MIND

Trends 2023

SHARE

Introduction

Welcome to Mindshare UK's trends report for 2023.

We are in our 9th year of reporting and are certainly seeing an evolution. This year, we have checked in on 18 of our past trends to see how they are progressing, but the star of the show are the 6 feature trends that we expect to make significant headway in the year ahead.

As always at the heart of our trends is consumer and industry opinion. We've surveyed over 2000 people, alongside an ethnographic project to gauge changing consumer opinion and behaviours. In addition, over 30 media partners contributed their opinions, highlighting what they will be watching and working on in 2023, so that we can effectively implement it within our client's work. A big thank you.

This time last year, most of our trends were simply accelerating in the same direction as we moved out of the pandemic. But in 2023, we see a more complicated trajectory for our trends, as another major force hits home, either stalling or re-directing more of their progress. Enter the cost-of-living crisis - the resulting outcome of COVID and the conflict in Ukraine. Predicting the future is always a tricky business but the current backdrop makes it tougher than ever, as recessions past prove no yardstick and uncertainly is the name of the game. Consumer confidence is low and disposable incomes are squeezed. Whether it's people delaying the purchase of new phones (affecting the take up of technologies like 5G) or staying in watching more video content, our trends are certainly being impacted. You can read more about this in the next few pages, before we dig into the trends themselves.

Businesses are also trying to navigate their way through. As companies broaden their revenue sources, many are introducing or expanding their ad propositions in Retail Media and Ads with That? This presents more marketing solutions and different dynamics to consider. People have become more open to free media solutions, recognising the ad/content exchange more obviously. Marketing is certainly getting more complicated. The fragmentation of media channels and the power of consumer behaviour are big themes this year. The definition of 'TV' is not clear cut, with video now dominating across devices in Video Eats the World. And in Social Unrest, it's the people who are leading the direction of social media platforms going forward. Whilst all of this plays out, digital transformation continues to power on, providing solutions. Tech progress it seems, waits for no-one and we are due to see some exciting developments in 2023. Most things we do online involve AI (Artificial Intelligence), but this is set to increase further. Synthetic Media focuses on generative AI and the impact on our industry. In addition, developments in linked technologies such as AR and VR, will make a real impact in 2023 and tech will certainly be presenting people with more all-encompassing immersive experiences this year, highlighted in Immerse Me.

In the current climate, businesses will need innovation more than ever, to not only enable them to thrive right now, but grow in the years ahead. Brands that get this right will set the level and gain competitive advantage. But this needs to be for the longer term. Our 'Good Growth' proposition strives to make growth via innovation enduring and responsible. We embed a test-and-learn culture, encompassing it within a more strategic innovation plan for longer term impact.

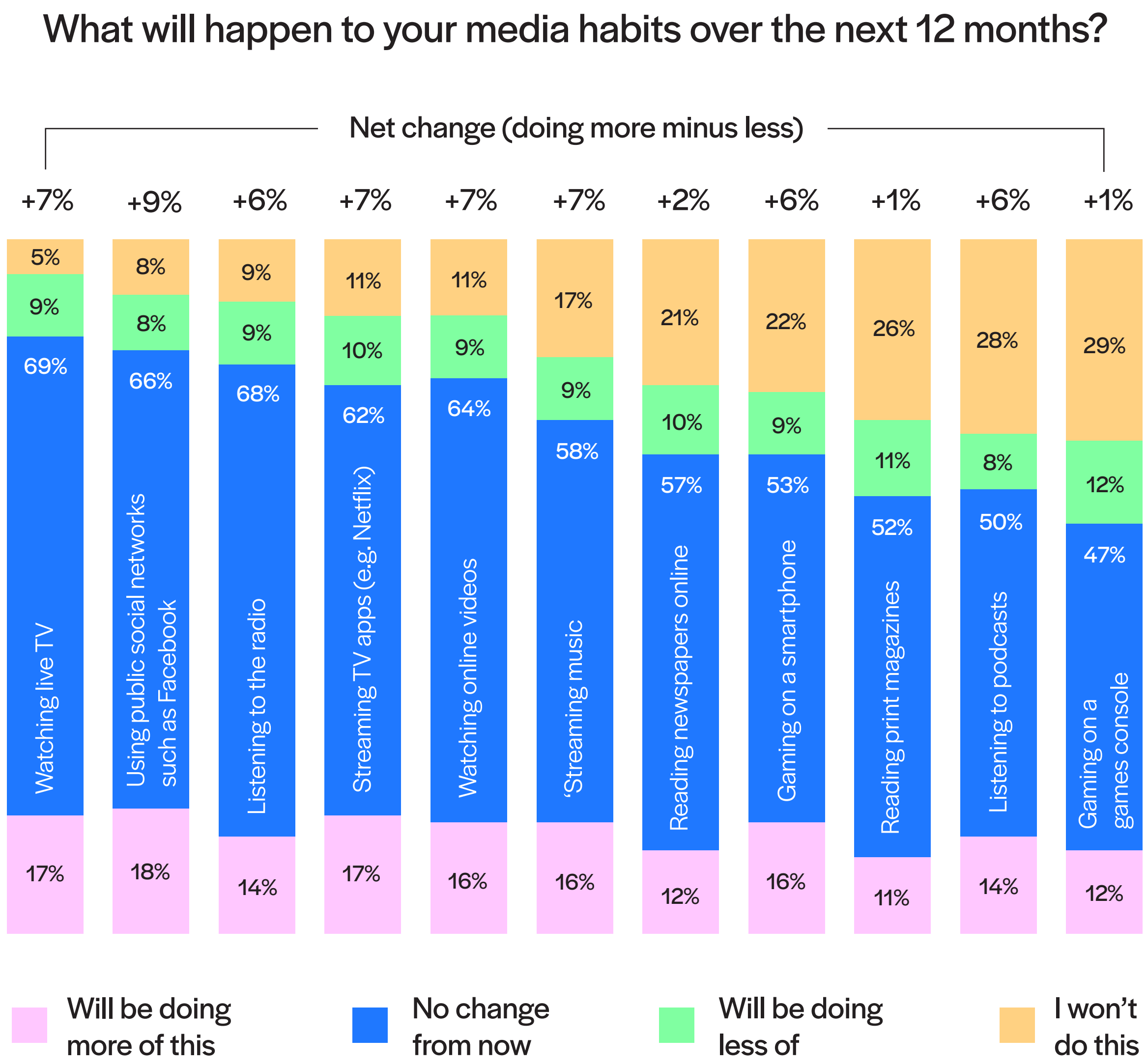
We hope you find our trends a thought-provoking read, but most importantly that they spark some ideas and actions for the year ahead. There is more detail if you need it, or for any more information, please don't hesitate to get in touch.

Sophie Harding
Head of Futures and Innovation
Mindshare UK

But firstly...

Some media context for 2023

A year of consolidation and refinement for media & tech



There were many consequences of the COVID pandemic, but two big factors that are having a long-term impact on media are the increases in media consumption and tech adoption. Both are at an all-time high. With all that time in our homes during COVID, we explored more media channels to keep ourselves entertained or connected, and as we shopped more, we invested in new technology to make the experience as good as it could be. In 2020, one in five adults added a new device, the equivalent of 21.3 million new devices (Deloitte).

In 2023, with only so many hours in the day, most people can't see themselves doing much more when it comes to adding in media time. Couple that with the dual pressures on further tech adoption – most have recently purchased devices and cost of living will restrict further upgrades – and it seems 2023 is going to be a year of consolidation and refinement of the things that work for them.

We expect people to focus their energy on making their existing technology and new favourite media habits work hardest for their lifestyle. That means making full use of smart TVs, streaming sticks and subscriptions. They'll be immersing themselves more into gaming culture, online communities, podcasts (which remain popular) or guiltily spending time with evolved social media platforms geared more around video than ever before. Plus, people will be tapping into more free media activities, not necessarily less of them (see our trend 'Ads with That?').

It is also worth noting that concerns around tech use remain much lower than they were in previous years, with technology now genuinely adding to people's lives.

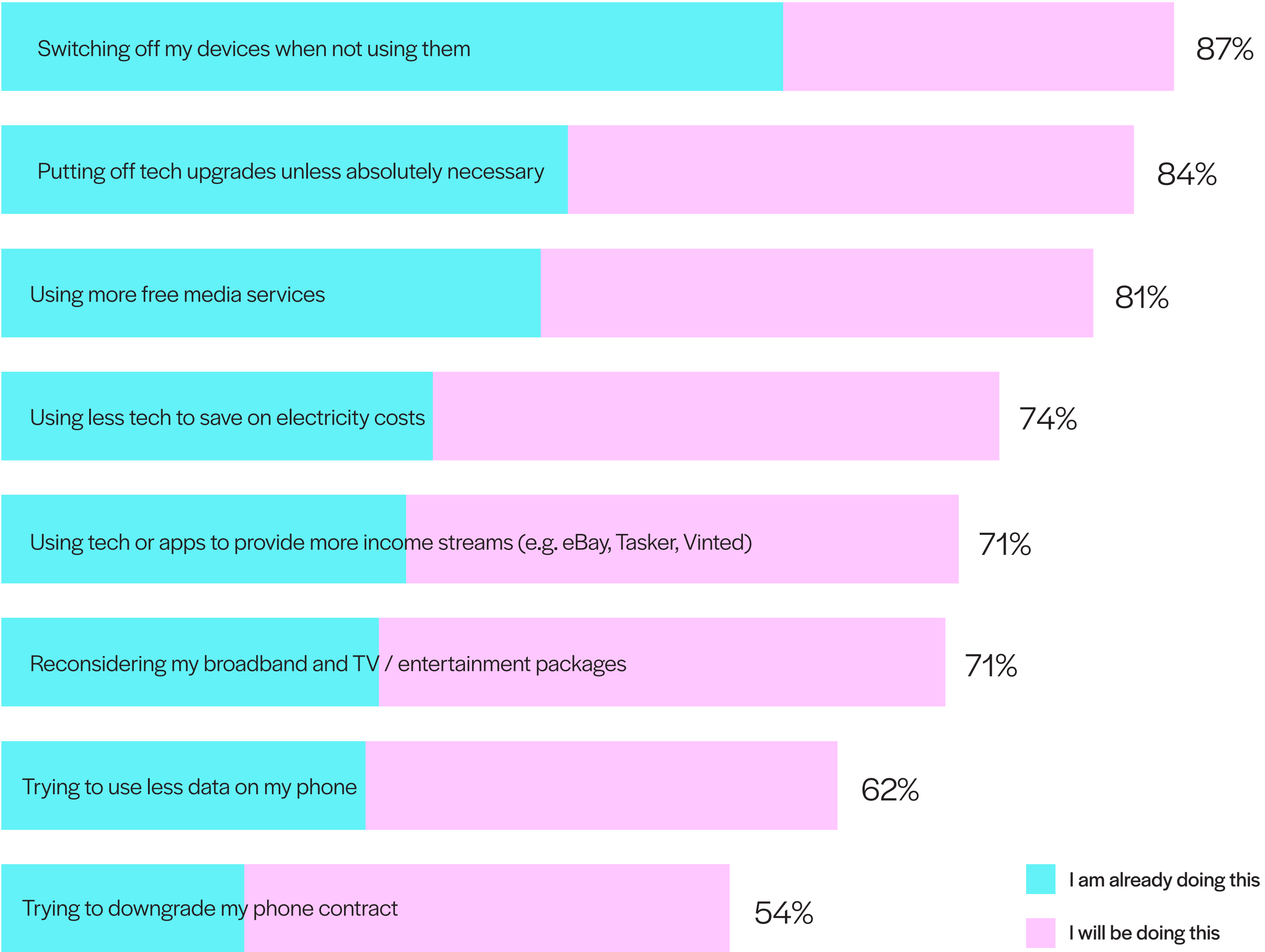
So, 2023. A year where we expect little to change, and so much to change. For brands navigating this space, they will find a media landscape where embracing the latest technology can reach a wider audience than ever, but the routes to reaching them are so much more disparate.

Cost of living has a profound effect on media

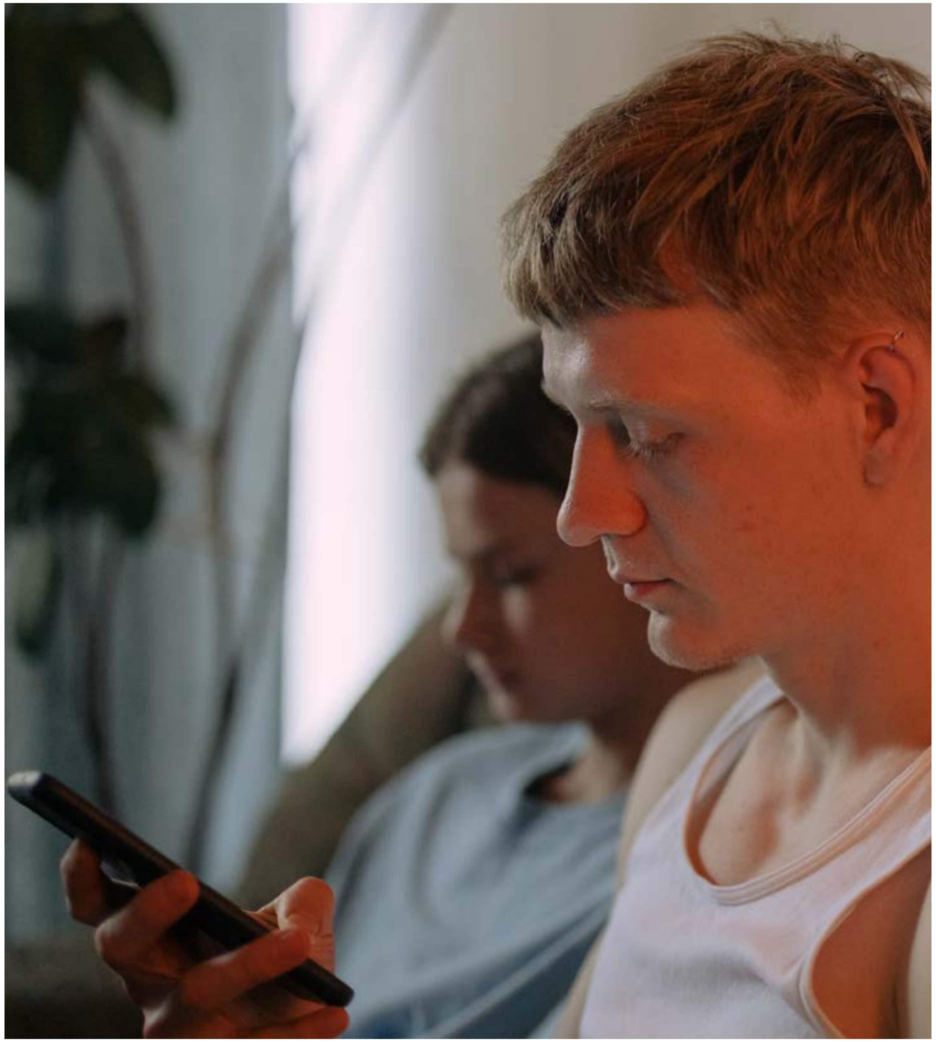
The cost-of-living crisis is clearly having a profound impact on many individuals and households across the UK, with 28% saying they are having to cut back on most luxuries and non-essentials. Media choice is not immune to this cutback. For example, twice as many people are saying they plan to reduce their number of subscriptions next year, compared to our 2021 study (see our trend 'Ads with That?').

What emerges is almost a self-imposed lockdown mentality, with the amount of time spent at home expected to increase significantly; 87% of the UK say they already are or will be spending more time at home in order to save money in 2023. The lockdowns of the pandemic showed us time indoors equals increased media consumption and more time with devices. However, we expect there to be some key differences, driven by the pressures on people's spending.

There are lots of small behaviours shown in the research that indicate how consumption is changing as a result. With people waiting until they get home to download over Wi-Fi, saving on their mobile data costs, the nature of viewed content on commutes could be impacted. We are also expecting a reduction in the role of TV and radio as background media in the home, due to the cost of energy. It is interesting behaviour changes like this that will impact on the media we buy. It may take longer to build reach, but when it is delivered, it will be to a conscious and attentive audience.



Growth of the 'considered shopper'



It has never been easier to spend money than today. We can, with one click, have a new dress delivered to our front door tomorrow. We can, with one fingerprint or face scan, buy in-store with little thought. Just tap and go. Yet in 2023, driven by cost-of-living pressures, our shopping habits are going to be much more considered.

Time spent researching products is higher than ever as we are mindful of every pound. 55% say they trust brands a lot more if they have good online reviews and recommendations and 57% say they are going online a lot more to investigate and research products. Naturally this kind of shopper mindset has an online leaning, so we need to prepare. When we can't rely as much on impulse purchases, our ability to use media and advertising to drive people through the purchase funnel is increasingly important. We will need to better blend brand and performance elements of a media plan, with great value placed on things like first-party data to connect the journey from consideration to purchase. Retailers are increasingly growing their Retail Media propositions, knowing that this is a priority for brands (see our trend 'Retail Media').

Concurrently, we expect to challenge and see improvement from media partners in their e-commerce performance-focused offerings next year. There will need to be evolution to match consumer behaviour and client demand. Currently there are a few media owners that come to mind when we think of great online advertising that supplements a shopping experience but others have work to do. When determining a media owner's place on the plan, we should be mindful of how it is enhancing a consumer's online experience with the brand. Does it enable us to showcase product? Does it seamlessly connect to basket? Does it complement the offline, bricks-and-mortar brand offering? Those opportunities that give us the ability to build a journey through media are the most likely to win out.

86%

say they will be spending more time researching products before they buy them this year

86%

say they will be shopping online more to find the best prices this year

Better advertising experiences are required

Whether it is for TV, music, books or games, people continue to increasingly appreciate the relationship between ads and content, being more open to seeing ads in exchange for free access. The impact of the cost of living has elevated the importance of this exchange, with 81% of the UK feeling like they are already using or will migrate to more free media services next year. Media companies are weighing up new ad models to see what works with this new headspace in mind (see our trend 'Ads with That?'). In 2023, advertising has a crucial role to play in enabling people to remain connected to the world around them.

Yet it says something about how we have delivered advertising in the past when 61% of people agree that they look forward to a time when they are not tracked by cookies. There is a disconnect between the general acceptance of advertising and personal experience.

As more people turn to free media services, and the likelihood that this comes with advertising as part of the deal, there is an opportunity to get it right more of the time. Our Trends research shows 61% feel ads are increasingly irrelevant to their lives, 58% feel bombarded, 41% find them too repetitive, 40% feel ads interrupt. There are lessons in these statistics that show us the way.

Media has tremendous power to influence and impact. We must do this with positive intent. Not only in supporting a fairer society or weaving sustainability into our plans, but to create better advertising experiences. Aligning our audiences' mindsets with media and message for increased relevance, and only showing up when it is right should be an ambition for this year. Our audiences are ready and willing to welcome us, so let's be good guests.

> "I don't mind seeing adverts to get free content. However, the issue I have is the adverts are now too many and show too often. Since the lockdowns it feels like ads have tripled in size and length. This has reduced the user experience quality in my opinion as it makes viewing frustrating.

Mainstream tech adopter, 25–34, Scotland

Time to look beyond the usual suspects on a media plan

What channels are a must on a media plan? TV? Social? VoD (Video on demand). What about gaming? It's a vast, multidimensional channel that we often overlook, but with 50% of the UK owning a games console, and 16% of them having recorded themselves gaming and shared online, there is an active, passionate and large audience to reach. Look beyond the gaming stereotype and you'll see four in ten people gaming everyday or most days on their smartphone, with 16% saying they will be doing it even more in 2023. It's a channel we cannot afford to marginalise.

Gaming is not alone in being under-represented in the media mix. Even one of our lockdown poster children continues to go from strength to strength. Podcasts are now enjoyed by 37% at least once a week, only 5% less than the number of people using public transport in the same period. It is also an area where advertising is expected. 69% of people see it as a channel where access is quid pro quo with ads.

Figures differ wildly depending on data sources but somewhere between 10 and 25% of the population now own a VR (virtual reality) headset and this is growing rapidly. We found that only 35% see virtual worlds as exclusive to gaming, so the potential outside of this is being recognised. Perhaps the metaverse is not the desert wasteland we might think – 48% claim they know something about the metaverse, up from 25% last year. Yes, the metaverse itself will be a long time coming but the activities, technologies and component parts that play a vital part in its growth, such as AR, VR and AI, will be progressing quite nicely in 2023 (see our trends 'Immerse Me' and 'Synthetic Media').

The challenge for brands in 2023 is to look beyond the usual suspects when it comes to your media mix. What are your audiences really doing?

Activities done at least once a week (all adults)

Further media fragmentation blurs the lines

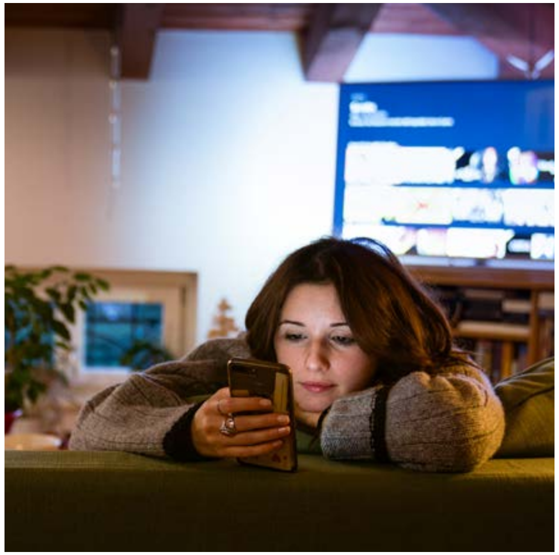
Media fragmentation used to be easy. Sure, we had to think about websites and social media and YouTube, but they all kept themselves to themselves. No more. There is a marked lack of compartmentalisation for media in consumers' eyes in 2023.

This matters to us as media planners because it can significantly influence the potential of different media channels and why each deserves a place on the plan. Whether that is because people see themselves buying direct from a TV ad (28% of the UK), are using social filters to make purchase decisions (26% with a further 17% interested in doing so), or using their cameras to search images rather than text, the lines are blurring as to the archetypal roles for media channels. We will need to challenge our preconceptions in this space.

