



# 2021

# TREND REPORT

New York City · Los Angeles

## PURPOSE:

As consumers are increasingly putting their dollars and attention behind brands that support social causes, organization perception has heightened in importance. We now expect our brands to combine profit with societal impact with millennials and Generation Z most likely to support companies that share their values and walk away from those that don't hold themselves accountable to these values.

According to the Edelman Trust Barometer, which surveyed 34,000 individuals in 28 global

markets, people see businesses as the most competent group to solve global issues, even more so than nonprofits and governments.<sup>1</sup>

5WPR's Consumer Culture Report found that 71% of consumers prefer buying from brands that align with their values<sup>2</sup> and, according to Forrester, 41% of US consumers are actively seeking to shop with companies associated with social, environmental, and political ideals<sup>3</sup>. We expect to see increased brand marketing in 2021 highlighting organizations' involvement in social impact initiatives and employee appreciation.

<sup>1</sup>Deloitte. (2020). 2021 Global Marketing Trends: Find your focus. Available at: <https://www2.deloitte.com/us/en/insights/topics/marketing-and-sales-operations/global-marketing-trends.html>

<sup>2</sup>5WPR. (2020). 2020 Consumer Culture Report. Available at: <https://www.5wpr.com/new/research-thank-you/>

<sup>3</sup>Forrester. (2020). The Power of the Values-Based Consumer - And Of Authentic Brand Values. Available at: <https://go.forrester.com/blogs/the-power-of-the-values-based-consumer-and-of-authentic-brand-values/>





## Human Experience:

When organizations design for efficiency and not human connection, there is a debt that incurs that affects the bottom line. Ninety-five percent of our purchasing decisions are driven by subconscious urges, the biggest of which is emotion. In the wake of COVID-19, it's no wonder that marketers looked to efficiency and cost savings. However, while we were creating efficiency our customers were longing for human connection. When consumers think brands are acting in their own best interest (efficiency over connection)

**“95%** of our purchasing decisions are driven by subconscious urges. **”**

they will walk away. In a Deloitte study covering 16,000 persons, we found more than half of all people desired a more “human” experience from their virtual environments. This isn't easy, because in the past, organizations relied on in-person events, meetings, etc. to drive human connection. However, brands need to look at how to recreate that human connection with technology and in digital first environments.<sup>4</sup>

<sup>4</sup> Deloitte. (2020). 2021 Global Marketing Trends: Find your focus. Available at: <https://www2.deloitte.com/us/en/insights/topics/marketing-and-sales-operations/global-marketing-trends.html>



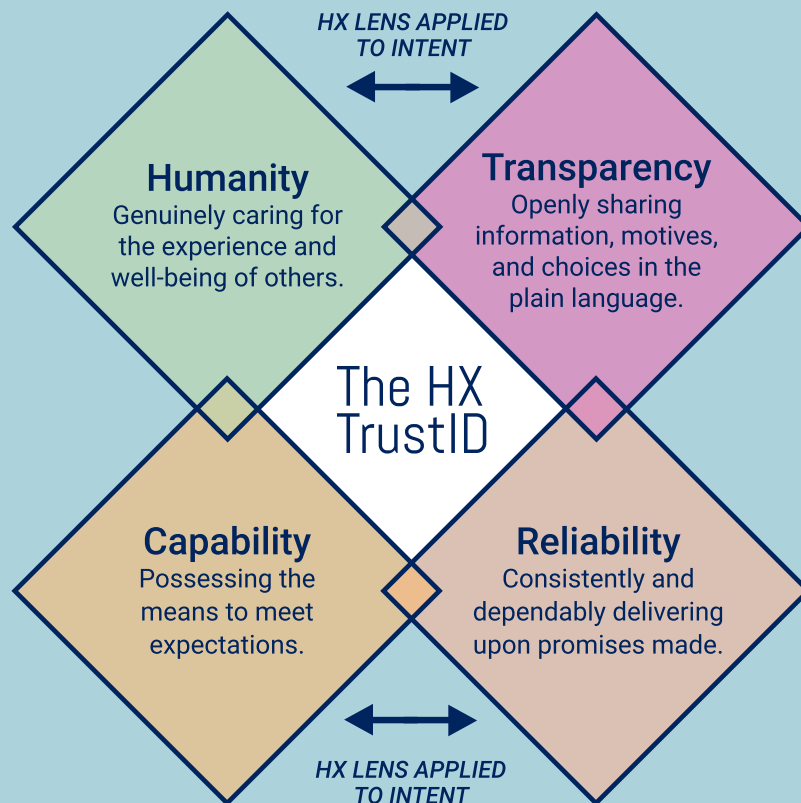


## Trust:

Trust is becoming more important to consumers. Any misuse or breaking of trust will negatively affect a brand's bottom line. All organizations must look at what is promised and what is delivered.

