intelligence, automation is continuing to evolve nearly all aspects of marketing. Marketers have become accustomed to the role of automation in activation tasks like programmatic media buying, trafficking, and reporting for many years. However, more sophisticated machine learning and advancements in computing have brought the concept of automation to the doorstep of more creative and strategic marketing functions.

Artificial intelligence models are becoming more and more adept at writing copy, generating images, and organizing information in ways that continue to encroach on the human function of marketing.



Implications for Marketers

We will look back on 2023 as a watershed year for the use of automation in marketing. Services like OpenAI's ChatGPT and DALL-E will continue to drive conversation and debate about the role of machines versus humans in the marketing space and beyond. Marketers who embrace concepts of automation throughout the value chain and participate in experimentation will have a distinct advantage over those who do not.

Artificial intelligence and machine learning will continue to convert manual tasks into automated processes, making marketing cycles faster and more efficient for both brands and marketers.

Further Reading

Microsoft Is Looking at OpenAI's GPT for Word, Outlook, and PowerPoint

Digital Transformation & Automation Trends for 2023

Artificial Intelligence: 3 Trends to Watch in 2023



Gaming and Esports

The gaming space has been exploding in popularity. Consumers of all ages and backgrounds are spending huge amounts of time playing games on PC's, consoles, and mobile devices. Worldwide, there are more than three billion gamers across all devices and categories.

The concept of Esports is also coming into its own. No longer the domain of a small set of hardcore gamers, this entertainment category has moved from the basement to some of the largest venues in the world, drawing huge audiences in-person and online.



Implications for Marketers

For marketers who have not explored this category, 2023 is the time to start investing in gaming for businesses of all types. We are at a moment when investment of marketing dollars is lagging far behind consumer behavior, creating a big opportunity for those who move quickly.

There is no business category that in-game advertising is not relevant for. It touches every demographic, and audience attention is there. While the numbers are huge, the space is still establishing norms and proving itself as a viable marketing channel. Marketers who create and execute strategies in 2023 will benefit as the space matures and more players enter.

Further Reading

Global Time Spent Watching Livestreaming Video Game Content Has Nearly Doubled Since Q1 2020

Global In-Game Advertising Market Predicted to Surpass \$17,591.6 Million and Grow at 11.0% CAGR During the 2022-2030 Forecast Period

Why the IAB's Updated Measurement Guidelines Could Be a Watershed Moment for In-Game Advertising

Twitch Users - How Many People Use Twitch (2023)



Environmental, Social, and Governance (ESG)

Stakeholders at every point in the value chain of our industry are focusing on their impact on the world from the perspective of ESG.

Brands are actively looking to partner with companies who reflect their corporate values. Agencies and publishers are seeking more progressive ways to do business.

Employees are more deeply connected to organizational values than ever before, and consumers are prioritizing their purchase decisions based on brand commitments to ESG-related issues.

Public companies are feeling pressure from boards and investors to integrate ESG initiatives into their long-term strategies in ways that transcend the ceremonial.



ENVIRONMENTAL



Implications for Marketers

As a business of any kind, it is more important than ever to articulate a set of values and actively demonstrate how you are living out those values to all internal and external parties.

Agencies risk lowering employee engagement if they work with clients and other partners who are not aligned with their own ESG approach.

Brands who are only paying lip service to ESG are already hurting themselves, as consumers assign increasing value to causes when they make purchase decisions.

ESG issues are already an important part of RFP's and pitch expectations. This trend only shows signs of intensifying.



SOCIAL

Further Reading

A Modern Leader's Perspective on Changing the World

How Marketing Teams Can Tackle the Challenge That Is ESG

Want to Excel in ESG? Craft a "Green Ocean" Strategy

Preparing Your Board for Enhanced ESG Requirements



GOVERNANCE



Big Tech Backlash & 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, along with the potential negative impacts they have on their users.

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, the bombshell whistleblower report on Facebook by the Wall Street Journal, and continuing lawsuits filed by a wide range of parties from international government bodies to concerned parents of teenagers throughout 2022 and into 2023.

No matter how you look at it, the immense power of these tech giants is being challenged, and the battle seems to be intensifying by the day. There is little doubt that 2023 will bring further legal and government action.

Further Reading

European Union Fines Facebook Parent Meta 390M Euros for Privacy Violations

Schools Sue Social Networks, Claim They "Exploit Neurophysiology" of Kids' Brains

Google Agrees to Pay Up in 12 Year Class-Action Lawsuit

More Than 1,200 Families Suing Social Media Companies Over Kids' Mental Health



Implications for Marketers

While the wheels of justice and regulation can grind slowly, many of these actions have already come to a head. Meta is facing unprecedented fines from the European Union, and Google is settling class action suits that were filed more than a decade ago. Marketers need to prepare for a future where a few monolithic technology companies no longer command such a large portion of marketing budgets and consumer attention. This is likely to lead to further fragmentation in the digital marketing space, as concerns over hegemony and user wellbeing give rise to new players and business models.