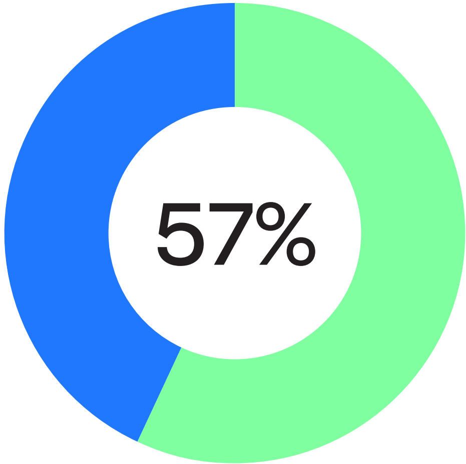
A specific example. 49% of the UK are casting their phone to their TV, up from 35% last year. 7% of them (and 12% of 25–34s) are doing this with social platforms like TikTok (there's more on this in our trend 'Video Eats The World'). We have extolled the virtues of building ads specific to the platform on which they are being consumed, but when consumers choose to switch the screen on which they're viewing this content, we might need to think about how we can also dynamically switch to the most appropriate asset. The ad now designed perfectly for the palm of the hand is not necessarily the one best suited to being cast onto the 50" TV screen.

Social media platforms have also now evolved way beyond their original intended use cases and now facilitate a whole host of activities including news, search, shopping and entertainment (see our trend 'Social Unrest'). How do we ensure that all of these different elements are considered in a plan?

As the way people use different media for both entertainment and utility becomes more fluid, it has never been harder for a media planner to find the perfect blend of channels. It's never been more exciting either.



In the future 'TV' and 'online video' will be thought of as the same thing



Agree

Disagree/ neutral

19%

are using Instagram or TikTok to search for things

Trends 2023 content

Changing relationship with **ads, content and data**

Ads with that?

Video Eats The world

- Green Media
- Destination Data
- Cookie Crumbles
- Proximity 2.0
- Body Talks

Changing **commerce** behaviours

Retail Media

- Brand New World
- Cashless Society
- Shoppable Media
- Automatic for the People

Changing spheres of **influence and community**

Social Unrest

- Over to You
- Significant Strangers
- Game On

Changing uses of **tech**

Immerse Me

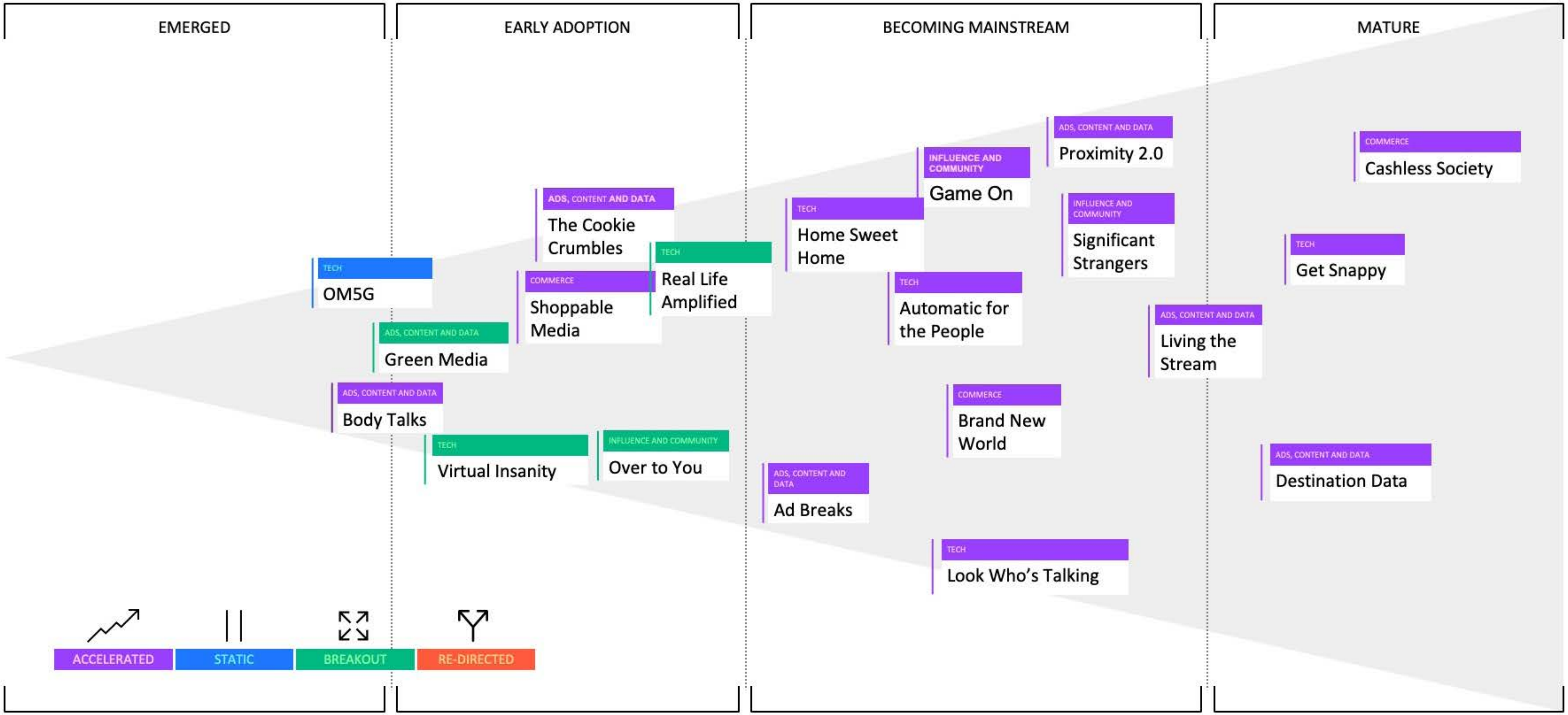
Synthetic Media

- Get Snappy
- Virtual Insanity?
- OM5G
- Home Sweet Home
- Look Who's Talking

Accelerated Redirected Static Breakout

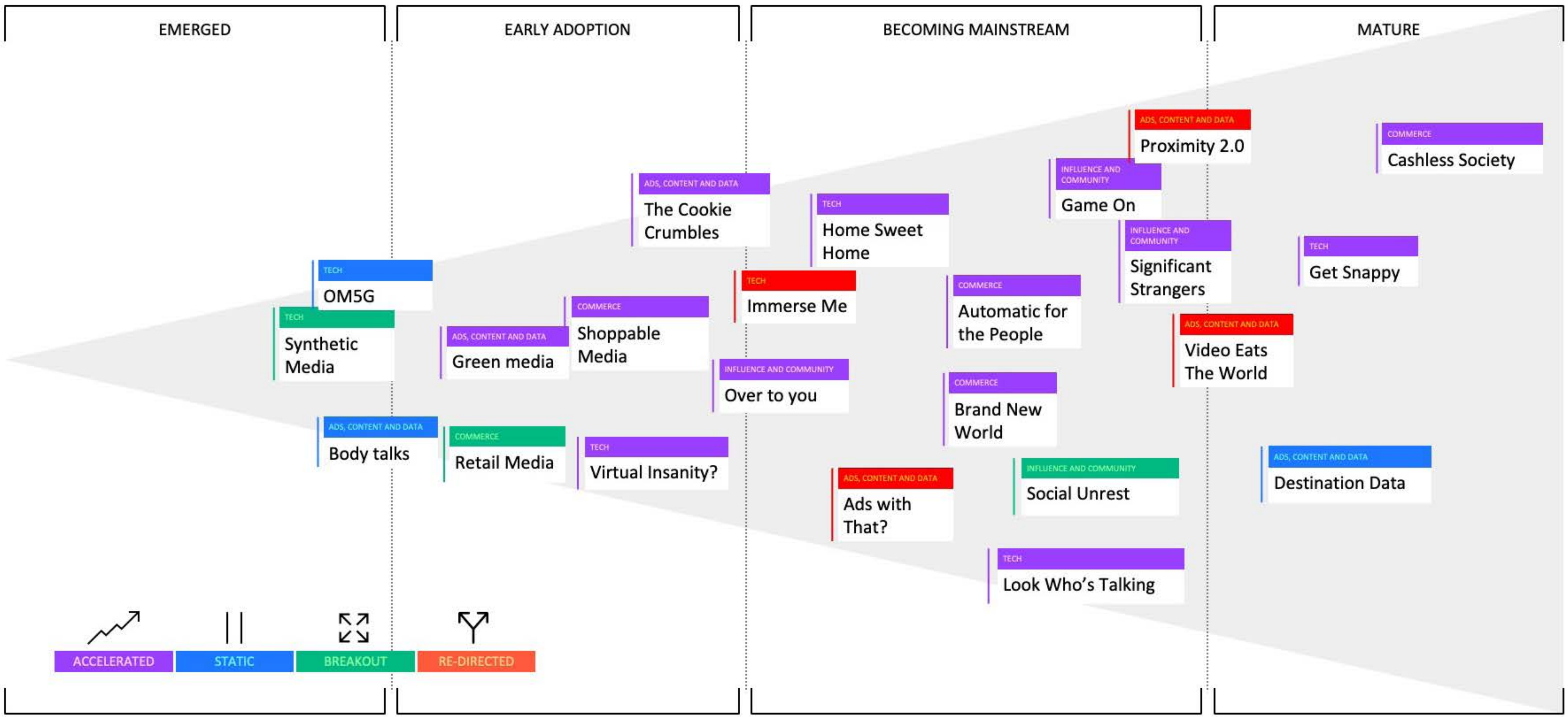
Trendscape Trends 2022

(Based on late 2022)



Trendscape Trends 2023

(Predictions for late 2023)



The changing relationship with ads, content and data

The changing relationship with **ads, content and data**

How are our trends progressing?

Green Media

2022 saw conversations ramp up around the topic of green media once again, but we fear, without the industry necessarily matching the talk with action. With a return to more 'normal' behaviours post lockdown, Purpose Disruptors report that 'Advertised Emissions' have actually increased and the industry is not on track to deliver the 50% reduction in carbon emissions needed by 2030. Clearly there's work to be done and more collaboration is likely one of the answers – for example, carbon calculators are progressing but are disparate and standardisation is needed. 2023 will see another step forward in the sustainability conversation and clear leaders will start to emerge. OOH should be watched closely as we start to see some of their green media solutions scale. Expect to see greater focus on sustainability at industry awards too – Cannes Lions are adding in new criteria here.

Destination Data

People's feelings around the data exchange remain unchanged, with handing over data seen as a necessary evil. As expectations around data protection continue to increase, people are less active in protecting their data. Five years ago, 60% were clearing their internet cache/history. This has gradually reduced to 45%. External parties such as companies and regulators are still the ones expected to put in the hard graft. Companies like Apple are noticeably setting the agenda. Expect more companies to champion their privacy features. 2023 also promises to be a regulatory rollercoaster with a host of US data laws bringing privacy front of mind and the Online Safety Bill landing in the UK. While the latter isn't necessarily about data, it will focus minds on their use of digital platforms and the information that is supplied. Another tough year for Big Tech seems likely.

Cookie Crumbles

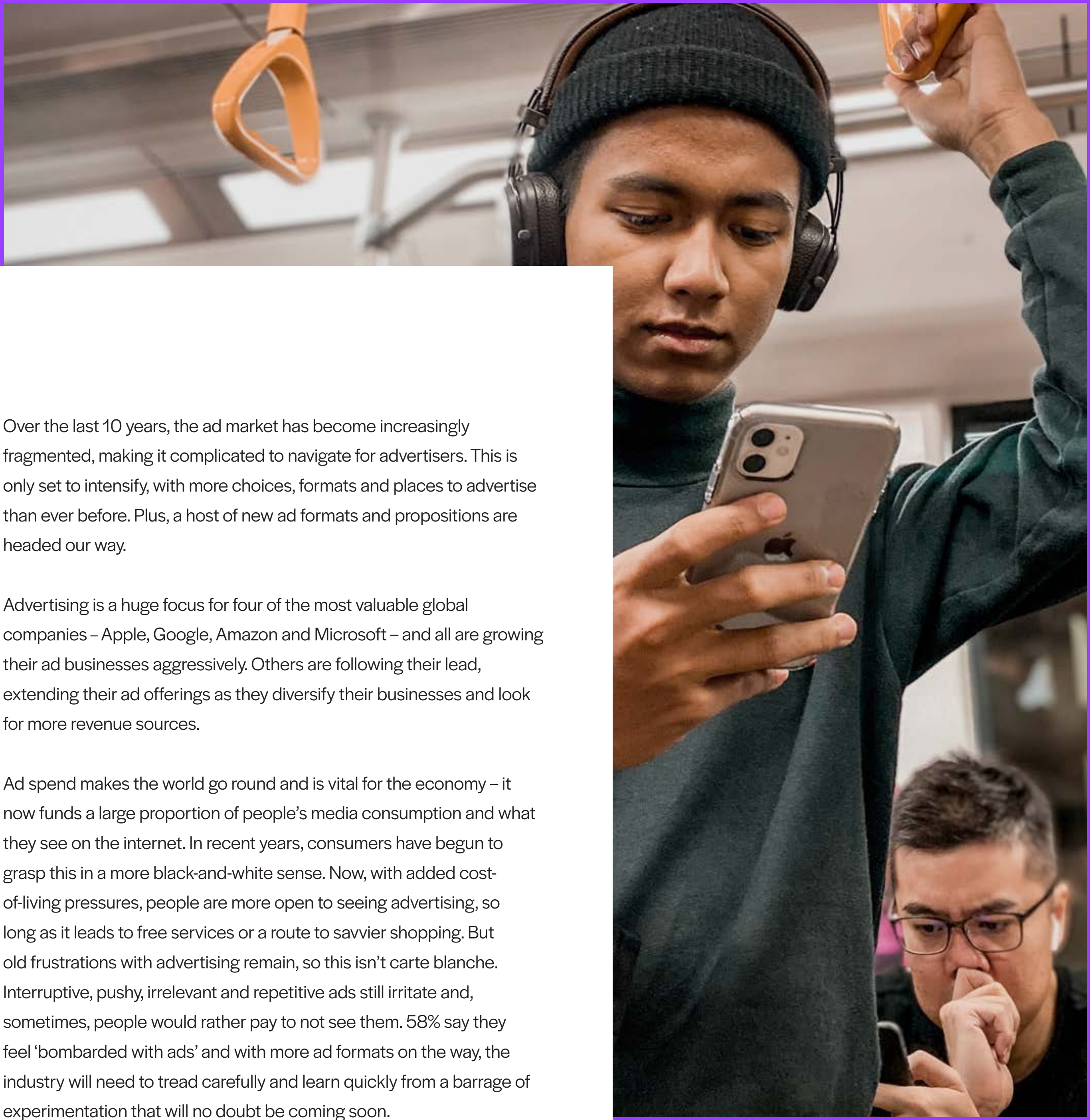
2022 saw Google shift the deadline to 2024 on both the third-party cookie deprecation date and when advertisers need to move to Google Analytics 4. Nevertheless, in 2023 we'll see a move from brands thinking about being 'cookieless', towards integrating post-cookie readiness across planning, activation and analytics. With increasing price inflation and competition across channels, smarter use of data to target more efficiently will be key – making the case for building a data strategy and leveraging first-party data more important than ever. As the industry continues to balance consumer expectations around personalised experiences with concerns over data privacy, we can expect a move from 1:1 personalisation to approaches built around '1:few', both on the web and within platforms. Finally, many brands will work toward greater internal alignment so they can better leverage data and integrate data-driven approaches across paid media, with strategies around CRM, content, creative and organic channels.

Proximity 2.0

Location-based advertising remains a powerful tool for marketers. However the balance between marketing utility and protecting user privacy is becoming important. While location may have more longevity than cookies from a marketing perspective, it can still be personal data and 2022 saw regulators increasingly scrutinise use of location data for marketing purposes. The key will be finding the right balance between impactful location data use-cases and respect for consumer privacy. Furthermore, traditional mobile media suppliers are enriching their audience planning tools and expanding their inventory sources to become omnichannel, offering brands access to buy audiences across the likes of digital OOH, CTV and digital audio inventory. As contextual targeting rises up the agenda, physical context is arguably going to become even more important. Conversations will shift to be more about 'geography' rather than 'location', with broader targeting and postcodes key.

Body Talks

Certain segments of the Internet of Things such as smart home, are set to grow in 2023, while sales of wearables, including smart watches and fitness trackers, might slow even as they're used more than ever. This means more data and a wider variety of data signals, including physical and emotional touchpoints. In the current climate, with emotions running high, this data could be more valuable than ever for brands, especially when you consider how AI could be applied from a predictive perspective. However, people's view on the use of these types of data being intrusive hasn't changed much. And, with the metaverse comes another level of data collection, via cameras and devices like the Meta Quest Pro VR headset that tracks facial reactions and engagement. 2023 could be a year where companies try to achieve a balance between personalisation and privacy, determining boundaries from both ethical and regulatory perspectives.



The changing relationship with ads, content and data

Ads with That?

Companies are increasingly evolving their ad solutions, but this must be done with care.

Over the last 10 years, the ad market has become increasingly fragmented, making it complicated to navigate for advertisers. This is only set to intensify, with more choices, formats and places to advertise than ever before. Plus, a host of new ad formats and propositions are headed our way.

Advertising is a huge focus for four of the most valuable global companies – Apple, Google, Amazon and Microsoft – and all are growing their ad businesses aggressively. Others are following their lead, extending their ad offerings as they diversify their businesses and look for more revenue sources.

Ad spend makes the world go round and is vital for the economy – it now funds a large proportion of people's media consumption and what they see on the internet. In recent years, consumers have begun to grasp this in a more black-and-white sense. Now, with added cost-of-living pressures, people are more open to seeing advertising, so long as it leads to free services or a route to savvier shopping. But old frustrations with advertising remain, so this isn't carte blanche. Interruptive, pushy, irrelevant and repetitive ads still irritate and, sometimes, people would rather pay to not see them. 58% say they feel 'bombarded with ads' and with more ad formats on the way, the industry will need to tread carefully and learn quickly from a barrage of experimentation that will no doubt be coming soon.

5 areas to watch for in 2023

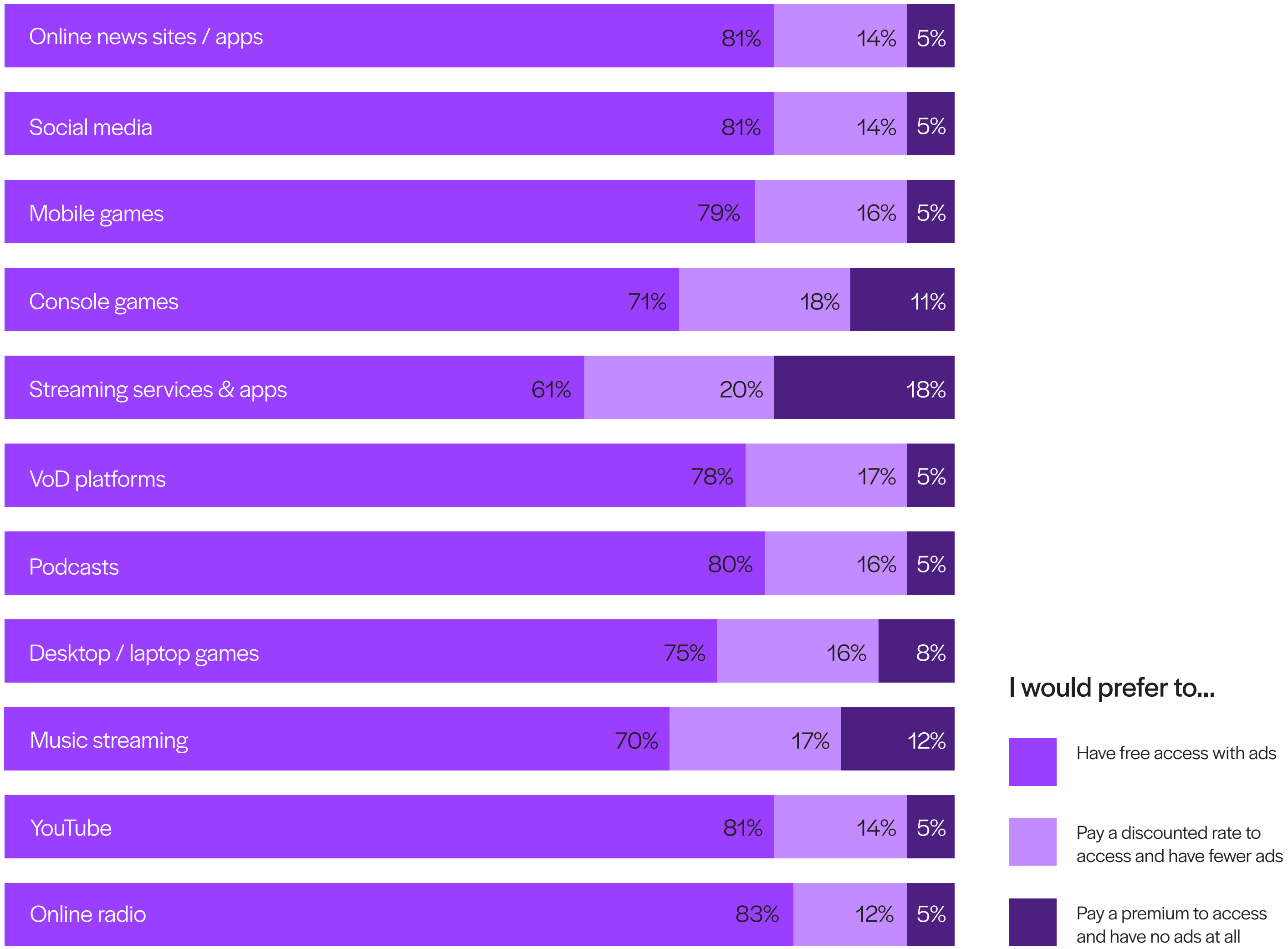
01

The ad exchange and free content

The same irritations about advertising remain. People's top three bugbears are 'ads that are too repetitive or frequent', 'ads that interrupt or get in the way of what they're doing' and 'ads that try to sell too hard', though feelings seem to be gradually reducing over time. Optimistically, perhaps it's because ads are becoming less of all these things. But we've also found that people are becoming more forgiving as they become increasingly aware and tolerant of the 'ads for content' exchange.