In the era of 2-day free shipping, consumers' expectations have increased, making it difficult to reconcile the expectations with the challenges brands are having with fulfillment<sup>5</sup>. Make sure to identify the promises you are making to consumers (brand promises, product promises, delivery promises) and ensure that you are living up to those expectations.

In addition, look to other ways to create trust through written or video content. A week after reading content from a brand, 73.3% of consumers identified the brand as "trustworthy," a 9% increase since initially reading the content.<sup>6</sup>



<sup>5</sup>Deloitte. (2020). 2021 Global Marketing Trends: Find your focus. Available at: <https://www2.deloitte.com/us/en/insights/topics/marketing-and-sales-operations/global-marketing-trends.html>

<sup>6</sup>Conductor. (2017). Educational Content Makes Consumers 131% More Likely to Buy [RESEARCH]. Available at: <https://www.conductor.com/blog/2017/07/winning-customers-educational-content/>





## Participation:

Customers are engaging with brands like never before - participation can include low-effort activities, such as writing online reviews, to deeper forms, such as co-creating with a brand to develop new products.

Marketers should look to engagement strategy that leans into customer participation at its deepest levels. How can we draw in consumers as a viewer or active participant? If you craft a two-way engagement strategy, it has benefits for both brands and consumers.

While traditional loyalty approaches are often a one-way street, participation is unique in its ability to interactively foster and nurture brand loyalty and customer advocacy.<sup>7</sup>

<sup>7</sup> Deloitte. (2020). 2021 Global Marketing Trends: Find your focus. Available at: <https://www2.deloitte.com/us/en/insights/topics/marketing-and-sales-operations/global-marketing-trends.html>



## Speed of Delivery:

People want the same immediate gratification and delight they received from in-store shopping (without going in-store). With the availability of 2 day, and in some cases, 2-hour shipping, major organizations like Walmart, Amazon, and Target are already fulfilling on speedy delivery.

City dwellers moving to more rural areas will still expect a city-like conveniences and companies need to start addressing. Delivery partnership and last mile solutions are now essential for all brands to keep up with rising consumer expectations.



# Storeless Economy:

COVID is turning most categories into majority-online by consumer activity. With increased store closures and reliance on ecommerce, we will continue to see this storeless economy flourish. Big brands are playing catch-up and increasing direct to consumer sales while disruptor brands (built with DTC in mind) are winning. Stores are now

distribution hubs, BOPIS centers, and brand-entertainment venues. More than 2/3 of consumers will continue to click-and-collect after COVID, and Best Buy and BB&B are converting ~25% of stores into shipping hubs & fulfillment centers.<sup>8</sup> Brick-and-mortar stores now enhance the digital experience, not vice versa.<sup>9</sup>



<sup>8</sup> GlobalData. (2020). Multichannel Retail and COVID-19. Available at: <http://gdretail.net/wp-content/uploads/2020/09/GlobalData-multichannel-retail-September152020-.pdf>

<sup>9</sup> Iab. (2020). Brand Disruption 2021: The IAB Annual Report on the Evolving Consumer Ecosystem. Available at: <https://www.iab.com/insights/brand-disruption-2021/>





# Rethinking Engagement Through AR and Digital Events:

Livestreams, AR, and social selling experiences are proving more effective than physical stores, becoming brands' new competitive differentiator.

In an Accenture survey of more than 3,000 people in North America, Europe and Asia Pacific, customers' increasing willingness to try immersive technologies has inspired 64% of leading consumer brands to invest in Augmented Reality, Virtual Reality, 3D content and 360-degree video.

Retailers will grow their AR investments globally by

~300% to \$4.6b by 2025 .

Mobile AR ad revenue is forecast to nearly triple in 2020 and grow 6x more by 2024. According to Shopify, including 3D imagery on sites has shown to increase conversion rates by 250%, while AR content in product pages increases conversion rates by 94%.