Privacy and Regulation

The issue of privacy has seized the attention of our industry and led to a state of regulation that continues to gain 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.



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

U.S. Privacy Laws: The Complete Guide

A National Data Privacy Regulation Is Good for Business

Meta Investor Sues Over Apple Privacy Update's Impact on Ads



The Rise of Digital Audio

Digital audio is having a moment. Digital audio, social audio, podcasts, chat, however you want to consume it, audio is on the rise. Spurred on by the pandemic and broader shifts in consumer behavior, adoption of digital audio is quickly increasing in popularity.

This includes big platforms like Pandora, Spotify, and iHeart Media, and smaller, more niche platforms like Tidal and Idagio. While traditional ad formats will likely exist within these emerging audio platforms, they will also provide opportunities for thought leadership, open forums for brand-to-consumer discussion, and unique content-first ad formats to create engagement.



Implications for Marketers

Digital audio is a growing and expanding space for consumer engagement and should be considered as part of the media mix in 2023 and beyond. Time spent with audio is on the rise and projected to continue its trajectory as additional audio-first experiences are introduced within social and digital channels.

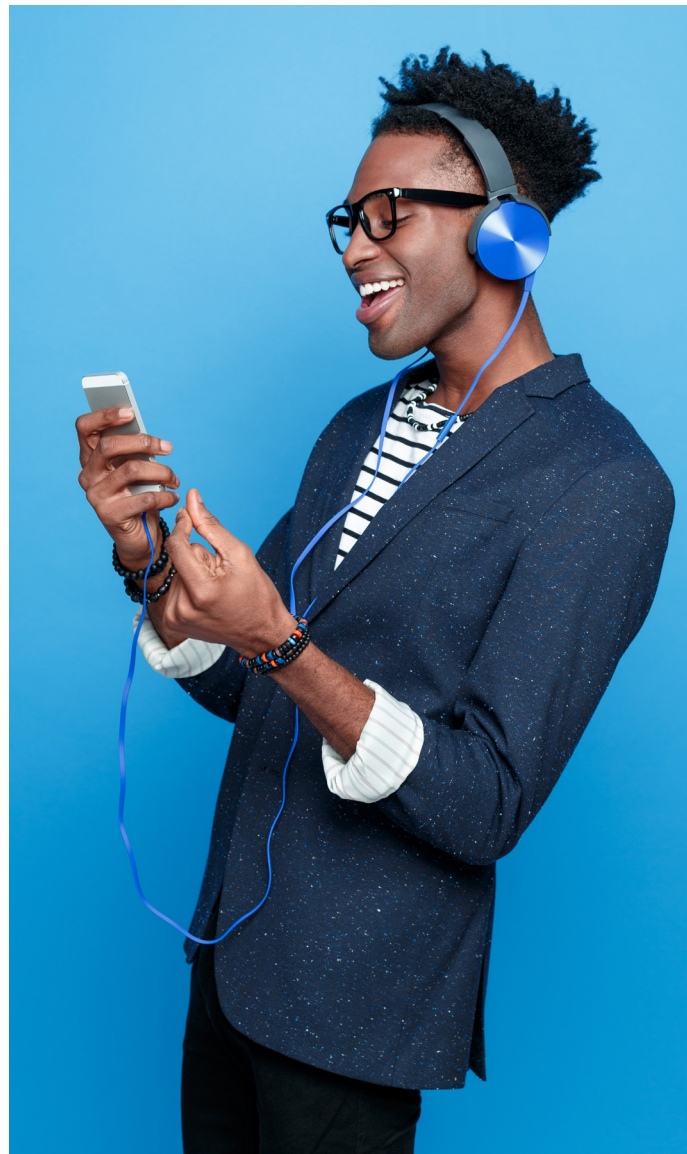
While it may lack the panache and sizzle of digital video, audio offers a level of intimacy that is unique among marketing channels. Marketers who engage in this burgeoning space will have a leg up on making genuine connections with customers in 2023.

Further Reading

Four Trends That Will Rock Digital Audio in 2023

US Digital Audio Users 2022

Expand Influencer Strategy to Include Streaming Audio





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 businesses of all kinds.

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 since 2020. Employees are in high demand, and they are lobbying for better benefits, better working conditions, and frameworks that measure outcomes rather than metrics like physical presence or a set number of hours.