Recently, the exchange has become more obvious – mobile gaming ad formats of 'watch this and be rewarded with access to that' and the introduction of premium paid-for 'without ads' services. This higher tolerance is clearly influenced by current economic pressures. **81% say that they already have or will use more free media services this year** (understandably, this figure rises for low-income households), and we already see ad-funded free-to-play games dominating the charts.

70% agree that 'I don't mind ads on services I don't use often', with ads tolerated in news, social media, magazines, podcasts and gaming, even when perceptions on frequency of use don't match reality. It may be pertinent that these are formats where ads have always been part of the deal. For video, films and music content, ads feel more interruptive for services perceived to be used more often. With media providers introducing more access routes, these increasingly more black-and-white viewpoints should help people make the tough media choices facing them in 2023.



I'm pretty relaxed about ads being used by companies in the digital space. I think it's just a consequence of the fact that we get so much free content. So long as it's easy to identify it as being an ad. I don't think we'll ever be in a situation where there are no ads, unless we're paying a hell of a lot of money for things.

Mainstream tech adopter, Age 55–64, Yorkshire

New ad propositions

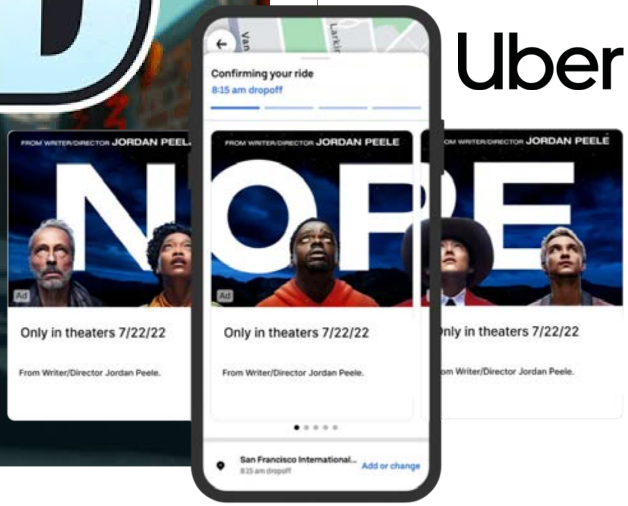
5 areas to watch for in 2023

02

With businesses seeking to diversify income streams, a host of new ad propositions are emerging. Companies that never previously carried advertising, like Netflix and Disney, are introducing ad-funded models. Consumer reaction is mixed – many not seeing why they'd pay for services but still see advertising.

Companies already in the ad business are expanding into new formats. In the gaming sector, Microsoft and Sony are looking at ads within free-to-play gaming for Xbox and PlayStation. Roblox are also scaling their ad proposition next year, with new formats, including more immersive 'portal' ads, rolled out via a self-serve ad system. It's worth noting the non-interruptive nature of most new gaming ad formats, which will be programmatically inserted.

Social platforms are introducing new ad formats, too. The area to watch here is ads within messenger apps. This will need to be done with care, though – 67% of people say they 'wouldn't want to see ads on things like messenger apps' and are concerned about the contents of messages being used for targeting. However, this could also be a potential growth area – Meta have highlighted the potential of using their apps as a means for business messaging. New ad opportunities are playing out in the Retail Media space, too, as retailers including John Lewis, Deliveroo, Boots and Superdrug, expand their ad propositions (see our trend Retail Media). Finally, Uber have relaunched their ads division as 'Uber Journey Ads', introducing new formats that could reportedly earn them up to $1 billion in ad revenue by 2024.



5 areas to watch for in 2023

03

Testing the boundaries

2023 could well be a year of media companies pushing the boundaries, with experimental ad propositions in the mix, and people consuming free media in exchange for ads. However, potential problems lie ahead with ad load – there's only so much inventory available before user experience is compromised.

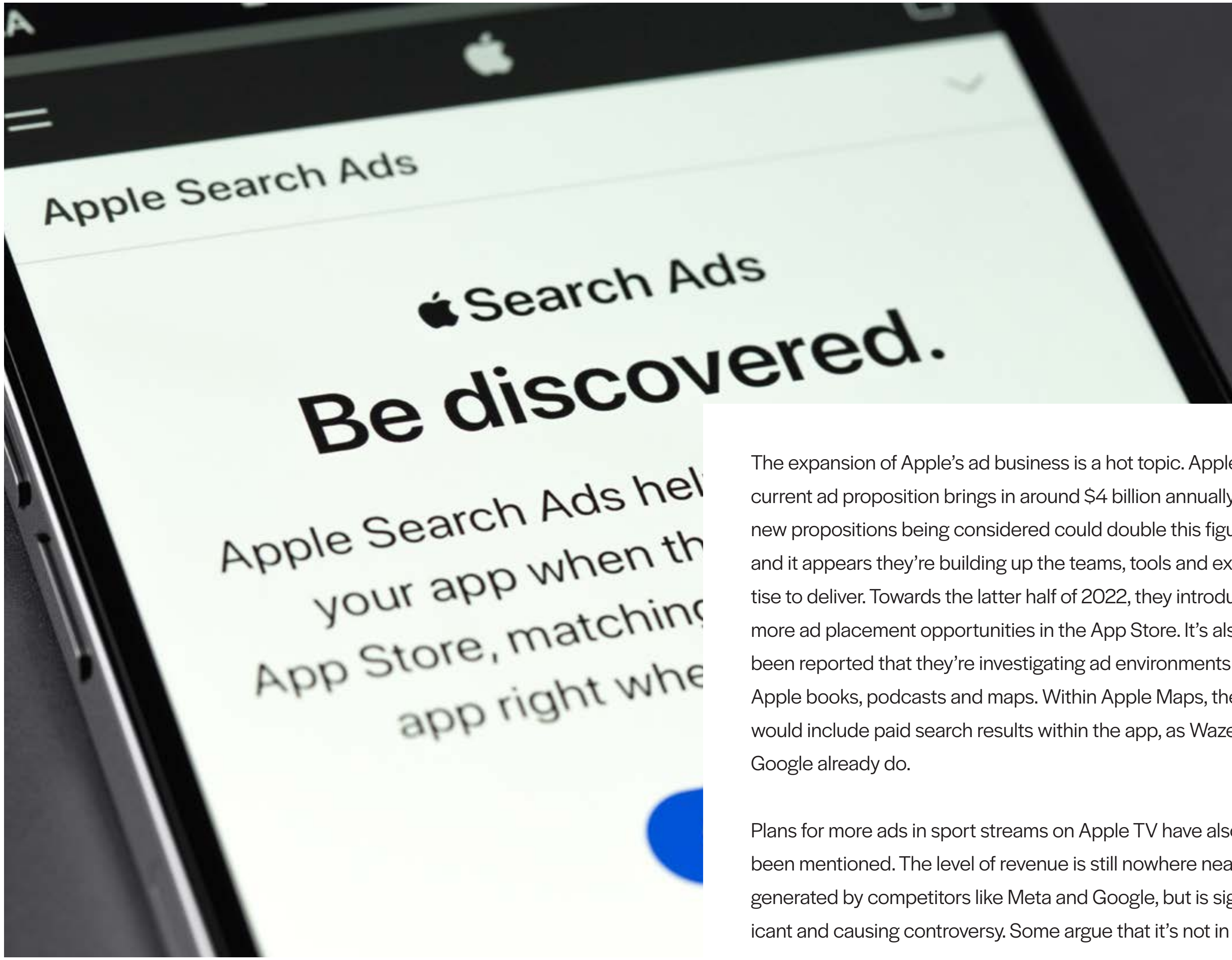
There's a debate raging in the TV industry, as Ofcom considers relaxing rules that limit the length and number of ad breaks in the UK. This could increase ad loads to levels akin to those in the US, though there is just as much talk of reducing ad loads in TV, as companies prioritise consumer experience. YouTube are also introducing frequency capping, while news brands like *The Independent* and *The Telegraph* have reduced their ad loads entirely.

Ads within social media accounts are a sensitive subject and brands like Meta are planning to pull more ads into reels. Consumer reaction should be watched closely (see our trend 'Social Unrest'). The beauty of brands like TikTok is the seamless integration of branded content with what appears to consumers as a low level of advertiser messaging. With financial pressures on all media platforms, they'll need to maintain this advantage. Brands like Amazon will also need to keep an eye on saturation limits, with the boom in e-commerce and 'Retail Media' ad formats. All brands will certainly need to fathom what people's advertising tolerance levels are in 2023.

5 areas to watch for in 2023

04

The big Apple



The expansion of Apple's ad business is a hot topic. Apple's current ad proposition brings in around $4 billion annually, but new propositions being considered could double this figure and it appears they're building up the teams, tools and expertise to deliver. Towards the latter half of 2022, they introduced more ad placement opportunities in the App Store. It's also been reported that they're investigating ad environments like Apple books, podcasts and maps. Within Apple Maps, they would include paid search results within the app, as Waze and Google already do.

Plans for more ads in sport streams on Apple TV have also been mentioned. The level of revenue is still nowhere near that generated by competitors like Meta and Google, but is significant and causing controversy. Some argue that it's not in line with the premium uncluttered iPhone experience, while others see it as undermining Apple's 'privacy first' messaging, as they will need to access data from Apple accounts and other services to determine which ads people see. Meanwhile, competitors view it as Apple tapping into their users data while restricting others from doing the same, via their AppTrackingTransparency (ATT) initiative. Apple has one of the biggest banks of transaction and first-party user data in the world, so it makes sense for them to use it. But, as Apple continue to develop into a company that provides more than just hardware, it will be important for them to maintain the excellent customer experiences and privacy first reputation they are known for. No doubt they will find a way to make it work and, in all likelihood, people are unlikely to switch unless they are drastically impacted.

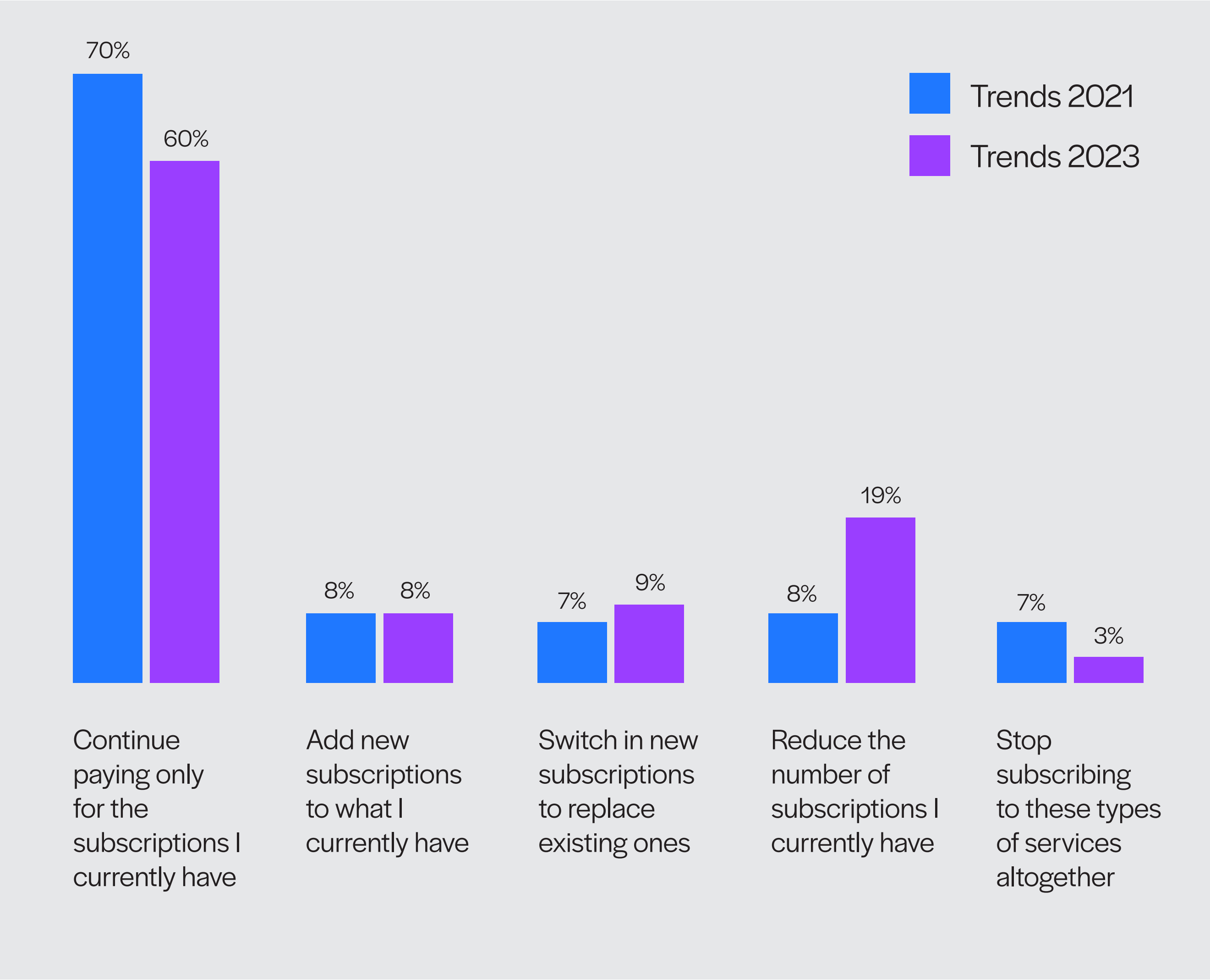
5 areas to watch for in 2023

05

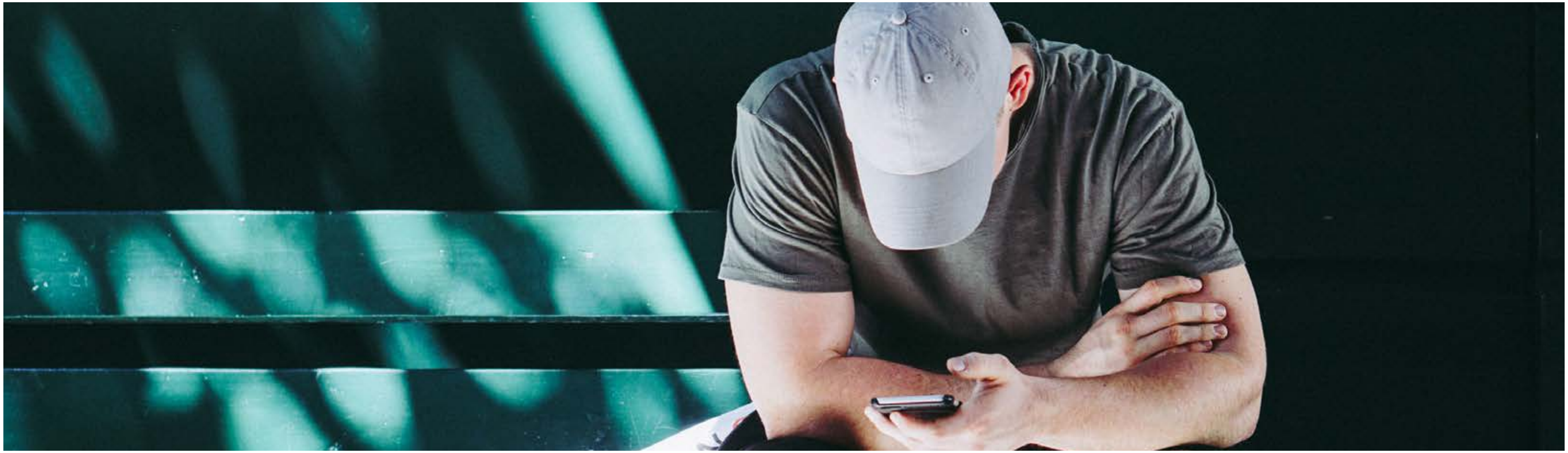
The future of media subscriptions

With across-the-board price increases for entertainment subscriptions and the rise in cost of living, people are reassessing their options. 60% say they will keep the services they have, (Amazon and Netflix were those most likely to be retained), although this has decreased from pandemic times. The percentage intending to reduce subscriptions has more than doubled – 19% in 2023, up from 8% in 2021. What they will reduce varies – most of this driven by not having the time to consume it. A strange environment then, for media brands to launch new paid-for subscription services, but many have or plan to do so – Snap, Kiss, Twitter and Acast to name a few – albeit with specific propositions likely to resonate with die-hard fans. Snapchat Plus showed success, with over a million new subscribers in the first six weeks. Expectations of these premium services will be higher than ever though, with 77% agreeing that 'a paid subscription needs to offer something distinctive or special' and 75% agreeing that 'a premium subscription needs to offer something more than just no ads'.

In a bid to keep subscribers, companies are integrating more into their offerings or expanding their services to provide people with value for money (and to secure their differentiation). Disney is set to tie in more theme park, movie and merchandise perks while Amazon is including more music, podcast and gaming content. And gaming continues to be an area of focus, with Netflix opening a new internal gaming studio in Southern California (its fifth studio). Currently, they have 35 games on their service, with a further 14 in development and talk of them looking into cloud-based gaming. With Microsoft (who partnered with Netflix on sales of their AVoD (Advertiser on demand) tier well versed in this space, it remains one to watch when it comes to Netflix's future.



Brand implications



01

Keep advertising frequency levels and platform ad loads top of mind.

02

Be considered with new ad propositions and approach with a test-and-learn mindset.

03

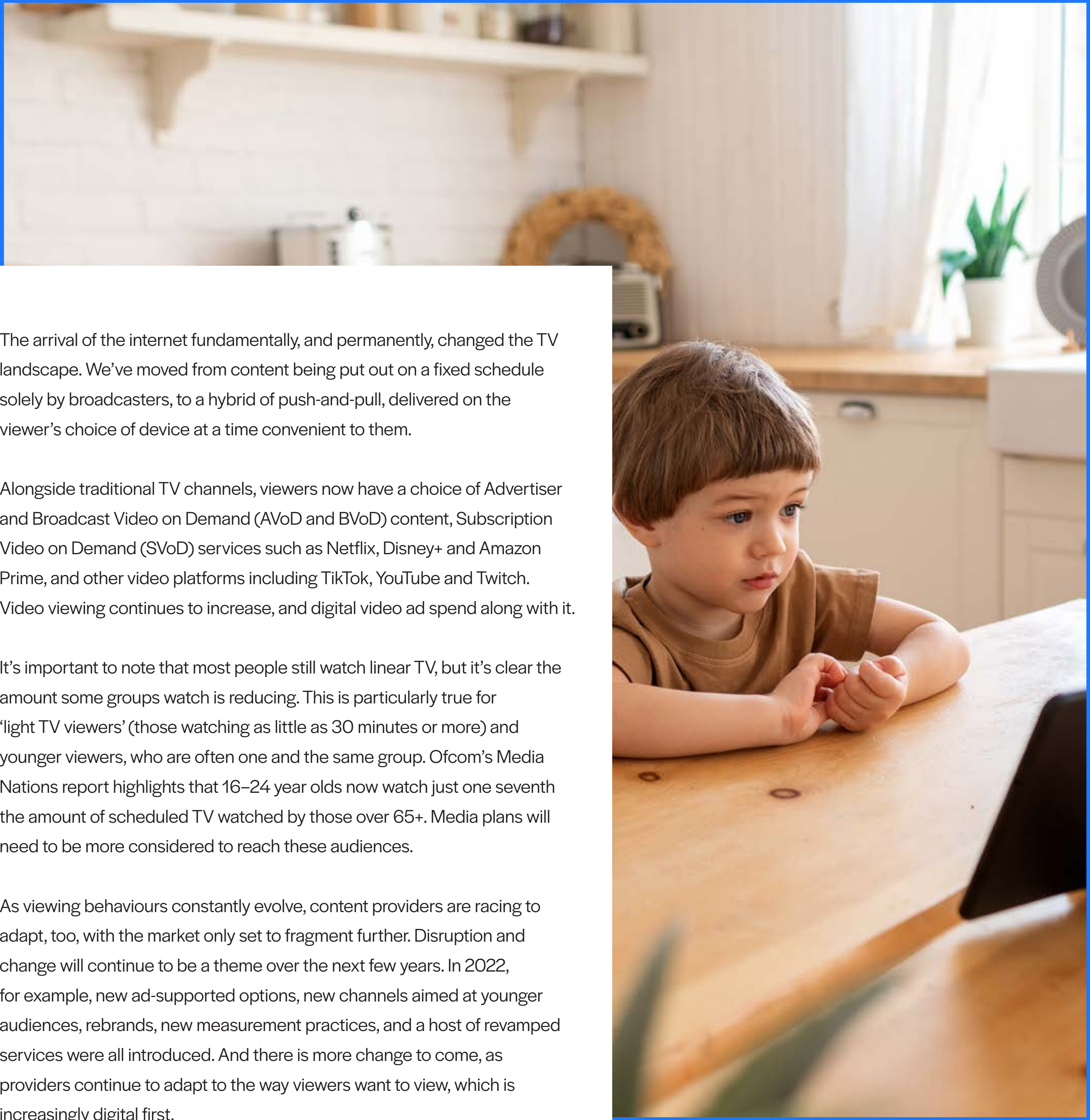
Think about how your advertising/brand activation could provide people with something desirable in the current climate.

04

New propositions will open up opportunities to communicate with fresh audiences, in different moments and mindsets.

05

The closer to people the ad format (messenger, for example), the more ethically we need to consider our use of data.



The changing relationship
with ads, content and data

Video Eats the World

Video domination has arrived and the 'TV' market is undergoing a rapid transformation.

The arrival of the internet fundamentally, and permanently, changed the TV landscape. We've moved from content being put out on a fixed schedule solely by broadcasters, to a hybrid of push-and-pull, delivered on the viewer's choice of device at a time convenient to them.

Alongside traditional TV channels, viewers now have a choice of Advertiser and Broadcast Video on Demand (AVoD and BVoD) content, Subscription Video on Demand (SVoD) services such as Netflix, Disney+ and Amazon Prime, and other video platforms including TikTok, YouTube and Twitch. Video viewing continues to increase, and digital video ad spend along with it.

It's important to note that most people still watch linear TV, but it's clear the amount some groups watch is reducing. This is particularly true for 'light TV viewers' (those watching as little as 30 minutes or more) and younger viewers, who are often one and the same group. Ofcom's Media Nations report highlights that 16–24 year olds now watch just one seventh the amount of scheduled TV watched by those over 65+. Media plans will need to be more considered to reach these audiences.