<sup>6</sup> IAB. (2020). Brand Disruption 2021: The IAB Annual Report on the Evolving Consumer Ecosystem. Available at: <https://www.iab.com/insights/brand-disruption-2021/>

<sup>7</sup> GlobalData. (2020). Multichannel Retail and COVID-19. Available at: <http://gdretail.net/wp-content/uploads/2020/09/GlobalData-multichannel-retail-September152020-.pdf>

<sup>8</sup> Accenture. (2020). Fjord Trends 2021. Available at: <https://www.accenture.com/us-en/insights/interactive/fjord-trends>

<sup>9</sup> Valuables. (2020). Global Augmented Reality in Retail Market Size, Status and Forecast 2020-2026. Available at: <https://reports.valuates.com/market-reports/QYRE-Othe-2Z282/ar-in-retail>





# CTV, Video, and Audio continue to grow:

With connected TV viewing up 35% during COVID<sup>13</sup>, ad inventory is becoming more affordable and heightening competition between large and small brands. Total digital-media time spent is up 16% YoY while traditional is nearly all down. Weekly streaming video minutes climbed 74% YoY in Q2 2020, to 25% of U.S (Nielsen, 8/13/20)<sup>14</sup>.

During COVID, TV usage and streaming/on-demand listening overtook radio, and consumers intend to continue high streaming video and audio consumption<sup>15</sup>. Because of the increased time spent streaming we have seen a significant increase in subscription video on demand options for consumers.

However, increasing SVOD & TV costs added to consumer financial strain, forcing consumers to dip in and out of different streaming options switching between platforms. This will lead to the rise of subscription packages so consumers don't need to subscribe individually to multiple services. The collaboration will be essential to the success of SVODs.

<sup>12</sup> IARTillery Intelligence. (2020). AR Advertising Deep Dive, Part II: Case Studies. Available at: <https://artillery.co/artillery-intelligence/ar-advertising-deep-dive-part-ii-case-studies/>

<sup>13</sup> eMarketer. (2020). US Time Spent with Media 2020. Available at: <https://www.emarketer.com/content/us-time-spent-with-media-2020>

<sup>14</sup> Nielsen. (2020). The Nielsen Total Audience Report: August 2020. Available at: <https://www.nielsen.com/us/en/insights/report/2020/the-nielsen-total-audience-report-august-2020/>

<sup>15</sup> IAB. (2020). Brand Disruption 2021: The IAB Annual Report on the Evolving Consumer Ecosystem. Available at: <https://www.iab.com/insights/brand-disruption-2021/>