Looking beyond benefits, employees 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 ESG 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 expectations about their relationship with employees through a new lens.

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

Trends like the great resignation, the four-day work week, and the anti-work movement will continue to plague companies that do not create strategic plans to meet today's workforce where they are.



Further Reading

What Corporate Leadership Can Do About Shifting Employee Expectations

What Gen Z Wants From Employers

Three Myths of the Great Resignation

Early Adopters of a Four-Day Work Week Have Published a Tactical Guide to Planning and Piloting a Shorter Week



Digital Transformation

The new realities of the pandemic have emphasized the need to deliver consistent digital experiences to consumers. However, we see many clients faced with the challenge of not having 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 (including agencies) to make the case for these resources and to help them to build further internal expertise. There is a growing sense among clients that they are not moving fast enough and require more help more quickly.

Further Reading

Does Your Digital Transformation Need An OTA?

Speed Up Your Digital Business Transformation

IBM: Most Companies Not Prepared for Digital Transformation

Coronavirus Sped up Digital Transformation by 6 Years for Companies, Twilio CEO Says



Implications for Marketers

The myriad of initiatives that surround 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 de-prioritized and potentially defunded. Agencies must rethink the strategies they are putting in front of clients and take a fresh look through the lens of digital transformation.



Healthcare Disruption

The healthcare market in the United States is ripe for disruption. While changes were underway already, the pandemic underscored the need for significant optimization in this massive sector.

Healthcare costs have skyrocketed over the past four decades, while outcomes have trailed behind other developed economies. The lagging patient experience and death of tech-enablement of this space, coupled with growing cost inefficiency, make healthcare the ideal target for growth-hungry tech companies.

Amazon is the clear first mover, having opened its own pharmacy online and purchased a large primary care practice with physical locations. Other tech giants and large companies are almost certain to follow suit.



Implications for Marketers

This level of potential disruption has huge implications for healthcare marketing. Brands who play in this space will be forced to focus more and more on efficiency and outcomes.

Just as the pandemic accelerated pent-up demand for services like telehealth, disruption in cost efficiency will transform and modernize marketing budgets with accelerating speed.

As patient expectations evolve, so must the focus of brands (including pharma) on the patient experience. Brands who are able to disrupt themselves and change their approach to marketing will come out as the winners.

Further Reading

Prime Health

Can Amazon and Big Tech Make American Health Care Less Painful

Explained: Amazon Pharmacy and Changes It Brings to Pharmaceuticals

Mark Cuban's Pharmacy Adds 50+ Drugs, Rolls Out Social Media Community



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.

Further Reading

What Is Quantum Computing?

Defense Department Must Determine the Threat From Quantum Computers

Explainer: What Is a Quantum Computer?

The CIO's Guide to Quantum Computing



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 fast-track the concept of artificial intelligence and automate more service tasks. It also presents material security concerns, as quantum computers would be able to bypass current standards of encryption.



Digital Commerce

While the world has been shifting to digital shopping experiences for decades, the circumstances of the global pandemic and the changes it has brought to customer habits and attitudes in the years since have only accelerated this trend.

Ecommerce will likely continue to grow at double-digit rates over the next few years. Categories like auto and food and beverage are outpacing the overall trend significantly as consumers are increasingly more comfortable making a wide array of purchases online.



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. This gives an almost SaaS-feel to starting a business, and a platform approach will likely give rise to more small businesses that are created, grown, and exist entirely in the digital world.

Further Reading

US Ecommerce by Category 2022

Digital Commerce Spend to Breach \$11.6TN; Essence Launch Essence Impact

3 Digital Commerce Disruptions Driving Revenue Opportunities for Brands

Google, Shopify Extend Ties in Commerce Blitz Against Amazon



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 minute differences. 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 smart glasses. Popular augmented reality examples include Amazon's "View in Your Room" feature and the Pokémon 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

Marketing Using Virtual and Augmented Reality

7 VR Marketing Examples to Inspire You

How VR Will Impact the Future of Marketing



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.

The three 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 e-commerce

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

Key examples of Web3 concepts include cryptocurrency, nonfungible tokens (NFTs), and the metaverse. Despite the tumult that 2022 brought to the Web3 world, the technologies that underpin cryptocurrency and the metaverse still hold promise for change in the ad industry.



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

Battle for the Soul of a New Web

Web3 Is Coming – What Does It Mean for Brands?

Web 3.0 Can Repair the Attention-Driven Digital Economy



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, faster connections and minimal latency, potential touchpoints with consumers will increase exponentially.

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 too. 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

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