As viewing behaviours constantly evolve, content providers are racing to adapt, too, with the market only set to fragment further. Disruption and change will continue to be a theme over the next few years. In 2022, for example, new ad-supported options, new channels aimed at younger audiences, rebrands, new measurement practices, and a host of revamped services were all introduced. And there is more change to come, as providers continue to adapt to the way viewers want to view, which is increasingly digital first.

5 areas to watch for in 2023

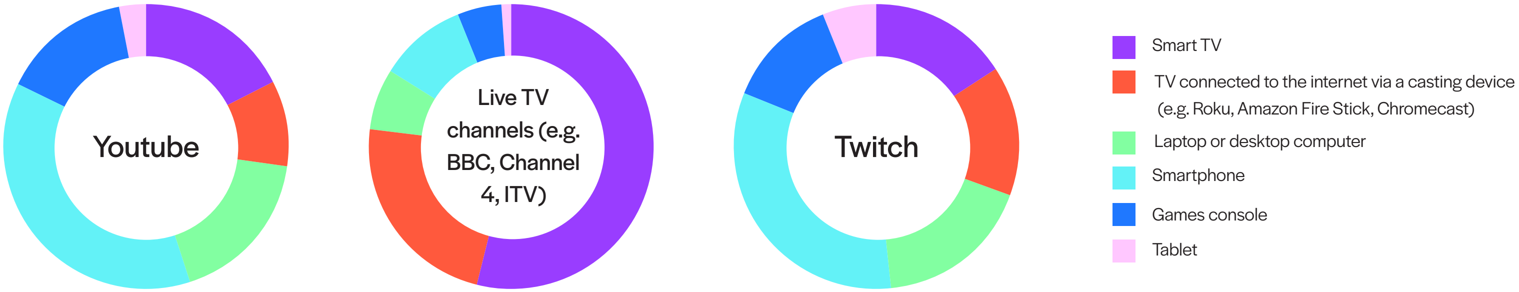
01

TV or not TV?

Every platform now has a wealth of video assets, not forgetting publisher platforms and social channels. The amount of video content being viewed is vast and still growing at pace. For the end consumer, this also means the lines between what does and doesn't constitute 'TV content' have blurred. For example, does YouTube qualify? It operates like a Swiss army knife of video content, including music, publisher/broadcaster content, fan channels and how-to guides. Some of it is created with high-end production values, while some is user-generated and filmed on a mobile.

While viewers do distinguish between the types of content, when asked what they consider to be 'TV', their views differ. Some saw it as programmes they watched live or on a TV set, while others thought of it as only long-form content or as anything that had high-quality programming. In reality, there's not really an obvious distinction in their minds between 'TV' and 'video' content. One respondent summed it up: 'I don't think it really matters, people watch what they enjoy'. As much as the industry continues to try to define what constitutes 'TV' for aspects such as measurement and trading, we have to recognise that things are no longer black-and-white and a more holistic approach is necessary. Perhaps 'TV or not TV?' should not be the question!

Which device do you use most often to view the following content?



5 areas to watch for in 2023

02

The rise of ad-funded services and bundling

> The TV license doesn't make sense. I think the future model would be that all of these stations and programmes will evolve into sort of like a big streaming platform and the old way of doing things will go.
>
> Early tech adopter, Age 25–34, South West

62% of people expect to pay for TV content in a different way in the future

The big driver of interest and revenue growth in the video ecosystem is ad-funded models, which are expanding rapidly in the UK. While categorised differently, from Connected TV (CTV) and Free Ad Supported TV (FAST) to BVoD and AVoD, ultimately they all offer viewers long-form programming with studio quality production. And demand is likely to increase in tough economic times.

Broadcasters are shifting focus to their offerings – All4 have rebranded, simplifying their proposition for easier navigation and ITVX has just launched, using a model that will see some content broadcast 'streaming' first. This is a good example of how broadcasters are setting themselves up for the future, concentrating on keeping viewers in their ecosystem rather than relying on linear viewing.

Outside of broadcasters, the scale of the UK video ad-funded market is smaller than that of nations like the USA, but the decision by some SVoD suppliers, notably Netflix and Disney, to include ad-funded tiers will certainly grow the sector. Plus, the emergence of new FAST services, such as Amazon's Freevee, presents advertisers with even more commercial opportunities.

A huge shift is coming in the next five years with the market set to get even more competitive and complicated to navigate from the perspective of both consumers and media buyers. Conversations around 'bundling' services, with all-in-one-place viewer access, will also continue to ramp up. Even YouTube is alleged to be working on a 'channel store', with centralised video subscriptions and purchasing.

5 areas to watch for in 2023

03

Investment in live TV 'moments'

When asked about their future viewing habits, young and old agreed that there was still a definite role for the big screen in their household. While headlines around linear TV focus, understandably, on declines in live viewing, paradoxically, the last few years have also seen some of the highest viewing figures in UK history. This has tended to be for live TV 'moments' like the men's and women's European Championship Finals, Qatar World Cup, The Queen's funeral and even Boris Johnson's statement on COVID-19, which suggests this may be the role linear TV is moving towards. Even then, though, the cultural amplification of these moments differs by audience. Some viewers might take to Twitch to live stream and comment, or others might take to social to chat alongside their linear live viewing. Companies are recognising the potential of these interactive moments, with Sky set to release a smart camera in 2023 that works with Sky Glass and Sky Stream.

The battle for eyeballs has started to see many SVoD services look to live sports to bring in big audiences and, thus, advertiser spend. The cost of live sport rights often makes this a loss-leader for providers, but keeps them 'sticky' for viewers likely to be looking closely at the value of their subscriptions. Netflix is reportedly exploring investment in sports content and Amazon have brought rights to Premier League matches. Expect to see this type of interest continue and players with the deepest pockets (big tech, namely Apple and Amazon/Twitch) able to outmanoeuvre traditional broadcasters and streaming services when it comes to acquiring live sports rights.

78% agree that 'having a main TV in the household will still be important' in the future

"

I definitely think there's a future for a big main TV. It's like a centrepiece. Although we view on our phones and tablets, I don't think they bring us together, so I don't see that changing in the near or far future.

Mainstream tech adopter, Age 25–34, East of England

5 areas to watch for in 2023

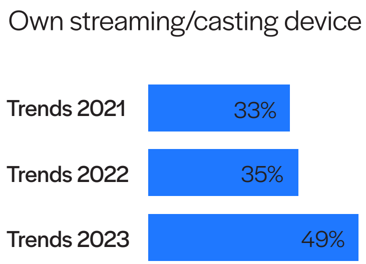
04

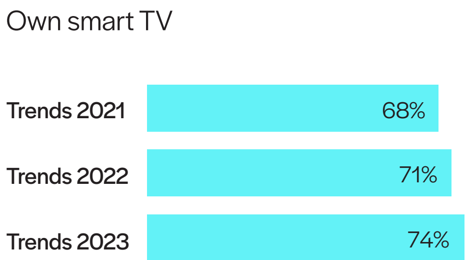
The next level for CTV

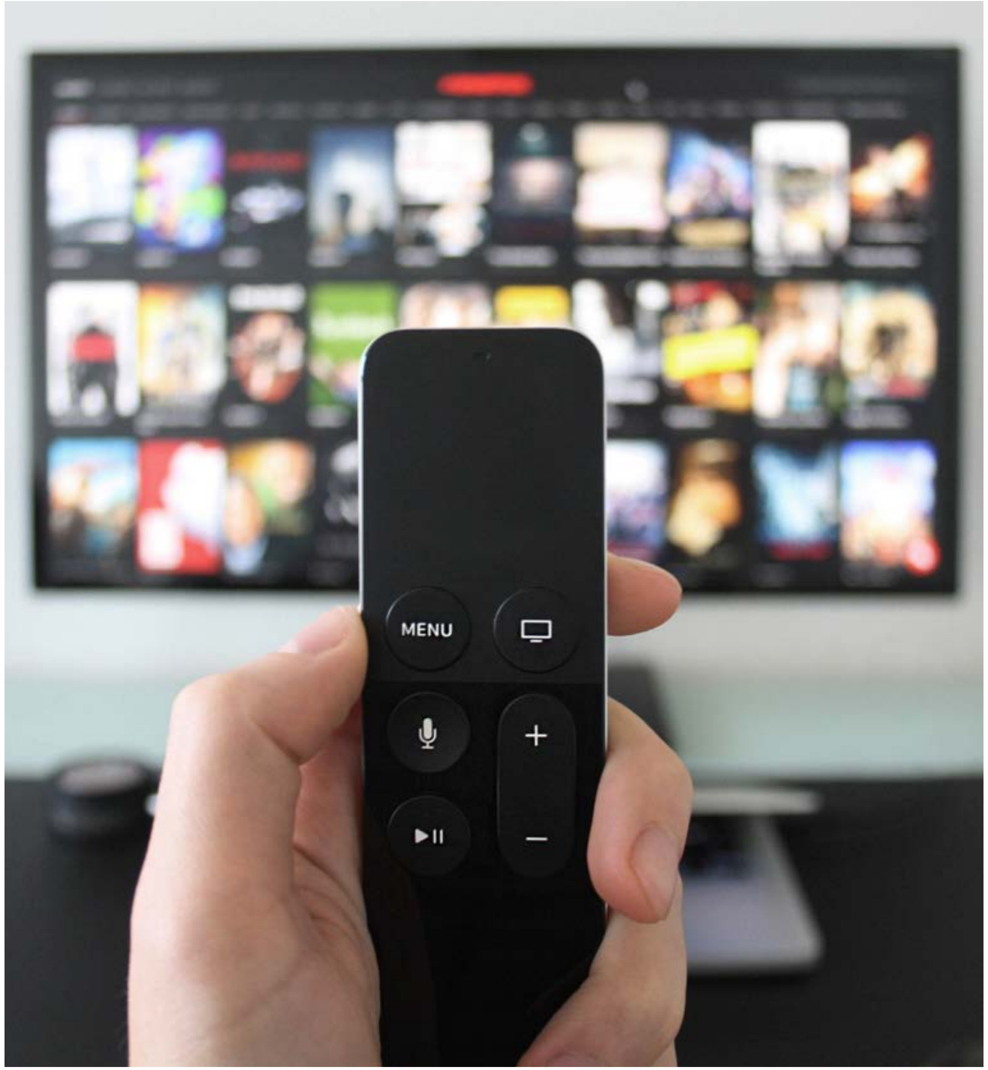
Most TVs are now connected – our data shows that 74% own a smart TV and 49% have streaming or casting devices such as Chromecast or Fire Stick. This provides an obvious opportunity for gaining newer, richer and more useful data.

We'll continue to see a shift towards more advanced, addressable TV ad solutions, with an associated increase in ad spend. The scope for more targeted campaigns holds great appeal, with the ability to combine quality content with the level of data insights seen in other digital marketing. Even traditional broadcasters like ITV are moving towards addressable solutions with Planet V/AdLabs.

And it will be those that own the data who have the keys to the safe. With the launch of Sky Glass in 2021, Sky joined the likes of LG and Samsung in learning more about people's viewing habits, as connected TV sets become a portal to linear and streaming services across the video ecosystem. Expect hardware providers to maximise their first-party data and expand their remit further. And expect investment in CTV from every angle – TikTok are even hiring a CTV product leader.
With TVs becoming more internet-enabled, it's no surprise that consumers expect their future viewing experience to have even more advanced technology built in. Many are using voice-enabled features already and can see a time when they won't need a remote at all. As choice increases, they also want to be able to find content more easily, so expect investment in tech that enables discoverability and better search functionality.







5 areas to watch for in 2023

05

Moving towards a 'total video' planning approach

As viewing becomes increasingly fragmented across multiple devices, the video planning environment is getting more complicated to navigate for marketers. This will only become more pronounced as we move towards greater addressability across all traditional media formats, with marketing spends divided across suppliers and buying routes that may not share a unified approach to attribution.

The biggest challenge remains the lack of consistency in measurement across video channels that allows for true comparison of the strength of each channel in isolation, while also understanding the combined impact of multiple video providers.

As the likes of BARB, CFlight and Project Origin continue to look at ways to answer the video measurement conundrum, thinking must move away from individual channel planning towards a more joined-up 'total video' approach. Media planning needs a declutter, enabling agency specialisms to come together to produce a holistic video plan that works to specific client KPIs and available video assets. In the future, it's likely the industry will restructure its terminology, teams and processes to reflect this new world. Could we even see collaboration between broadcasters with some sort of joint sales offer? A more joined-up approach is certainly going to be required across the board in the coming years.

Brand implications

01

All impacts are not equal – judge the value of the impression not just the platform or device it is served on.

02

Determine the role that ad-funded video can play in your media mix, while ensuring that the scale is there to deliver the message .

03

Maximise the scale, impact and interactive opportunities that live TV moments offer.

04

Avoid planning at a siloed channel level and focus on the contribution of each towards either brand awareness or discoverability, as part of a joined-up plan.

05

Have a clear differentiation in advertising assets/video creatives that can work across a range of media suppliers to achieve desired objectives.

Changing commerce behaviours

Changing **commerce** behaviours

How are our trends progressing?

Brand New World ↗

Disruption in the world of retail brands continues to gather pace. With the cost-of-living crisis prompting more considered shopping habits, e-commerce is being leaned on more than ever. Amazon continues to thrive, with big brands such as Gap newly partnering with the platform. The marketplace is also proving established competition for search engines, with greater influence across the purchase cycle. Brands are recognising the potential of launching their own marketplaces – Boots are launching theirs in early 2023 and disruptor brand Shein are also considering it. Rental and resale are also areas to watch next year. Media brands are upping their commerce game, too, with TikTok moving into warehousing to help fulfil their ambitions. Other brands continue to focus on their own D2C propositions, with established brands now driving D2C growth and dominating the market, rather than digitally native brands who were initial innovators.

Cashless Society ↗

Pandemic behaviours on payment have stuck around. 42% admit that they 'never have cash on them these days', although half the population remain uncomfortable with the idea of society going cashless. Contactless payments have become ubiquitous and mobile wallets are becoming more widely relied upon. Other integrated payment systems are progressing too – Meta has rebranded theirs to Meta Pay and is promising a digital wallet for the metaverse. With cost-of-living pressures, Buy now, pay later (BNPL) services will continue to be popular in 2023, and new services will launch, like Apple Pay Later. BNPL will extend across more categories too. Another area to watch is in-car payment, as car makers partner with payment providers, which could prompt a whole new world for transactions.

Shoppable Media ↗

It's still early days for shoppable media in the UK, though it's progressing, just slower than anticipated. British e-commerce habits are well established and proving hard to change. Progress in shoppable TV is ticking along, mainly driven by QR codes. Social platforms have also been integrating various commerce features and tools, but this has taken a while and people haven't warmed to buying on social as quickly as expected. Platforms like Meta have wound up their live-stream commerce features and de-prioritised the position of their shopping features on Instagram as a result. But there's still huge potential in this area and social media's influence on purchasing is clear to see – #tiktokmademebuyit is going strong. And it is TikTok that's pushing ahead with their 'community commerce' proposition. Twitch's version of live shopping is coming, too. Which areas of commerce social platforms dial up or down will be interesting to see in 2023.

Automatic for the People ↗

Businesses remain committed to digital transformation and, in this period of economic uncertainty, will look to automation and AI for more cost-effective working processes and customer service solutions. Most progress in 2023 won't be visible to the customer. It will be about improving back-end systems and processes. However, the roll-out of propositions like cashier-less stores and self-service options will gather pace. Around half the population remain comfortable with using automated services and 41% agree that 'sometimes it's easier to deal with a machine than a real person', but there are still many that prefer not to use them. On the robotics front, delivery robots continue to be tested but none are viable solutions yet. From a manufacturing perspective, cobots (robots that work alongside humans on tasks) will be popular. Expect 2023 to be a year where automation enhances human efforts rather than replaces them.

Changing commerce behaviours

Retail Media

The growth of retail media is set to transform the industry in the coming years.

As online shopping became ingrained during the pandemic, more retailers recognised the value of their online properties, and the valuable customer data they were sitting on. Enter ‘Retail Media’ where retailers sell ad space on e-commerce platforms (usually for ‘endemic’ products you’d expect to find in that store) and it has evolved into much more. It’s not a new idea – Amazon pioneered the concept, and indeed the ad formats and offerings in this space. They’ve expanded way beyond sponsored ads on their own shopping site, even eating into ad sales of digital players like Google and Meta. Now, other retailers with frequently visited sites in the UK, like Ocado, Sainsbury’s, Tesco, Asda and Morrisons, are building up inventory, offerings and capabilities in this space. And it’s not just grocers – John Lewis, Boots and now Superdrug all have offerings at various stages. Even Deliveroo has recently rolled out ads on its delivery app. It’s a real opportunity for retailers of any size and it’s growing at a phenomenal rate.

Group M expect Retail Media advertising to increase 60% by 2027 globally, exceeding the growth rate for all digital advertising. The pace is faster in the US, but the UK is hot on their heels. Indeed, Group M predicts brands spending £2.4 billion on retail media in the UK by 2024 (Group M TYNY Report). Why? It’s everything the industry has been craving. It’s close to the point of purchase and in a world of Apple’s ID changes and the demise of third-party cookies, retail media offers access to first-party data. That’s easily measurable data relating directly to product sales, with privacy-protected closed-loop reporting. It’s set to disrupt the ad ecosystem, and transform the way ads are bought and optimised.

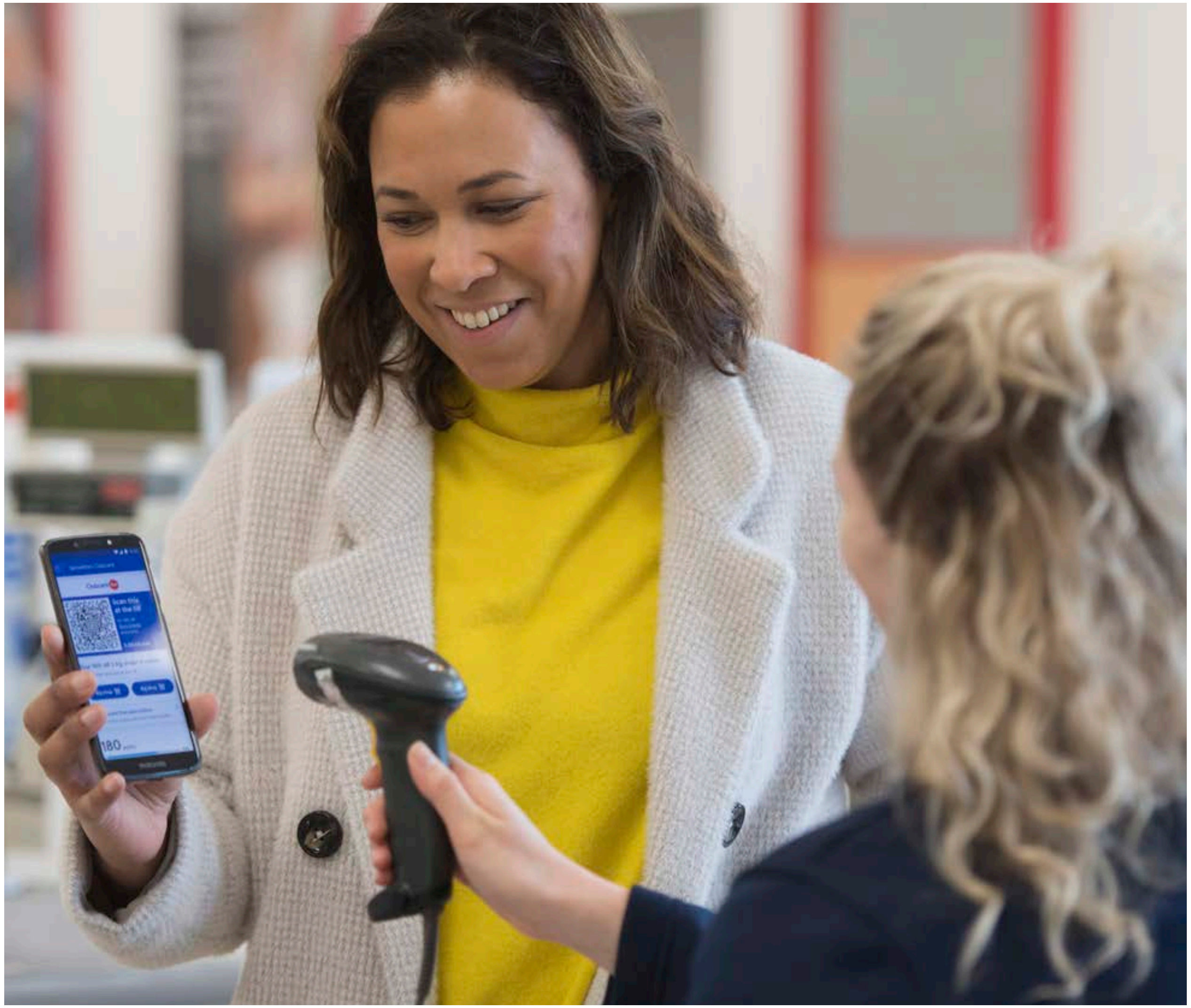
5 areas to watch for in 2023

01

Retailers gear up!

The ad industry has established ways of buying and it's only recently that retail brands have worked out how to sell with these in mind, and ad tech has adapted to suit everyone's needs. Dunnhumby, Tesco's media arm, has been in the market many years, but the growth of competitor offerings has really evolved what's available and increased the capabilities of buying models in retail media. To really play in the space, retailers have had to understand new media capabilities, hire different teams (and sometimes even agency skillsets) to turn their data into a product, and implement scaled infrastructure. Now we're seeing the results of such investment. Gone are the days where an IO was sent, there was no measurement except what the retailer provided, formats were limited, and there were no insights or data. Nectar 360 has, in some ways, led the way here, pushing the ability to use their first-party data in advertiser technologies like DSPs (Demand Side Platforms) or Meta.