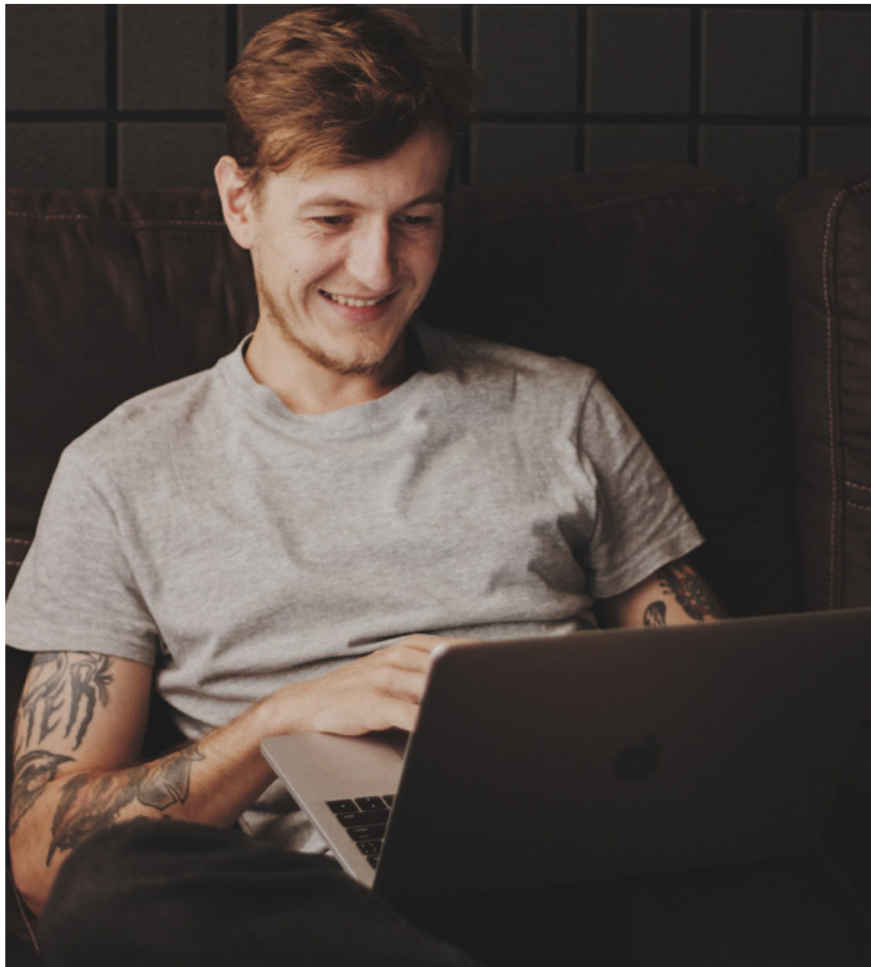


# Brands must lean into omni channel to survive:

First, brands should understand how information-gathering has changed. Brands will need to realize that shopping has become atom-ized into many micro-moments spread throughout the day and across devices. We can no longer plan to engage with consumers like we did pre-COVID. Our behaviors and patterns have forever changed. Campaigns are strongest when they reach across multiple channels in a believable and consistent manner. Emerging digital platforms will gain more importance within holistic

communication strategies, as brands embrace more authentic and direct ways to engage with consumers. In a quest for differentiation in increasingly cluttered media environments, advertisers and agencies will accelerate their adoption of the latest media channels and formats.

You will start seeing a more integrated marketing effort that combines in store with your dotcom, and marketplaces that offer convenience, allowing customers to transact wherever they feel most comfortable.





# Cookieless World:

Recent Kantar research reveals a slightly greater concern than last year about the impact of a cookieless world. 48% of marketers worry their companies won't be able to provide impactful performance without cookies. And yet, only 40% indicate their companies are preparing for this (although this is up from 35% in 2019). In 2021 we will see a larger focus on CDP's<sup>16</sup>. CDP's allow a foundation for agile marketing

often requires a single, unified organizational view of the customer. This necessitates designing a data system that integrates once disparate, cross-organizational datasets into a single customer data platform (CDP)<sup>17</sup>. CDPs are another solution: Demand will triple by 2027 as brands try to unlock 1P<sup>18</sup>.

<sup>16</sup> Kantar. (2021). 2021 Media Trends and Predictions. Available at: <https://www.kantar.com/campaigns/media-trends-and-predictions-2021/>

<sup>17</sup> Fortune Business Insights. (2020). Consumer Data Platform Market. Available at: <https://www.fortunebusinessinsights.com/industry-reports/customer-data-platform-market-100633>

<sup>18</sup> Fortune Business Insights. (2020). Consumer Data Platform Market. Available at: <https://www.fortunebusinessinsights.com/industry-reports/customer-data-platform-market-100633>





## Rise of Social Commerce:

Social Ecommerce is expected to grow 20% year-over-year to \$23 billion in 2020 according to eMarketer, and is poised for bigger growth in 2021 as social networks continue to invest in their social shopping experiences.

Social platforms released major new shopping features in 2020. Facebook launched Shops, which allows businesses on Facebook and Instagram to add shopping capabilities to their pages, while TikTok and Shopify announced a partnership similar to Snapchat's Native Stores for brands. In 2021, marketers will fully leverage these new platforms to diversify their sales channel mix and increase discovery among Gen Z and Millennials.<sup>19</sup>

<sup>19</sup> Driesch, Blake (2020). Sales from products sold via social networks will reach \$23.3 billion in 2020, roughly \$2 billion less than pre-pandemic estimates. Business Insider. <https://www.businessinsider.com/social-commerce-growth-slows-but-long-term-outlook-remains-promising-2020-7>



# Increased Investment in Post-Purchase and Loyalty



With discretionary spending expected to remain at lower than pre-pandemic levels, new customer acquisition is expected to slow across many categories.

To drive revenue growth in this environment, successful brands will invest more in retaining current customers, developing robust loyalty programs and bundling products and services where possible.

Across Business-to-consumer brands, marketers are expected to increase their investment on loyalty and retention marketing by 15% in 2021, while reducing investment in performance-focused marketing.<sup>20</sup>

<sup>20</sup> Forrester. (2020). The Power of the Values-Based Consumer - And Of Authentic Brand Values. Available at: <https://go.forrester.com/blogs/the-power-of-the-values-based-consumer-and-of-authentic-brand-values/>



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