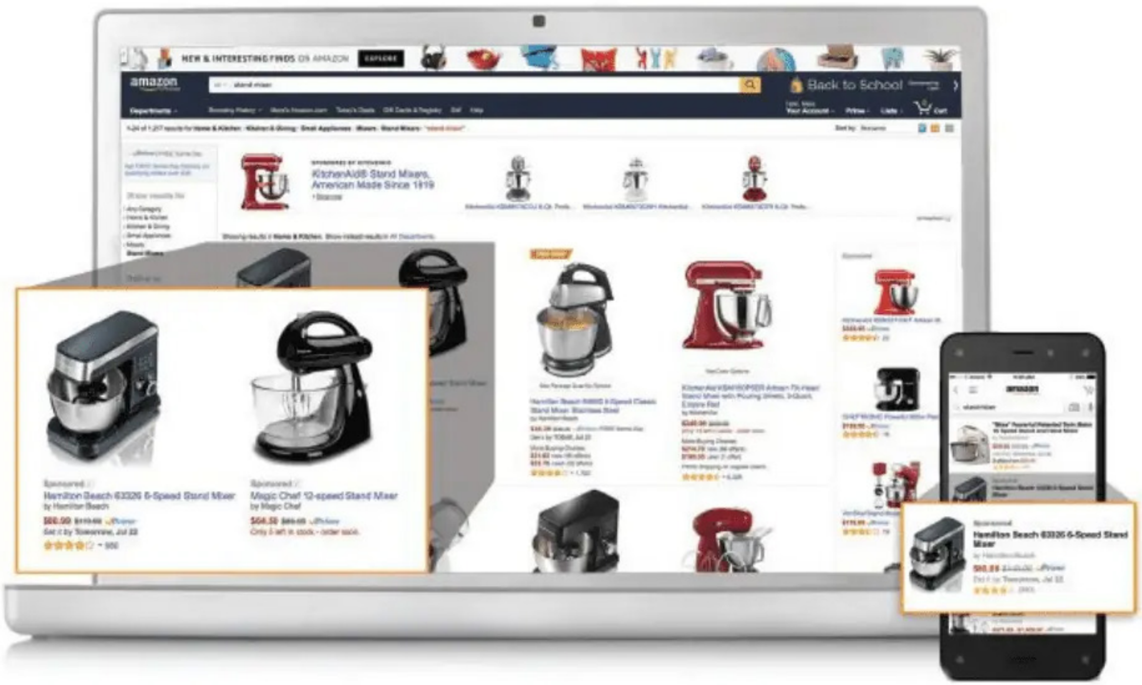
While many of the models, prices and mechanisms are still undergoing change as the industry stress tests their value, this has allowed more advertisers to trial retailer models and brought the operation of them within agency capability. It's still a relatively immature space, developing at pace, with a test-and-learn mentality at heart, but it's also exciting. Those invested at this early stage can see how online shopping behaviours differ to offline and through test-and-learn can start understanding the value of being in front of a consumer at the point of sale.



5 areas to watch for in 2023

02

Consumer reaction to ‘sponsored’ products



There’s an abundance of research out there proving the effectiveness of paid-for search and sponsored ads – Profitero’s shows a 19% sales uplift for brands with a paid-for top 10 spot on page 1, for example. Interestingly though, when we spoke to people in our qualitative research, we found sponsored ads were not something many people noticed or were even aware existed. There was confusion between paid-for brand recommendations and algorithm recommendations, for example.

‘I’ve never really noticed sponsored things as such, but I’ve noticed the most popular things on Amazon. And I don’t know whether they are sponsored or they are just the most frequently bought, but I would always go for that one, as long as it’s a good price.’Mainstream tech adopter, 16–24, Midlands

For those who were aware of sponsored ads, their initial reaction was, perhaps surprisingly, one of avoidance. No-one wanted to feel coerced into choosing an item because a brand had paid for better visibility. Ultimately, they wanted to decide for themselves and for that item to prove its worth in terms of reviews, price and quality. Deal or offer-led content was also much more enticing, tapping into people’s ‘savvy shopper’ mindset.

With retail media rapidly growing and sponsored content due to be featured on a wider variety of sites, more people will no doubt become aware of this type of advertising. Brands need to ensure that they promote product benefits, reviews and offers as part of their ‘sponsored’ offering, rather than just paying to get their product higher up a search page. As the market develops, more consumer research will need to be carried out, investigating different types of retail environment and topics such as incrementality (i.e. did the ad cause the purchase or were people going to buy it anyway?). Lots to watch.

5 areas to watch for in 2023

03

Opportunities beyond sponsored search

If endemic marketing drove retailers to dip their toes into the media space, the 60% growth Group M's TYNY report predicts over the next five years will come from 'the expansion of use cases and growth of non-endemic brands' (i.e. those that don't relate to the services the retailer is selling). We are seeing more 'mid to upper funnel' formats appear. These go beyond sponsored search results, with content being monetised in banners and video opportunities, for example. One of the latest to hit the market is on the completion page of Deliveroo.

Shoppable formats could also start to be incorporated as has started to be seen with Walmart Cookshop. Generating revenue from non-endemic brands is an area of growth for the longer term. It's not necessarily a retailer focus at present, while they establish their offering for endemic advertisers. Having said that, the rich data generated by retail environments has been sold in insight reports direct to product companies for some time. But retailers are gearing up to look at an agency product that provides cross-sector insights linked to in-store behaviours. We all know what people do isn't always what they say, so the results will be fascinating.

The use of retailer data in other environments is progressing in other ways, too. We've seen 4OD overlaying Nectar data onto VOD plans allowing, for example, regular Coke purchasers to be targeted. ITV have also announced a partnerships with Tesco and Boots to verify the impact of video on customers in their loyalty schemes. These schemes are particularly interesting, as our measurement capabilities adapt to a cookie-free landscape, but retailers will need to watch out for the commoditisation of their greatest asset – their data!

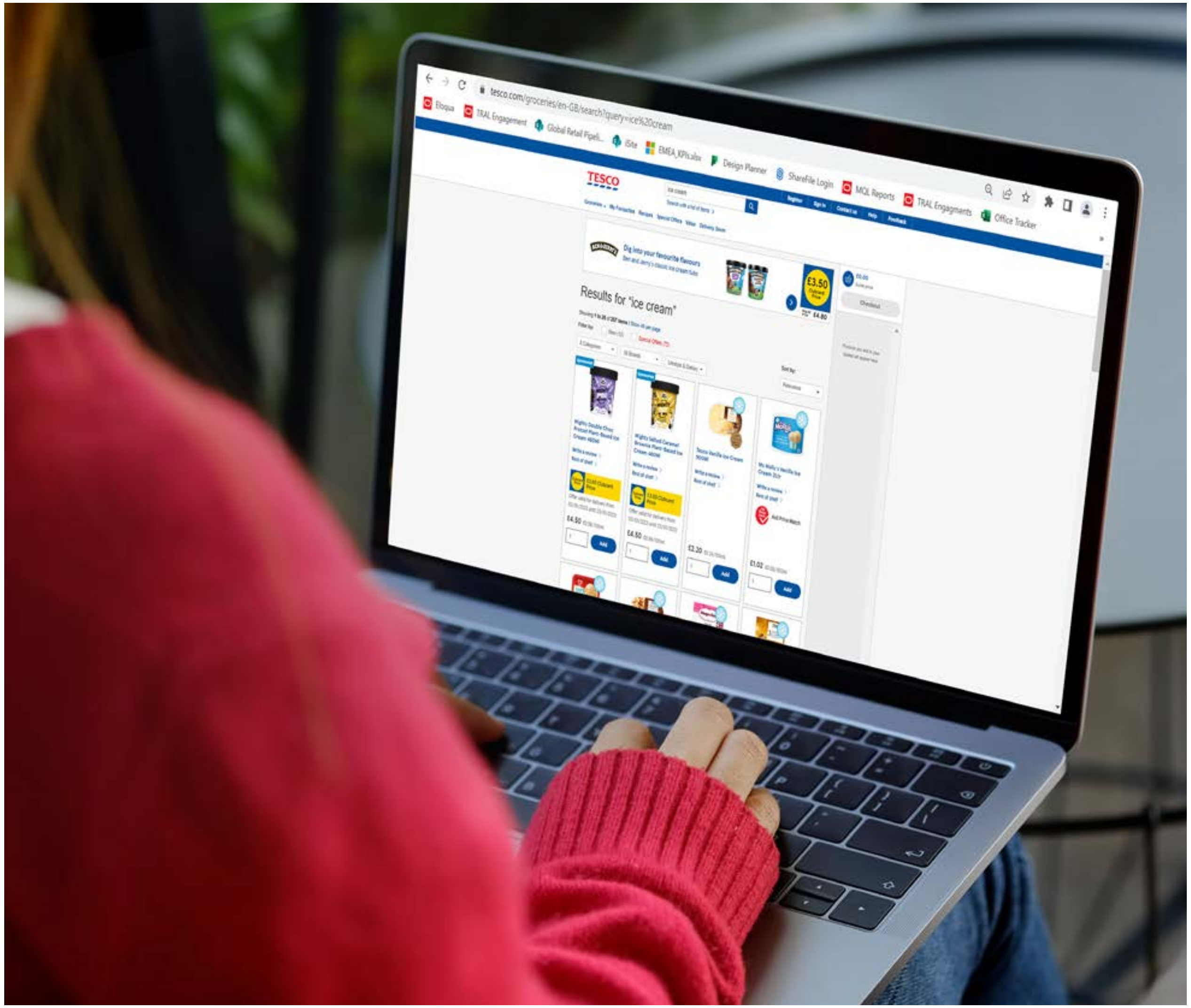
5 areas to watch for in 2023

04

Truly closing the loop

The rapid growth of e-commerce media has thrown up challenges around fragmentation, measurement and organisation. We're beginning to see these challenges tackled as the market is aware that success in retail for advertisers involves the pairing of media with a strategy inclusive of shopper marketing. And that, in turn, drives greater effect on purchase and Return on Advertising Spend (ROAS). Large FMCG advertisers are adapting their teams to bring brand, demand and e-commerce spends together and agencies are adapting their teams and technology to reflect similar insights and operational focus. This allows for a more holistic view – the planning of e-commerce, search and SEO together, for example, or aligning day-part bidding with TV airtime to through-the-line content strategy and partnerships.

Investment in data infrastructure is also key, as e-commerce is data rich but siloed. It's hard to prove incrementality of point-of-purchase activity when data is in vendor ecosystems. Joining data by pulling in APIs from Amazon, for example, alongside performance and delivery data from other platforms, is enabling analysis and supporting objective investment cases. It's also worth noting that the use cases for retailers impacting the media landscape go beyond the endemic brands they sell. Recently we've seen the value of customer data used outside grocery-based advertising. The new partnership between Kroger and Roku reflects the increasing opportunity for retailers to monetise data away from their own platform. Marketers running campaigns via Roku's TV platform will be able to use Kroger's shopper data 'for targeting and closed-loop attribution to measure campaign performance'. Operational and tech infrastructure are adapting as fast as consumer habits in this space, supporting continued growth.



5 areas to watch for in 2023

05

Retail media gets physical

Although the growth and potential of e-commerce can't be denied, physical stores still offer a vast base of shoppers of all types, in most cases bigger than their online counterpart. The opportunity for marketing formats in-store is also huge, covering both brand and performance offerings – everything from radio, magazines, experiential and sampling, through to digital screens, app integrations, point of sale (POS) and signage. Clearly, none of this is new, but the number of retailers currently offering it is small. This is set to change as more retailers think seriously about expanding their offering.

Additional touchpoints will enable retailers to offer more rounded full-funnel solutions, tapping into both brand and performance elements of a campaign, with loyalty/first-party data at its heart. It's possible that brands with the biggest store footprint could gain advantage.

It will come as no surprise that along with extending their physical store footprint, Amazon are reportedly thinking about integrating ads into their Dash Carts and other in-store digital screens. We can also see the expansion of retail media playing out beyond grocery to any brand with a viable retail footprint. Retail property group Westfield have recently launched their own in-house media proposition, which includes access to a network of 1,700 billboards, 170 brand experience locations and a range of online ad formats. At its heart is user data from 550 million yearly visitors across Europe and 40 million online shoppers.

Westfield #TheWimbledonExperience

Brand implications

01

Budgets will unlikely stretch across the multitude of increasingly available channels, so be selective with your choices according to campaign objectives.

02

New formats and propositions will be constantly available, so approach with a test-and-learn mindset.

03

Ensure retail readiness – e.g. available stock levels, packaging, product descriptions, designing content purposely for environments.

04

Think about how to make the most of data from these partners and how to link it to other data sources.

05

Consider retailer offerings more holistically, thinking beyond just sponsored ads (and/or bring brand, demand and e-commerce spends together).

Changing spheres of influence and community

Changing spheres of **influence and community**

How are our trends progressing?

Over to You

The creator economy continues to flourish, with a focus on relatable authentic content. The social platforms are focusing on rewarding and incentivising creators – YouTube shorts will soon become monetised. Expect platforms to offer creators more monetisation tools and to market their big signings. Fandom and communities are still thriving with shared passion points a means for interactivity and participation. Media continues to move further from passive consumption. All participatory media experiences are on the increase, whether it's playing games with strangers, interacting with others via online communities, creating videos for social channels, building worlds within gaming environments, or talking to others on social about content they're watching. The future of media continues to be an engaged and interactive one.

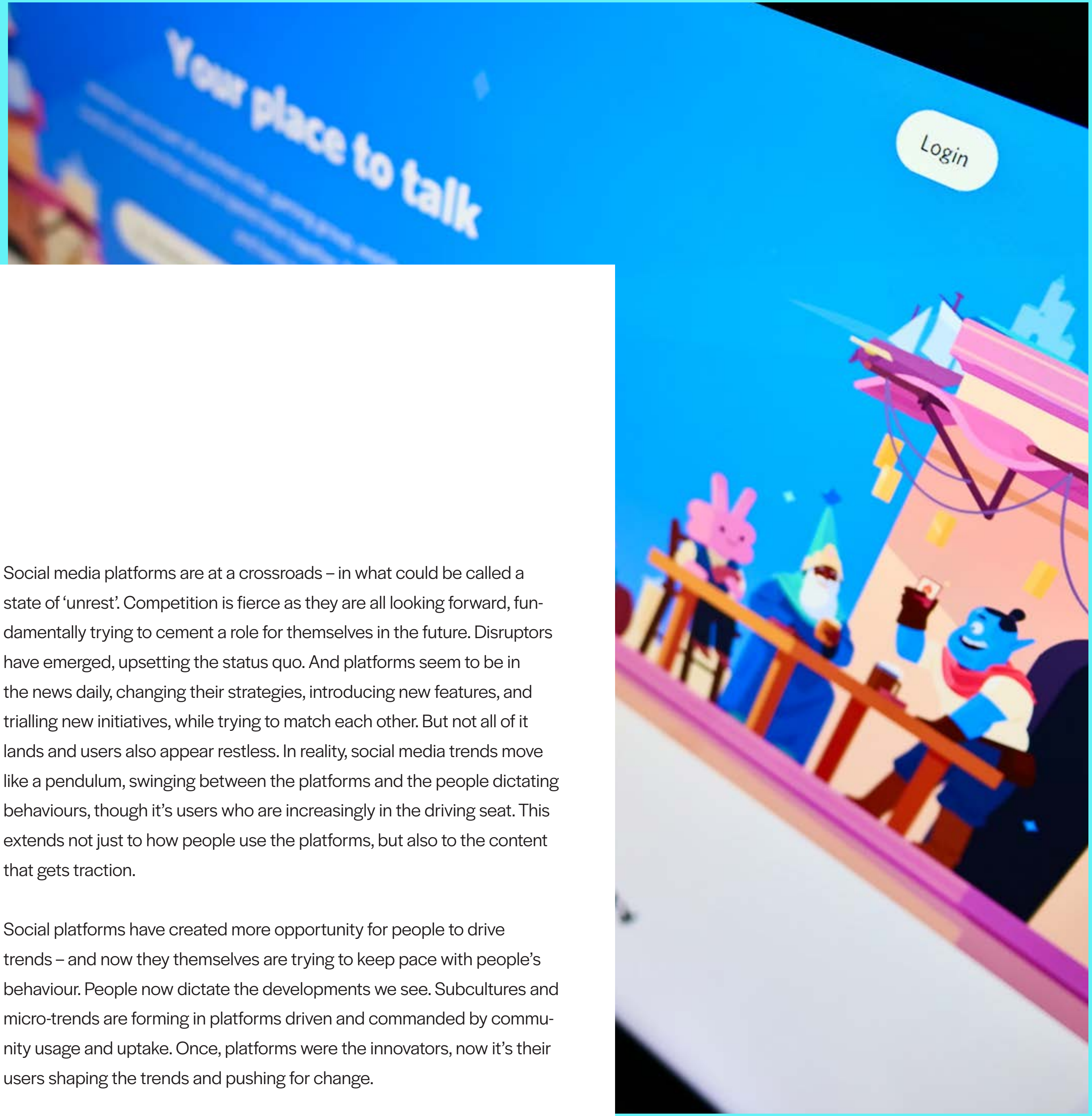
Significant Strangers

With a more considered shopping mindset in pressured economic times, the influence of product recommendations, ratings and reviews can't be underestimated in 2023. And increasingly people are putting their trust in the opinions of real people, even if they don't know them. Search is migrating to platforms like TikTok or Instagram, where user-generated content feels more relatable and authentic (as well as engaging). Marketplaces have also become places to research products and hear what others have to say. With online community engagement higher than ever (see our trend 'Over to you'), people are turning to others with shared interests for advice on platforms such as Reddit or Discord. Any brand activation that feels too overtly paid for or inauthentic will simply be ignored. Significant strangers will play a bigger role than ever in 2023.

Game On

Despite the current economic downturn, the gaming market is likely to remain robust in 2023, led by the streaming and mobile gaming sectors. Free-to-play games will also thrive. Expect to see further gaming mergers, acquisitions and investment in 2023 – we'll also see whether the Microsoft/Activision Blizzard deal gets the go-ahead. TikTok is expanding its gaming remit, too, while Netflix reportedly has 55 games in development, moving beyond mobile games and opening a new game studio. Companies will be investing more in AI and VR to improve the quality of experiences, which opens up new ad opportunities. Ad revenues will continue to grow, fuelled by investment from a wider range of brands, using integrated partnerships to deliver more immersive experiences versus ad formats that interrupt gameplay.

Changing spheres of influence and community



Social Unrest

Social media is at a crossroads but, ultimately, it's the users that will determine what's next.

Social media platforms are at a crossroads – in what could be called a state of 'unrest'. Competition is fierce as they are all looking forward, fundamentally trying to cement a role for themselves in the future. Disruptors have emerged, upsetting the status quo. And platforms seem to be in the news daily, changing their strategies, introducing new features, and trialling new initiatives, while trying to match each other. But not all of it lands and users also appear restless. In reality, social media trends move like a pendulum, swinging between the platforms and the people dictating behaviours, though it's users who are increasingly in the driving seat. This extends not just to how people use the platforms, but also to the content that gets traction.

Social platforms have created more opportunity for people to drive trends – and now they themselves are trying to keep pace with people's behaviour. People now dictate the developments we see. Subcultures and micro-trends are forming in platforms driven and commanded by community usage and uptake. Once, platforms were the innovators, now it's their users shaping the trends and pushing for change.

5 areas to watch for in 2023

01

Platforms vying for individual identities

We're seeing a blurring and borrowing of functionalities across social platforms as they try to replicate one another's features. This bid for domination, of platforms offering everything to everybody in order to gain audience attention, is resulting in their identities becoming less distinct. 49% now think social media platforms are 'too samey'. It's having an impact on the content created for platforms, too, with 58% of people saying they 'tend to see the same content across lots of the big social networks'. Take the standardisation of short-form video. Short scrollable video feeds have become ubiquitous and are no longer a 'TikTok thing'. Both Twitter and Instagram have expanded into this area. But TikTok are looking elsewhere for inspiration – to commerce brands like Amazon (and vice versa, as Amazon looks to introduce a TikTok-like customised shoppable content feed). Plus, TikTok and Instagram are learning from disruptors like BeReal, with new functions like TikTok Now and Candid Stories.

Having highlighted the crossover of features, platforms are still trying to carve out individual identities and we do know that people use each platform for different reasons. 55% of TikTok users say they use it to watch videos, while only 20% of Facebook users say the same. Facebook is used more for keeping in touch with friends (55%) compared to 15% that use TikTok for that reason. And platforms have ambitions to grow their share in other areas as well.

Platforms also seem to be distancing themselves from more controversial areas of social media, positioning themselves as 'entertainment platforms' or 'camera' and 'metaverse' companies. Even BeReal states it's 'not another social network'. Some are also trialling more premium subscription offerings. Whatever their plans, it's vital that they adapt and respect how creators and users are already using their platform, rather than setting their own growth agendas.

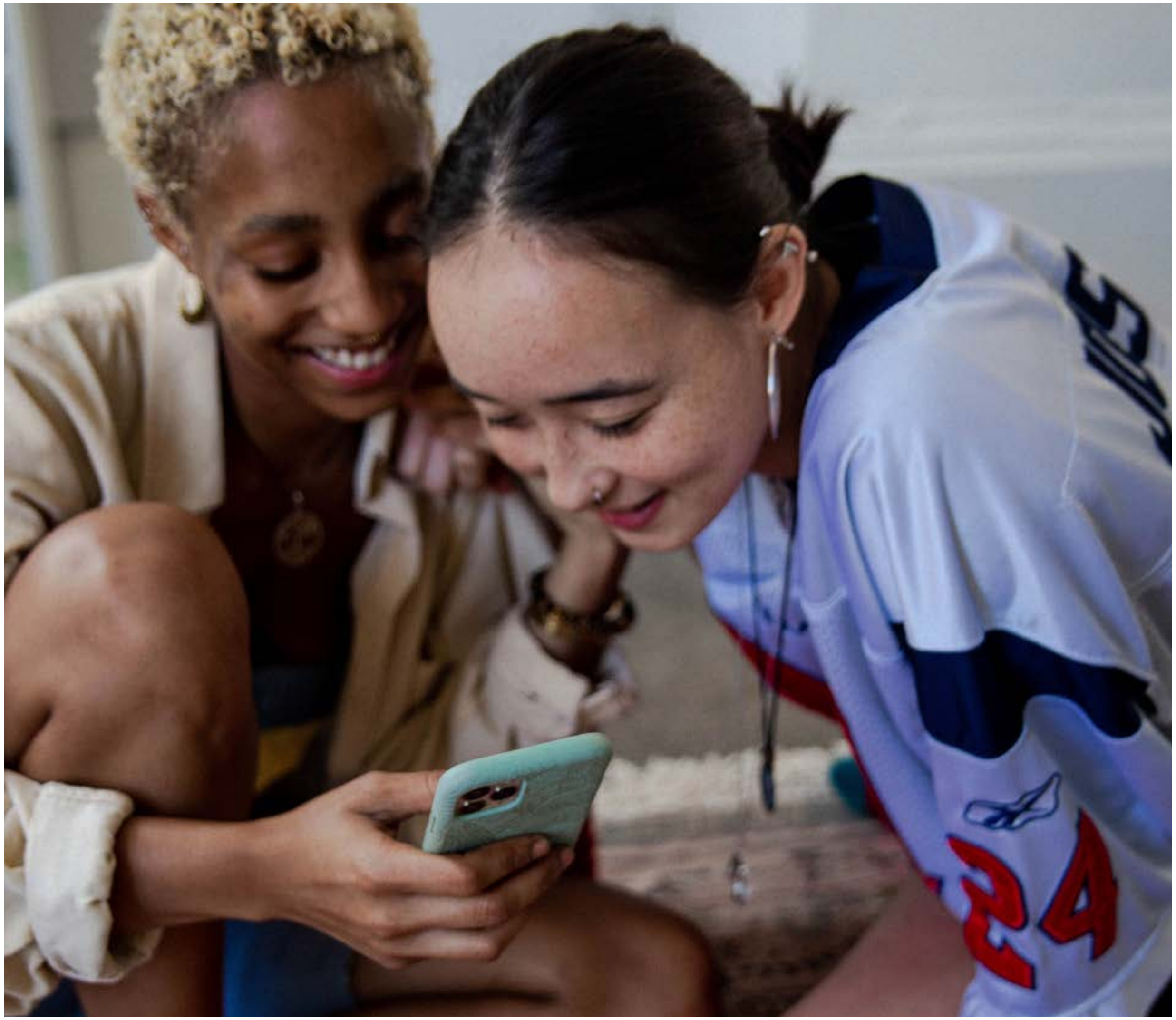
Top 5 Uses for Facebook					
	Connecting or keeping in touch with friends	Messaging	Posting/sharing what's going on in my life	Knowing about events	News
	55%	35%	25%	22%	21%

Top 5 Uses for TikTok					
	Watching videos	Keeping up to date with a hobby or interest	To learn new things or skills	Getting inspiration or discovering new things	Connecting or keeping in touch with friends
	55%	19%	18%	17%	15%

5 areas to watch for in 2023

02

User behaviour redefining the sector



The way people use platforms is changing and this is shaping their output. Snap, for example, is now used more as a friend-to-friend messaging platform. Users have directly redefined the platform through their behaviour. Conversely, there can be a backlash against changes imposed from above. In 2018, following a redesign, Snapchat lost three million of its daily active users in one quarter.

68% of people agree that 'the design of social media platforms needs to put users first'. Increasingly, we're seeing tension between what's supplied by platforms and the behaviours that transpire. For example, Instagram changing its algorithm to favour Reels saw users who favour still images circumnavigating the issue by adding single images to a whole reel, thus ensuring they continue to get scale without compromising their form, while fitting the new functionality. There's even a petition – 'Make Instagram Instagram again' – supported by high-profile figures like Kylie Jenner. Instagram has since reviewed some of its changes. Twitter has faced a mass exodus of users, and workers too, because of radical post-takeover changes to the platform – proving that when platforms dictate behaviours, users may revolt.

Innovation also comes from people's actual usage and new uses for platforms are thriving, as they offer more diverse functions, content and information. 35% of Twitter users and 19% of Reddit users now use the platforms for news. Even 13% of TikTok users are turning to the platform for news and it's gaining popularity as a search engine. The fact that TikTok has just expanded its video descriptions to 2,200 characters is an indicator of their ambitions in this area. Some users seem to be increasingly putting more trust in these platforms, which they find more widely sourced, user generated and visually engaging.

5 areas to watch for in 2023

03

The mass versus niche dichotomy

We're seeing a diversification in the use of platforms, with people using them for specific needs. Even Twitch is being used for different purposes –14% use it to sell things, and 11% for dating.

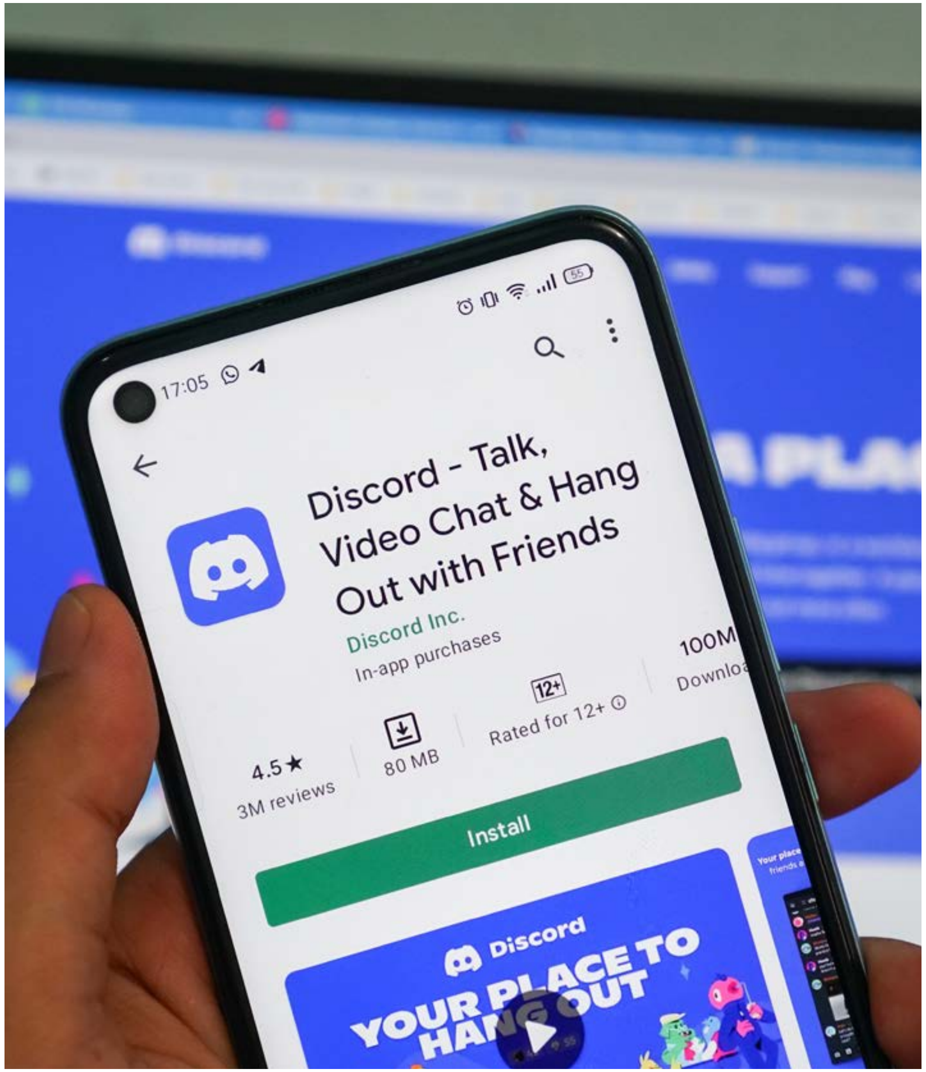
Authenticity is being found in specialist platforms that better represent subcultures and these are thriving. 15% of Discord and Telegram users see them as places to connect with brands. New platforms are emerging – BeReal, TikTok Now, Locket, Yubo, Gas and Poparazzi to name a few. Plus, specialist platforms like Houzz, which is a community platform that provides inspiration, ideas and connections for home renovation experts. Some even consider gaming platforms as social networks – Minecraft provides a blank space for creation, sharing and interaction, for example. Communities thrive in these niche spaces and on platforms that cater to consumers with a shared interest. There's a distinct shift from glossy, curated content to authentic, positive experiences with these specialist communities, which is driving growth in uptake. Though it's still early days. BeReal is trying to solve how to monetise the platform and advertisers must work out how to use it with authenticity.

Smaller networks allow for more personal connection while larger networks have become about watching and connecting. The divide is widening and future social interactions might be polarised between sharing and broadcasting platforms. With such high-quality content now available on the mainstream sites, it's not surprising that 66% of people say they 'prefer just viewing content to posting themselves'.

In reality, people want a variety of things from social platforms, but rarely from a single provider. Younger audiences, for example, spread their needs across a multitude of specialist platforms, each serving a clear function.

66%

of people say they prefer just viewing content to posting themselves



5 areas to watch for in 2023

04

Cultures and subcultures

58% agree that 'social media has a real influence over culture'. While this is true, we should acknowledge that it's the communities on these platforms that have the real power to change culture, magnify subcultures and amplify trends. A shift towards user-generated content means people are driving engagement with a more diverse range of trends than ever before.

Some of these in-platform behaviours shift the paradigm to become mass culture. Take music trends, which can be magnified and shaped by social interactions. TikTok content surrounding *Stranger Things* propelled a 30-year-old Kate Bush song and album to number 1 in the charts. The 'TikTokisation' of media and its penetration into culture is shifting the way music and entertainment are now created – Lizzo's music being made specifically for TikTok and TV/film snippets designed solely with social media in mind. Brands like McDonalds and Pepsi are creating tracks specifically for TikTok and media networks are forming partnerships with social apps to cross-post or cross-host new content, for example, Channel 4 and TikTok.

Hashtags like #booktok (78 billion views) have given a new sense of scale to age-old behaviours like book reviewing. With more specialist features and platforms, you can find a platform or sub-platform for anything. Whether it's salsa, cleaning tips or ninja fruit-chopping, algorithms have got it covered, serving people content they never knew they needed until now.

> All I see now is recipes and cooking ideas on Instagram or Pinterest – all things you could do with slow cookers and air fryers. Now everyone's buying them and that's happened within a week.
>
> Mainstream tech adopter, Age 25–34, Midlands

Even brand success is trailblazed through social communities: take the success of ice cream brand Little Moons, which went viral and resulted in a 1,300% sales uplift in one month at Tesco. People created over 15,000 Little Moons TikTok videos, which garnered hundreds of millions of views.

48% of people believe social platforms allow them to be part of a community

> Everyone was so obsessed with Little Moons when it went viral. Everyone just wanted to try it and were travelling really far, going to different shops looking for it and then they'd post about it.
>
> Early adopter, Age 16–24, South Wales

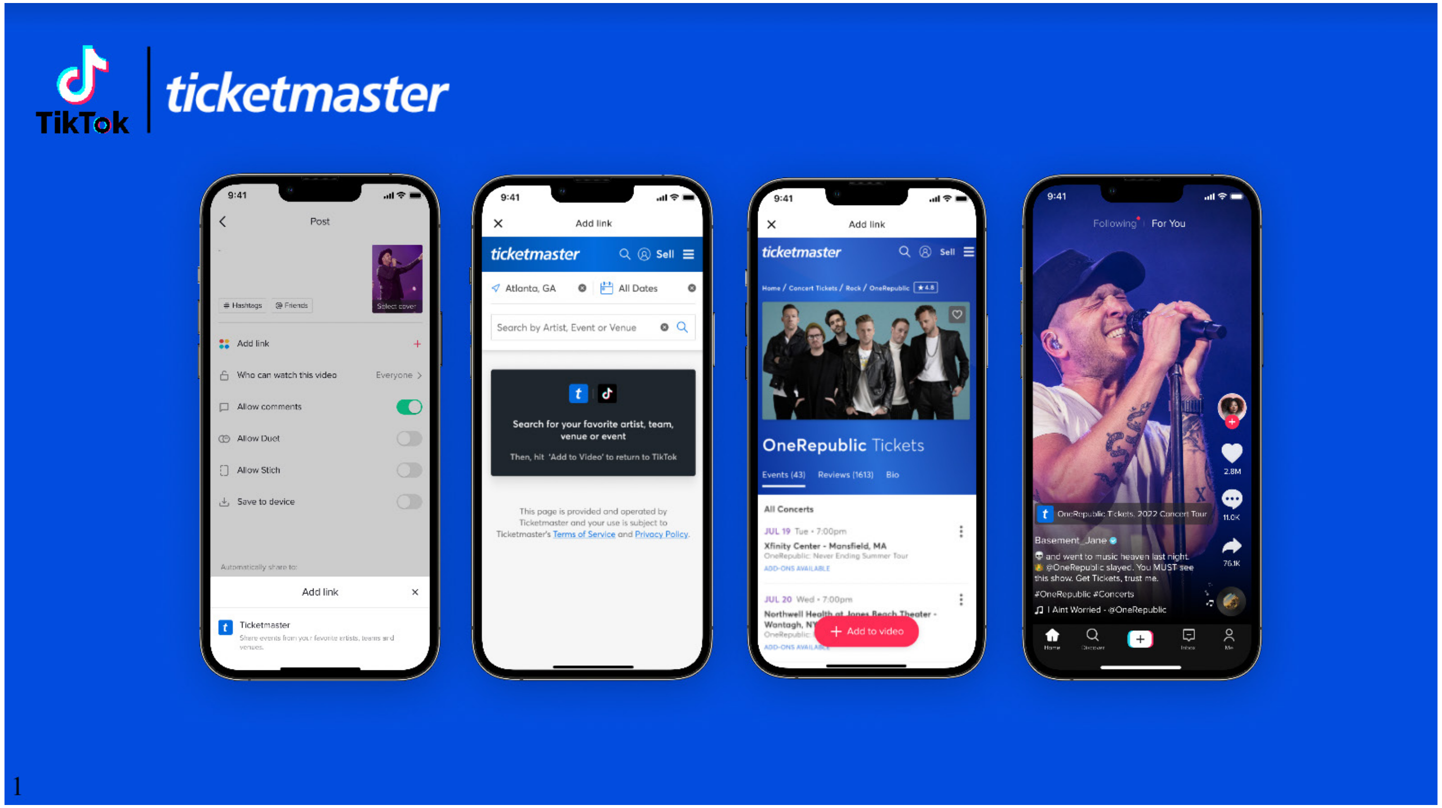
5 areas to watch for in 2023

05

‘Super app’ mentality

We’ve established that platforms and their communities have a lot of cultural clout, especially in entertainment-based areas like music, movies and gaming. It’s no surprise, then, that we’re seeing platform ambitions expand into some of these popular areas, taking their remit way beyond just ‘influence’.

There are rumours that TikTok may launch its own music streaming service (including podcasts), which seems a natural extension considering the platform’s already in touch with record labels. TikTok are also broadening their horizons in the film space. They‘ve launched a ‘Showtime’ ad format that shows a full film trailer. More intriguingly, this trailer links into local cinema times and ticketing. Similarly, the platform has partnered with Ticketmaster to allow users to discover and buy event tickets in the same place. It’s part of a strategy to give users seamless, easy experiences, while providing TikTok with influence and visibility across the entire interaction. This is extending to the sale of products and even their distribution – roll on TikTok’s e-commerce ambitions. The platform continues to invest in shoppable and commerce-related ad formats they refer to as ‘community-driven commerce’. They’re also reportedly planning to invest in a new logistics and warehousing network in the US to support sellers on their platform.



And it’s not just TikTok planning to be more full funnel. Discord is changing its chat service into a game platform and app store, for example. Then there’s Elon Musk, who’s made no secret of his plans to turn Twitter into ‘X, the everything app’, with payments at its heart, prompting comparisons with China’s super app WeChat. A space to watch for sure.

Brand implications

01

Create bespoke campaign formats and content, tailored to each platform, as usage behaviours are very different.

02

Reflect and react in platform-native ways to emerging trends.

03

Diversify your paid social spend. There is a growing opportunity across a wider pool of networks with distinct and authentic roles and highly engaged consumer bases.

04

Work with platform specialists to define brand-safe approaches that can test new formats or opportunities in these micro and emerging platforms.

05

Listen to how consumers and creators want to create content for these platforms.

Changing uses of tech

Changing uses of **tech** trends

How are our trends progressing?

Get Snappy

Cameras, videos and images continue to elevate our digital experience. QR codes have become commonplace and will be used more in 2023 to initiate interactive, engaging digital experiences. The shift to video on social platforms also hit the ground running in 2022 and platforms will continue to prioritise video features in 2023. Search activity is migrating to more visual platforms like TikTok and Instagram, while Google is introducing more visual features and video snippets. The use of visual search itself via products like Google Lens is growing, with Google announcing it now handles eight billion monthly visual queries via Lens (a threefold increase from 2021). With mobile commerce (m-commerce) set to increase in 2023, visual content will no doubt also feature more prominently.

Virtual Insanity?

Excitement around the metaverse may have waned in 2022, but it foreshadowed areas to watch, like immersive tech, gaming and Web 3.0. The blockchain technology behind Web 3.0 remains where potential lies, but we remain in 'Web 2.5' for now, using Web 3.0 assets with Web 2.0 infrastructure. Experiences in virtual lands don't compare to gaming environments and metaverse conversations will shift back to gaming in 2023. Cryptocurrencies and NFTs (Non Fungible Tokens) were a rollercoaster in 2022, but expect more focus on the experiences they enable for 2023. Similarly, expect more linked-up real world and metaverse experiences offering genuine value. A fully realised metaverse isn't coming soon, but people will become familiar with it in 2023 – 48% claim they know something about it, already up 25% from last year. Brands will also start to find a role for it, experimenting with virtual environments, acquiring learnings that feed into more strategic metaverse plans.

OM5G

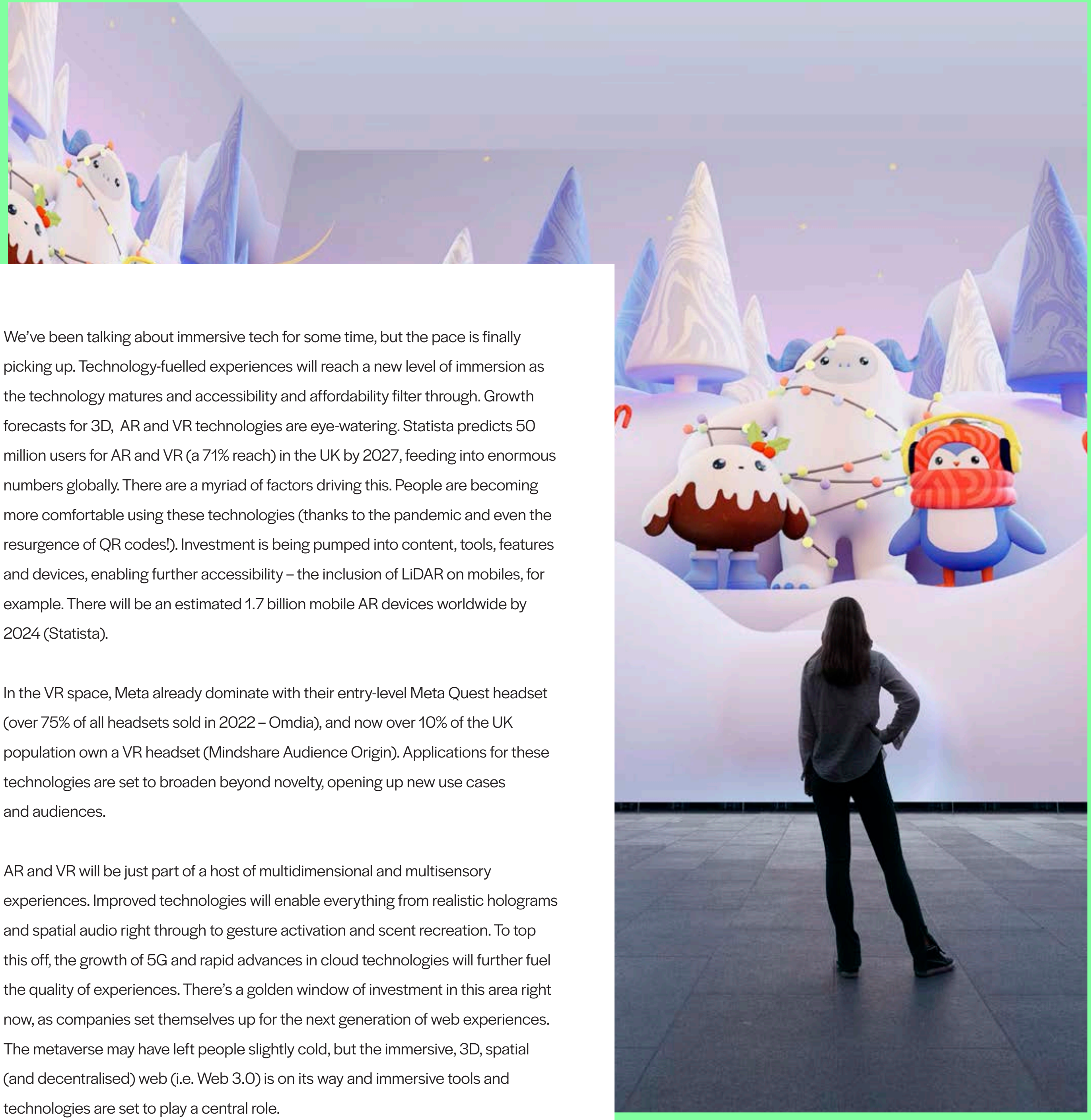
Mobile operators continue to roll out 5G at pace and networks like Vodafone are shutting down their 3G network to make room for new technologies, so there is progress. People in the EU will also be able to use 5G technology on planes, with the European Commission ruling this now possible. However, according to Ofcom, 5G only accounts for 9% of mobile traffic currently, and only 20% of handsets are 5G capable. With over half of people saying they have already downgraded their phone contract or are trying to do so, due to cost-of-living pressures, 5G take-up is unlikely to be huge in 2023. In addition, consumer awareness and knowledge of the technology has not really increased from last year. An education job remains.

Home Sweet Home

People may be spending less time in their homes than during the pandemic, but the cost of living is still prompting a fair amount of time spent there and some behaviours remain. Homes are still a sanctuary and efforts to improve our home tech have already happened. CTV and voice device ownership has risen, though is now flattening out. It's other previously 'niche' devices like thermostats and lighting we should be watching. Smart home products had a good 2022 as people looked for energy savings. Supply chain issues are reducing, so this should continue in 2023. The main barrier to growth in smart home has been integration, and 2023 will see a solution, with 'Matter' now live – a long-awaited common standard tying multiple devices to a virtual assistant. Mobile will then act as a remote control and homes will be set up for new forms of commerce in the coming years.

Look Who's Talking

Spoken word technology continues to do well. While we've not entered the screenless era some predicted, we're seeing the market mature. Over half of the UK population now own a smart speaker, with Amazon's Alexa continuing to dominate, though sales will flatten a little in 2023. Expect to see increasing frequency of use and the broadening of use cases for the devices. Voice commerce is still a few years away, but, in the meantime, assistants will continue to permeate into other channels and devices – cars and AV should be watched closely. Brands will embrace the conversational capabilities of this tech in 2023. In terms of format, audio books and podcasting remain popular. The podcasting industry is set for a tougher time than in previous years, but the medium still regularly engages large numbers of people and growth will continue. Watch out for more targeted and contextual podcast ad offerings, too.



Changing uses of tech

Immerse Me

As we embark on our journey to Web 3.0, immersive tech experiences are set to shift up a gear.

We've been talking about immersive tech for some time, but the pace is finally picking up. Technology-fuelled experiences will reach a new level of immersion as the technology matures and accessibility and affordability filter through. Growth forecasts for 3D, AR and VR technologies are eye-watering. Statista predicts 50 million users for AR and VR (a 71% reach) in the UK by 2027, feeding into enormous numbers globally. There are a myriad of factors driving this. People are becoming more comfortable using these technologies (thanks to the pandemic and even the resurgence of QR codes!). Investment is being pumped into content, tools, features and devices, enabling further accessibility – the inclusion of LiDAR on mobiles, for example. There will be an estimated 1.7 billion mobile AR devices worldwide by 2024 (Statista).

In the VR space, Meta already dominate with their entry-level Meta Quest headset (over 75% of all headsets sold in 2022 – Omdia), and now over 10% of the UK population own a VR headset (Mindshare Audience Origin). Applications for these technologies are set to broaden beyond novelty, opening up new use cases and audiences.

AR and VR will be just part of a host of multidimensional and multisensory experiences. Improved technologies will enable everything from realistic holograms and spatial audio right through to gesture activation and scent recreation. To top this off, the growth of 5G and rapid advances in cloud technologies will further fuel the quality of experiences. There's a golden window of investment in this area right now, as companies set themselves up for the next generation of web experiences. The metaverse may have left people slightly cold, but the immersive, 3D, spatial (and decentralised) web (i.e. Web 3.0) is on its way and immersive tools and technologies are set to play a central role.

5 areas to watch for in 2023

01

Visualisation of products shifts up a gear

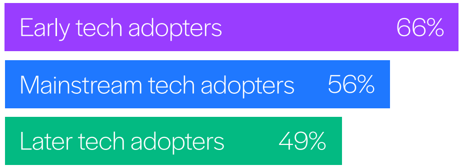
3D and AR are still mainly associated with entertainment, but they've also become effective business tools. More brands are integrating virtual try-on and product visualisation tools into e-commerce platforms. Walmart have introduced AI virtual try-on, allowing customers to use their own photos to see how clothing looks on them. Often, these experiences help bridge the gap between in-store and online experiences, so it's no surprise brands are increasingly seeing AR or virtual visualisation as a must have, rather than a nice to have. The big tech companies are also ramping up their efforts to facilitate brand activations. Amazon have partnered with Snap to offer eyewear try-on and Google have launched AR try-on for foundation shades.

Apple have launched a new AR Kit API called RoomPlan which utilises LiDAR to create a 3D floorplan and recognise objects such as furniture. It could enable users to see how products look in their homes, with brands selling directly from it. 57% of consumers agreed that 'being able to visualise goods/services before purchasing is helpful'. Other studies show that AR helps with conversion and memorability, too. Certainly, our research shows people now using and remembering these kinds of AR activations in their everyday lives.

It doesn't stop at AR – Google are integrating more 3D features into Google Shopping. When 3D images were trialled in the home category, Google found consumers interacted 50% more with these versus static images. They now plan to roll 3D images out across other categories – shoes next. Plus, they're developing tech to create 3D assets quickly and cost-effectively for smaller sellers.

> We moved house last year and we used some Ikea tech to design a room. You're able to drag items into your empty room and see how it would look. I know ASOS did a similar thing as well, where you can look at clothes and how they might fit before you order.
>
> Early tech adopter, Age 25–34, South West

Being able to visualise goods/services before purchasing them is helpful (all agree, by tech adoption)

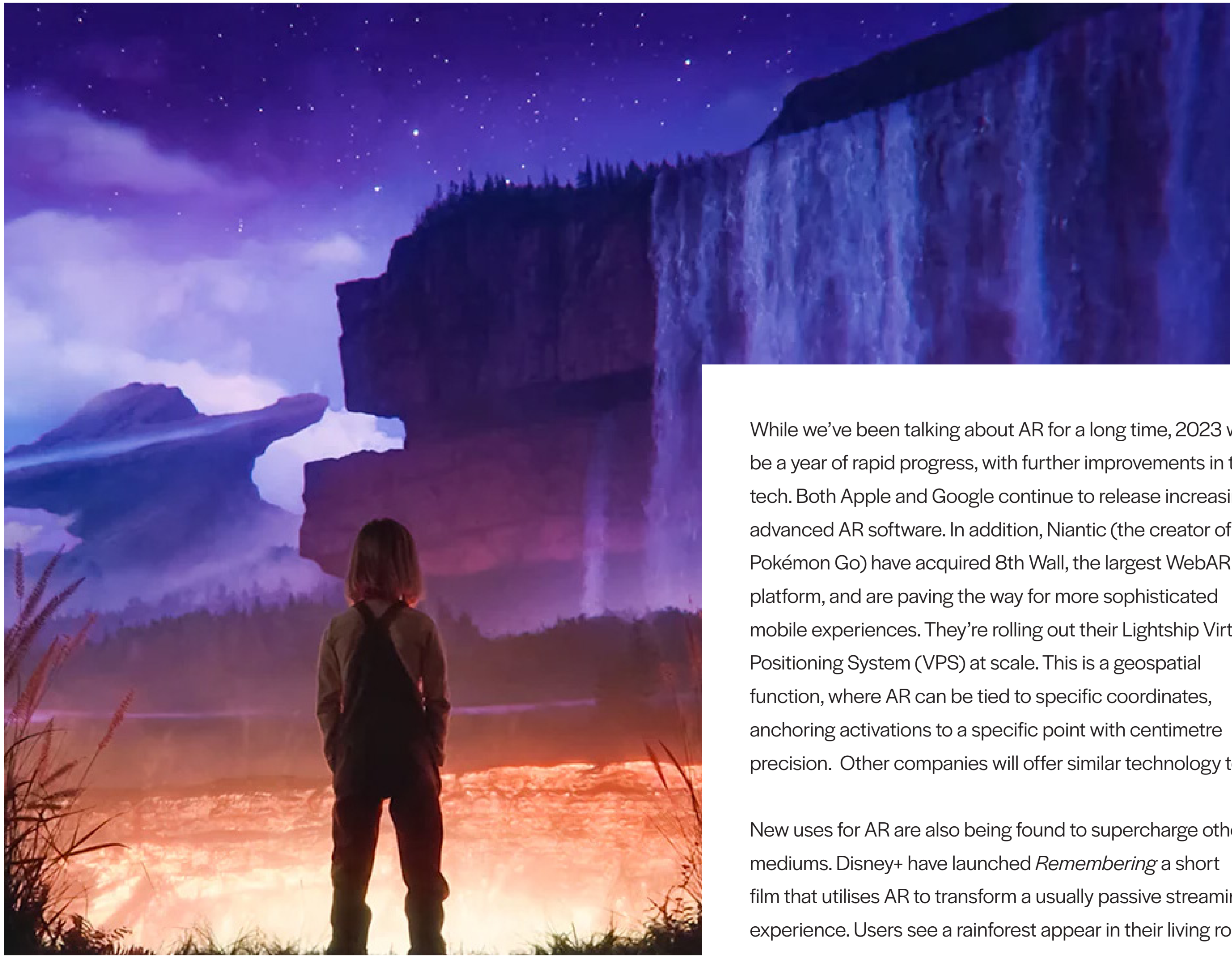



Apple RoomPlan

5 areas to watch for in 2023

02

Next-level AR comes to town



While we've been talking about AR for a long time, 2023 will be a year of rapid progress, with further improvements in the tech. Both Apple and Google continue to release increasingly advanced AR software. In addition, Niantic (the creator of Pokémon Go) have acquired 8th Wall, the largest WebAR platform, and are paving the way for more sophisticated mobile experiences. They're rolling out their Lightship Virtual Positioning System (VPS) at scale. This is a geospatial function, where AR can be tied to specific coordinates, anchoring activations to a specific point with centimetre precision. Other companies will offer similar technology too.

New uses for AR are also being found to supercharge other mediums. Disney+ have launched *Remembering* a short film that utilises AR to transform a usually passive streaming experience. Users see a rainforest appear in their living room and a waterfall pouring from their TV. AR is also set to appear on more devices. Glasses and headsets are garnering attention as we move towards a future of wearable AR and VR. We're still a few years away from that, but the release of Apple's MR/AR headset will provide a boost. Whether this will be in launched in 2023, let alone at an attainable price, remains to be seen. Meanwhile, other tech companies are hot on their heels. Meta is rumoured to be launching version 3 of their popular Quest VR headset, and Sony is set to launch PlayStation's VR2 device. The current enthusiasm for VR headsets may diminish, however, in the face of competition from AR headsets.

With all these new developments, companies are looking at how they can link experiences across devices more effectively, while developers are trying to ensure their content can be ported into as many devices and environments as possible.

5 areas to watch for in 2023

03

Multidimensional advertising

As predicted, 2022 saw brands capitalising on 3D anamorphic technology to create attention-grabbing visuals that appear to leap from billboards. This was taken one step further with the launch of Subway's interactive 3D billboard, where passers-by could build their dream sub on screen. These interactive outdoor activations are so new, people need a bit of set-up and explanation to stop them just walking right past.

The use of holograms and holographic projectors also ramped up, making 3D images appear in thin air. The entertainment industry leaned into the use of 4K 3D holograms to bring artists like ABBA, Elvis and BTS to life. Brands have started experimenting too. Johnny Walker beamed a life-sized mixologist into an OOH unit, allowing consumers to interact with the bartender. Hologram company HYPERVSN has seen 40% longer viewing times of holographic experiences versus 2D ads, as well as an 88% boost in people's happiness.

Multidimensional experiences shouldn't be limited to the visual, though; we should be aiming to hear in 3D, too. Bring on 'spatial audio'. It aims to heighten immersion by mimicking how we perceive audio in real life to give the feeling that sound is coming from all directions. Spatial audio seems a no-brainer for audio formats like podcasts where listeners will likely be wearing headphones. Apple have been leaning into the concept for a few years – subscribers can enjoy thousands of songs in spatial audio and, with iOS 16, people are able to calibrate the sound to their head shape to personalise the 360-degree audio experience. Meta and Oxford University have been testing spatial audio and found that when deployed with screen-based media it deepened connections with what consumers were seeing. The 'spatial' crunch of crisps, for example, aided product desirability and intent to buy.

> 90% of podcast listeners still consume alone and, unsurprisingly, a large number of those listeners are listening via headphones, so it's the perfect space for brands to get creative with immersive audio. We're starting to see brands create moments of description and escapism through binaural creation/3D audio. This is no longer restricted to ads and can also be applied within sponsored reads.

Source - ACast

5 areas to watch for in 2023

04

Multisensory advertising

Science tells us that human experiences begin as a combination of sensory inputs. The more senses we utilise, the more meaningful those experiences are thought to become. More brands are ‘layering’ different forms of technology to create immersive and multisensory advertising – ads that engage two or more senses to create memorability and stronger connections with consumers.

Sight and sound are the typical senses engaged by media executions, but feel, movement and smell are other senses we could be tapping into for even greater effect. The Outernet, a new entertainment district in London, offers brands the opportunity to experiment, combining giant ultra-HD visuals with spatialised sound, gesture-activated interactions and atomised scents to enhance a total sensory experience.

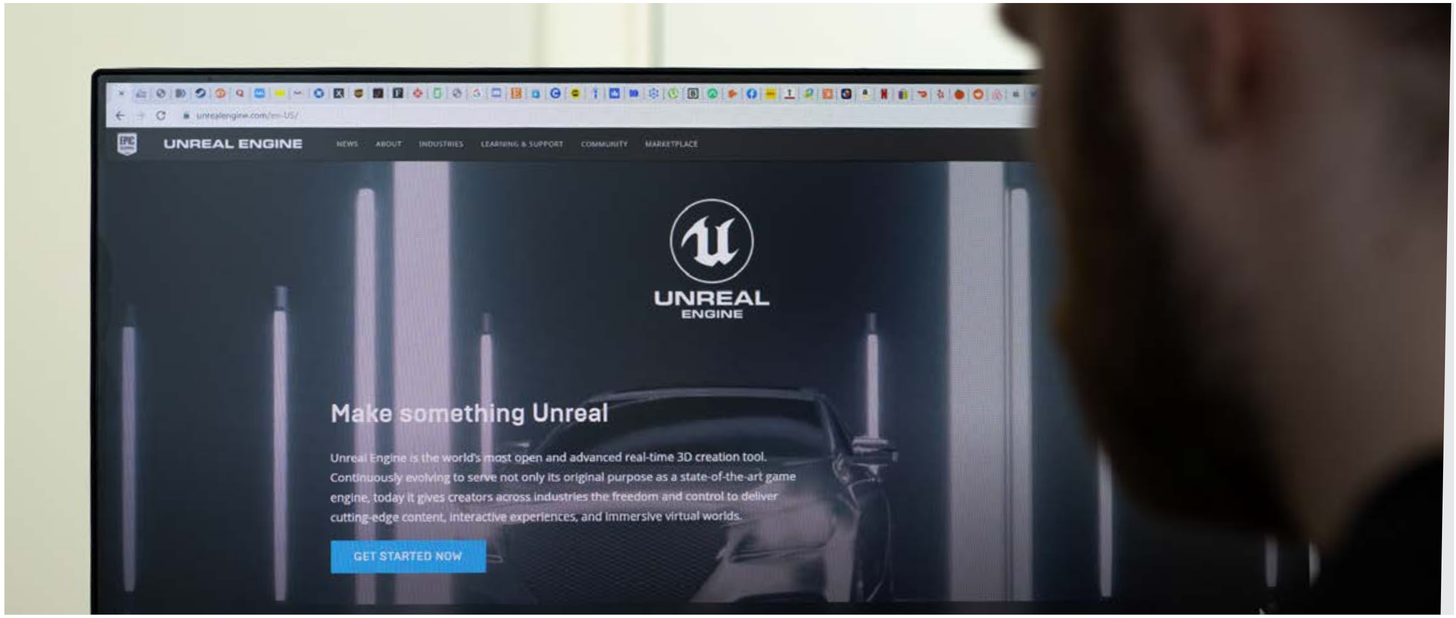
Haptic technology, recreating feel, is also gaining traction. Teslasuit has created full-body suits and gloves that provide haptic feedback to the wearer, capturing their movement and biometrics in the process. This allows people to touch and feel virtual objects, experiencing scenarios that they wouldn’t otherwise be able to. Vodafone used it to demonstrate the power of a rugby tackle, without being physically hit, for example. Obviously, this technology could seriously enhance our virtual experiences, along with other sensory elements.

As the 3D web continues to develop, it’s an area to watch. Companies are developing spatial scent technologies for desktop and tablet, plus wearable devices and attachments for VR headsets, for example. There will certainly be some exciting applications in this space in the near future.

5 areas to watch for in 2023

05

Development of 3D brand assets

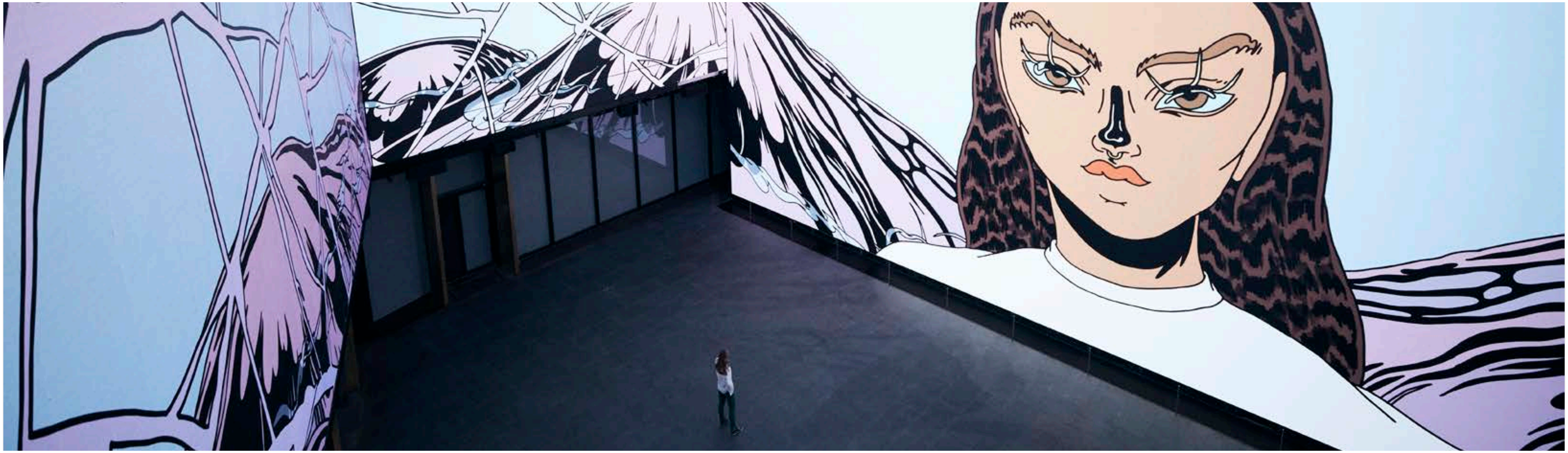


With rapid growth on the cards for immersive technologies and virtual environments, 3D brand assets will be relied on more and more to deliver engaging experiences for consumers. Brands will start to see their development as essential, rather than nice to have, especially as we move into an immersive internet era, based on Web 3.0 technology. The 3D web feels like a natural progression of technology, especially for our early adopters. But not only for them – most people like the idea of it, even if uncertain when it will become a reality.

Brands certainly need to be prepared – gaining learnings in this space and producing the assets that will be required. 3D asset production has traditionally been expensive and inflexible, in that an asset created for one platform can't easily be repurposed for another. However, technology from the gaming world is allowing the creation of photo-realistic assets that can be altered in real time for any platform, often in a cost-effective manner. More brands will be harnessing the tech available to them from gaming engines like Unreal Engine and Unity. While we may be a way off from a fully Web 3.0 world, many brands would benefit in the short term from building their assets in this way to allow for more seamless (and cost-effective) production, as well as maximising the opportunities technologies such as AR and VR present right now.

> 3D web technology to me doesn't sound like the future, it sounds like tomorrow. I'm totally up for that. To be able to look around cars if you are in the market, or shop in the virtual world, I think that's a pretty good thing.
>
> Mainstream tech adopter, Age 55–64, London

Brand implications



01

Focus on the storytelling and outputs the technology provides, rather than the tech itself.

02

Think beyond novelty factor, ensuring the execution adds to the experience.

03

Consider all the consumer interactions and touchpoints that could be enhanced – online and offline – and think about engaging via multiple senses and dimensions for added memorability.

04

Amplify tech executions so that people know about them and pull people into the experience, so they want to actively participate.

05

Invest in 3D brand assets and test-and-learn with some of these technologies.

Changing uses of tech

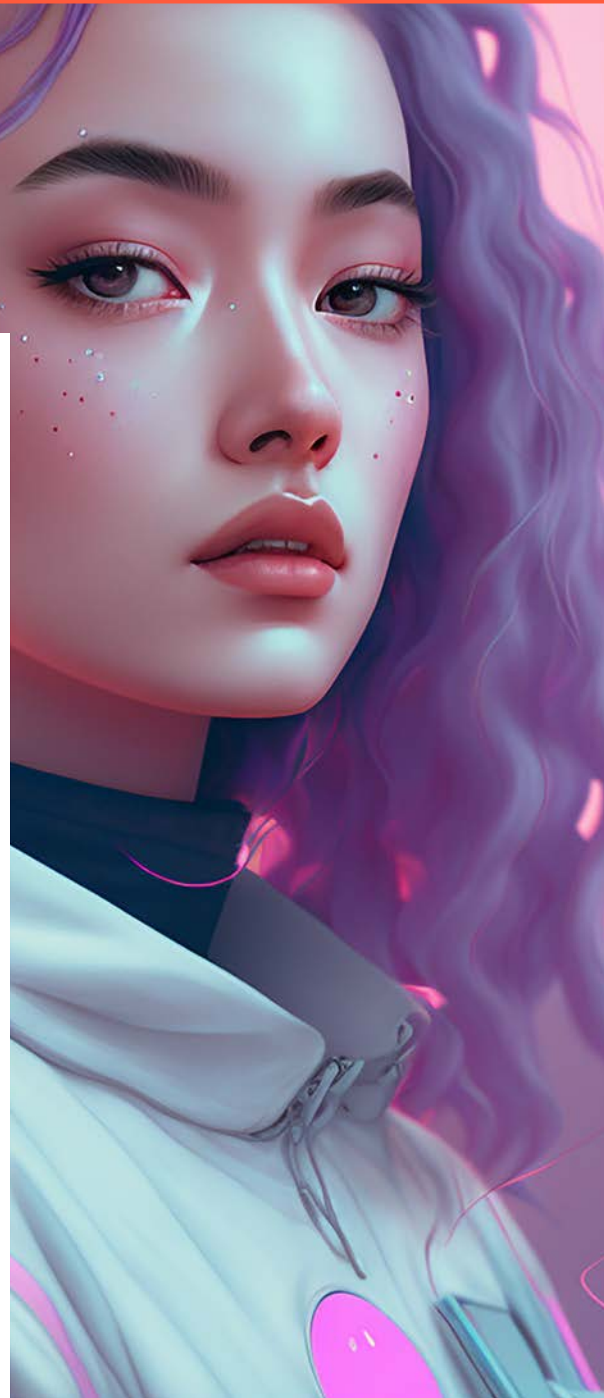
Synthetic Media

Synthetic media is beginning to make an impact, and has the potential to transform the media landscape entirely.

What exactly is synthetic media? It's content that has been modified or generated by AI in some way. We're already familiar with it in the form of face swap apps or AR filters (see our trend 'Immerse Me'), but it's also developing rapidly in other areas, due to advances in deep learning.

Last year, new accessible tools emerged that use AI to create videos, images, text and audio from scratch. They are simply told what we want to see or hear and how we want it expressed, and then work with existing datasets to create it. For example, DALL-E 2 allows you to create detailed, specific images by typing just a few word prompts. This kind of AI-generated art has even won an art competition (and artists aren't happy).

Tools that allow the editing of content using existing assets are improving, too. This is commonly known as deepfake technology, a loaded term that is doing it no favours – 36% of people have heard of deepfake technology (52% for early adopters), but most associate it with the negative and sensationalist examples publicised in mainstream media. But use of the technology is increasing – both *Top Gun: Maverick* and *The Mandalorian* used AI voice recreation, for example. In reality, the technology has as many positive applications as negative ones and the accessibility of these new tools has massive implications for how media content is created and consumed in future. It could introduce more efficiencies in both speed and cost of production, bring ideas to life in new ways, help with prototyping or even prompt new forms of content as new ways of creating things emerge.



5 areas to watch for in 2023

01

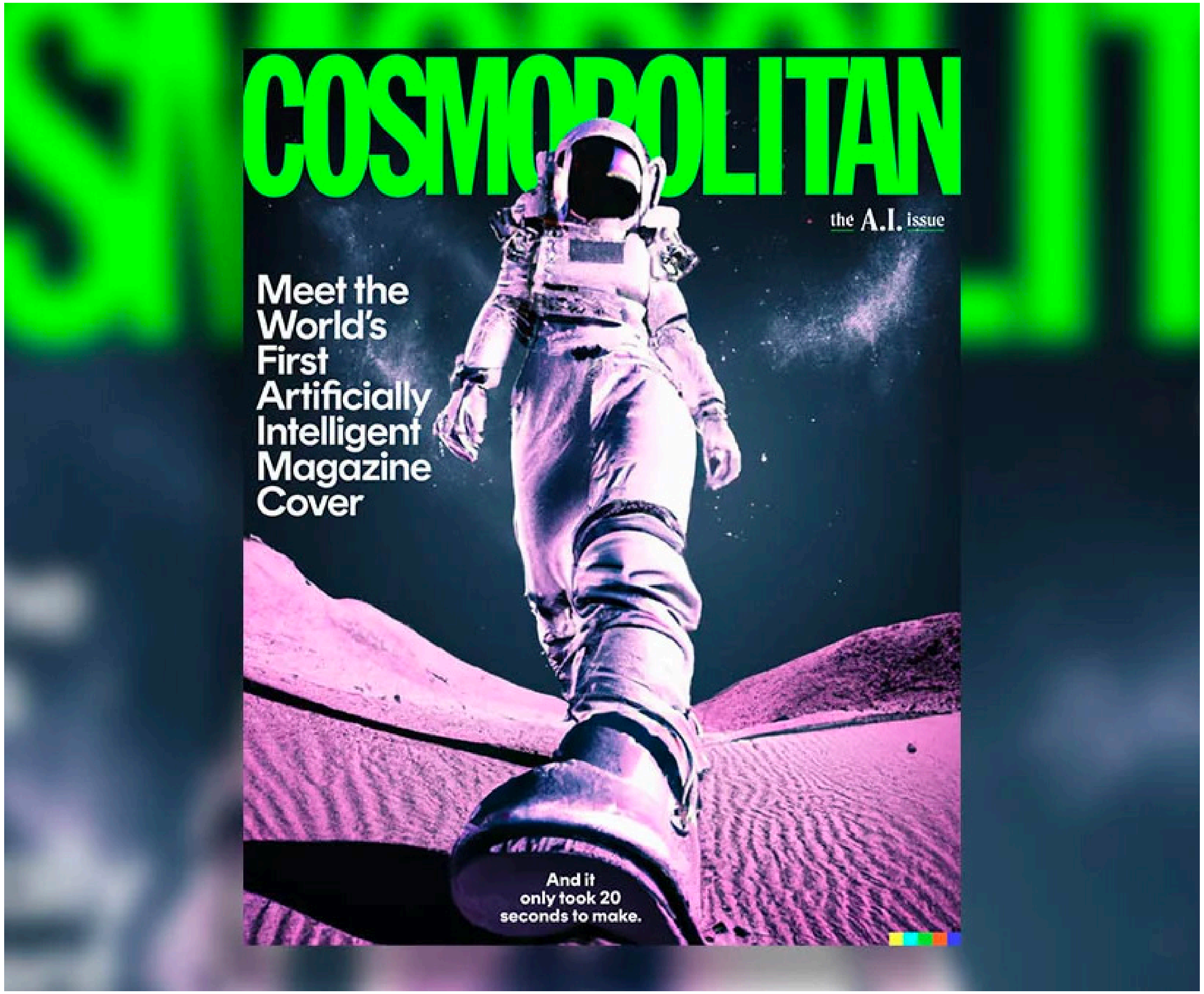
Synthetic images

The last six months have seen a buzz around AI image generation, thanks to the accessibility of platforms like DALL-E 2, Stable Diffusion and Midjourney. It's no surprise to see Google throw their hat into the ring with their tool Imagen, either. It's easy to see why the promise of AI image generators is enticing to creatives of all kinds – describe what you see in your imagination and in a few seconds it's delivered.

Within the advertising industry – where image libraries with millions of images rarely seem able to deliver the image you are looking for – AI has huge potential for experimentation, bringing ideas to life, and speeding up the creative process. This raises a debate about the removal of human creativity and skill, but we shouldn't be too concerned, at least yet, as the results are only as good as the brief given. There are now resources like the DALL-E 2 Prompt Book to give guidance, and you can even hire a prompt designer to help you with the words that will get you the image you're after.

Image libraries are making sure they're part of this new world too. For example, Shutterstock is partnering with OpenAI and LG to bring an AI content generator to its platform, while Lexica is a new image search that finds AI images already created by Stable Diffusion. And, in the publishing world, *Cosmopolitan* and *Vogue* have released their first AI-generated covers.

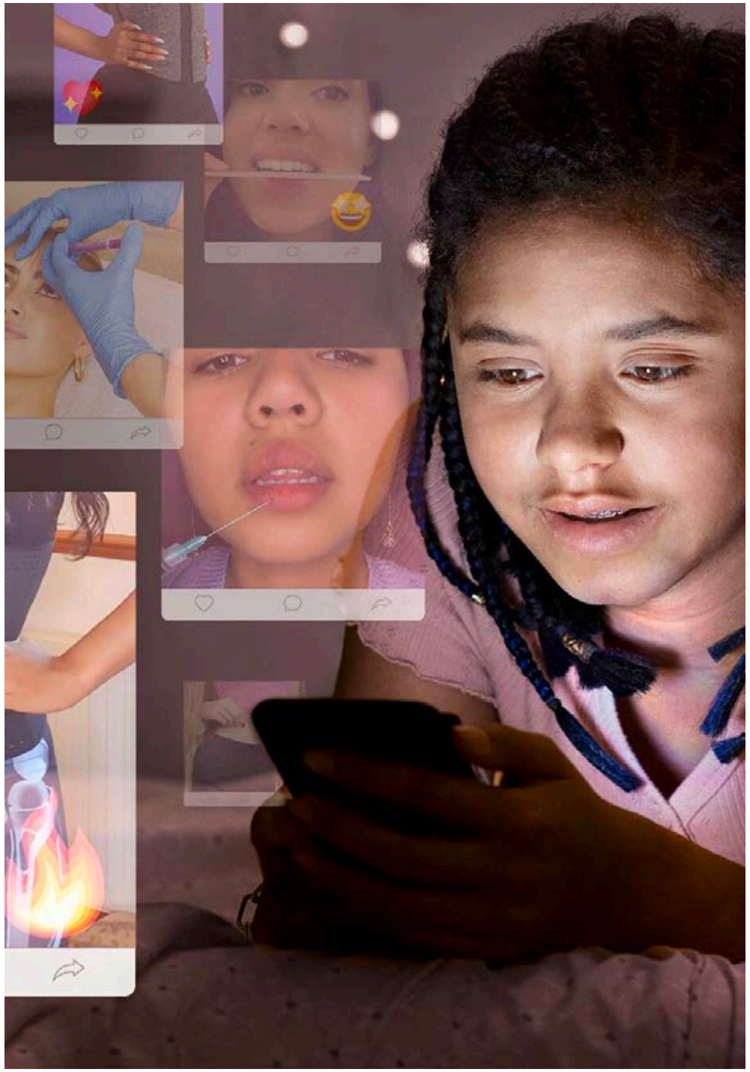
For now, the image generation process can be a bit hit-and-miss, with some results being spookily good and some just being spooky. But, with the momentum behind the technology, and experimentation by the creative community, AI image generators are set to become a powerful tool within our industry.



5 areas to watch for in 2023

02

Synthetic video



There has been progress in the world of AI video, too. Sophisticated AI technology is already available in pre- and post-production, removing some barriers of previous physical processes and allowing content to be created without huge costs. For example, using Synthesia's technology, multiple variations can be made from one shoot, as seen in the video made for the Zero Malaria charity, where David Beckham appears to speak multiple languages. We've already mentioned deepfake technology, but it's worth noting it can be used successfully in ads, too – the Dove #detoxyourfeed campaign is a prime example.

When it comes to creating AI video content from scratch, however, things are in much earlier stages of development. Theoretically, it's possible to create a movie from scriptwriting to final edit using multiple AI tools. Recently, movie-makers have been experimenting with this – from 2016's *Sunspring*, with a script written by Benjamin, an AI neural network, to *SALT*, which is being created by tech entrepreneur Fabian Stelzer. Stelzer is using Midjourney, Stable Diffusion and DALL-E 2 to create visuals, and video editing and deepfake programmes to give a sense of motion. From content released so far, it looks like it's really pushing the boundaries of AI creativity.

Somewhere between AI production technology and full movies, you'll find applications like Meta's Make-a-Video, or Studio D-ID, which allow you to create short video content from a few lines of text. Make-a-Video allows for more creativity, but the resulting visuals can be quite eerie and surreal. With D-ID, you can create a convincing presenter-led video from text, but the visual options are more restricted.

The limited software options publicly available in this space, combined with the time needed, means that AI video isn't as advanced as AI imagery, but we suspect it isn't far behind.

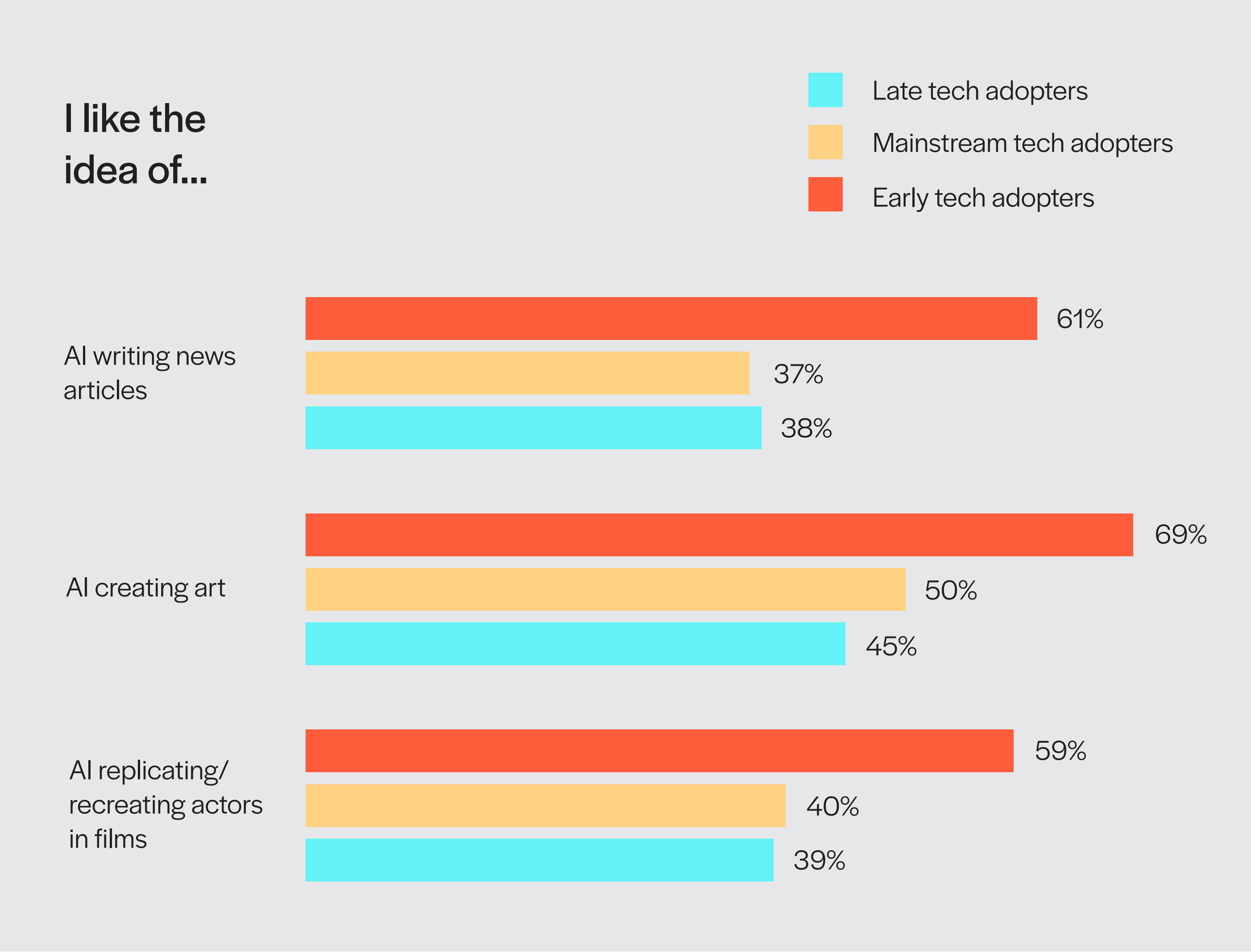
5 areas to watch for in 2023

03

Synthetic text

Text-based AI creations are set to rise in popularity, too, facilitated by new tools. GPT3 from OpenAI, is being used as the base for tools such as copy.ai and anyword.com. Recently launched ChatGPT is causing a stir and GPT4 is due to launch in 2023. These type of tools use deep learning to generate text-based content including code, blogs, articles, scripts, stories, legal documents and news reports. A large proportion of content published on Bloomberg's site, for example, is AI generated – it researches financial reports to create relevant financial news stories. This feels a tangible solution for specialist areas, but for wider-ranging topics, accusations of mis/disinformation are surfacing – output is only as good as input.

Presently, these tools have limitations, but there has been much improvement in a short space of time, so expect rapid progress. ChatGPT can grasp context and the structures of human language to produce human-like responses. It can even write basic academic essays – university tutors should watch out! There are conversations around whether this technology might replace search engines. Google engineers are all over this question, but there's no straightforward answer yet. In the meantime, it's worth considering how AI-generated content ranks in search. The answer is – not well. It may even be marked as spam. In its raw format, the content is often not engaging enough to draw people (or search engines) in. But... AI-generated content can certainly be used as a basis for research and structure. Currently, it needs much human intervention, but, as the tech improves, it's an area to be watched.



5 areas to watch for in 2023

04

Synthetic speech and audio

The creation of speech from text-based content (known as text-to-speech or TTS functionality) is becoming more widely used. Google's API can generate speech with human-like intonation, for example, and this functionality is now built into Google Assistant. You need only say 'Hey Google, read aloud' to convert articles into speech. The potential is obvious as an assistive technology, but add two-way conversational AI and applications become even more exciting.

There will also be progress in voice recreation and editing, or speech-to-speech functionality. Human and synthetic voices will be increasingly tricky to tell apart. Already voice cloning (creating digital copies of people's voices) has hit the headlines. James Earl Jones who voices Darth Vader in Star Wars is retiring, but has signed over rights to his voice to an AI company to be used in future content. Netflix also used generative AI voice technology to recreate Andy Warhol's voice in *The Andy Warhol Diaries*. The technology has further uses – synthesised voices could be used for ads, films, podcasts and radio content. Bloomberg is also using AI to translate video content into other languages.

AI-generated music is also a hot topic. Google has launched a tool that, from a few seconds of audio, can generate more content in the same style. AI company Mubert takes samples written by human musicians and uses AI to arrange them into finished tracks that can be used royalty-free for gaming, podcasts, film, videos and more. Streaming and social platforms are likely to move into this space, too. Tencent Music in China has released over 1,000 artificially generated tracks. There is lots to consider here, from rights and licensing to the loss of human creativity, but it's technology that could democratise music content creation and is fuelling the fire of the ever-expanding creator economy.

5 areas to watch for in 2023

05

A question of trust and humanity

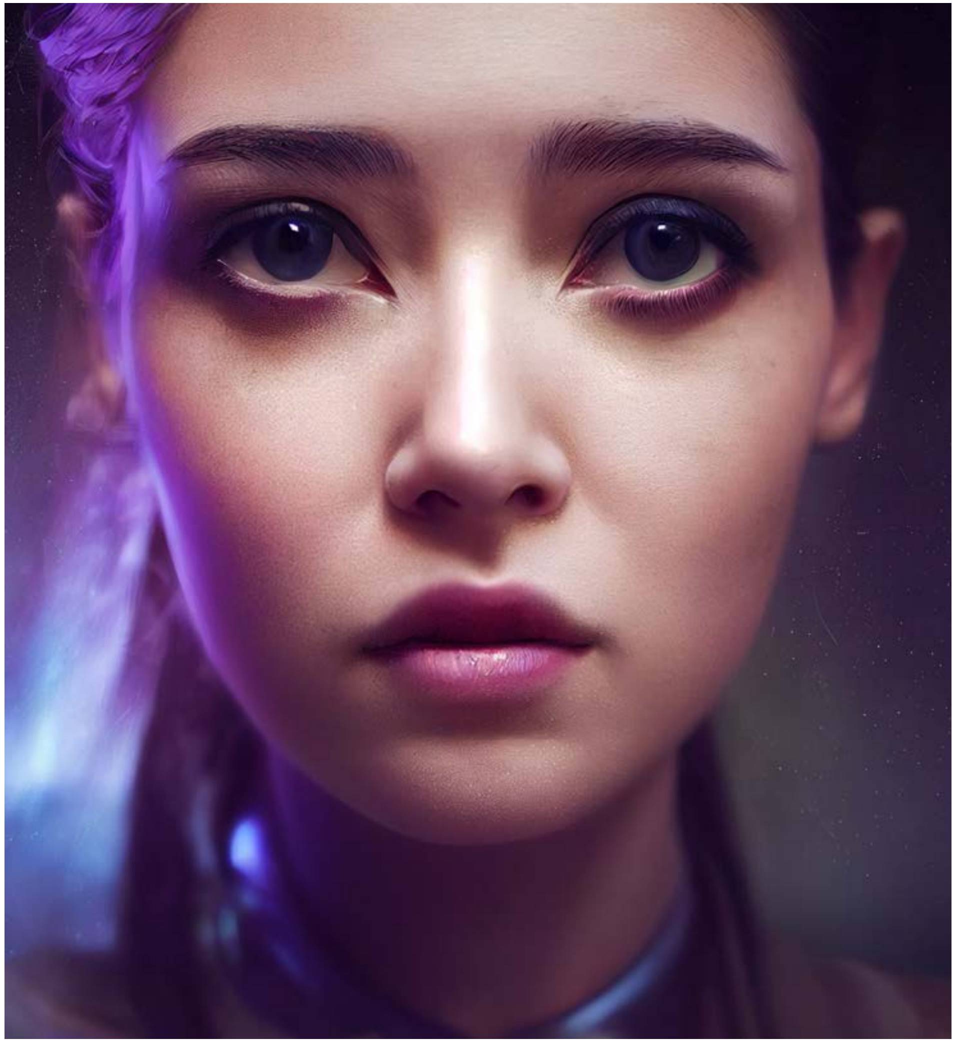
The potential of AI is exciting for our industry but, like any new technology, it comes with questions. Take image, for example – AI image generators train their algorithms by scraping publicly available images from the web to produce new imagery, which raises concerns on ownership. Getty Images recently announced they would no longer accept images created using AI generative models due to 'unaddressed rights issues'. Understandable given that recent analysis of Stable Diffusion found 35,000 images scraped from stock photo sites.

And the debate around AI deepfake images still rages, with the ethical issues it raises. In the UK, it's been brought to the attention of millions by the BBC drama *The Capture,* At present, most people would spot an image or video generated by AI, but this will become more difficult, as a visit to this-person-does-not-exist.com shows. So, how can we trust what we're seeing? This is something image authentication company Truepic has been working on. They've developed technology that allows people to cryptographically 'fingerprint' shared images, validating where and when they were taken.

The human touch is still needed to get the best from these new tools, though. The tech enhances rather than replaces human creativity. It has the potential to democratise content creation and distribution. Don't be surprised to see a whole new social network established around generative AI images, for example. Over time, it's likely that people will get used to seeing synthetic media, much as they got used to photoshopped images, but it will be early adopters and younger audiences that feel more comfortable with it initially. All will have questions around its ethics and how to differentiate between synthetic and non-synthetic content. This will become harder to do, but the question is how much this will matter as tech transforms the way entire industries operate.

Developments in AI will change society significantly in the next five years

2023 47%



Brand implications

01

Consider how these tools can enhance human creativity, not replace it.

02

Think about how these types of tools could enhance your media creation and production processes.

03

Closely monitor consumer opinion in this area.

04

Be ready for generative AI to play a big part in the creator economy.

05

Look to how you might overcome the negative associations with the technology.

Thank you for reading!

And thank you to...

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