



Responding Rapidly

2023–2024

The drivers of economic
growth are shifting.

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01

Introduction



Welcome to the third edition of Responding Rapidly.

If there's one word to summarize this year, it's complexity. With rapid and unforeseen social, political, economic, and technological developments, consumers' lives have become increasingly complex. And so has marketing to them.

We started 2023 in a global state of fascination with Artificial Intelligence, sparked by the late 2022 release of ChatGPT from OpenAI. Generative AI has spurred practically every industry to reassess the role of technology in its future. Marketers everywhere began to dream up new possibilities with data and automation, and some turned their dreams into reality with promising applications of AI on everyday tasks like reporting and predictive modeling. Together, we entered the era of augmentation, where the craft of marketing is enhanced with this new superpower.

In a time of constant evolution and augmentation, OMD's weekly 'Rapid Response' reports ensure our teams, clients, and partners keep pace with the changes that matter most. Our topics in 2023 ranged from consumer data privacy standards, third-party cookie deprecation, eCommerce acceleration, and revenue trends with the major digital platforms, to worldwide media inflation trends and industry events such as CES and Cannes Lions. Throughout the year, 'Rapid Response' has delivered relevant and actionable insights to help marketers answer the most pressing questions.

In this year's edition of 'Responding Rapidly,' we summarize the greatest developments of 2023 and invite you to dive deep on the effects and potential implications for the year ahead.

The volume, velocity, and value of OMD's thought leadership would not be possible without outstanding talent. I want to thank every OMDer around the world for your ingenuity and your unwavering commitment to the success of our clients. And, of course, thank you to our clients for being partners in transformation and inspiring us to lead the industry year after year.

Here's to new beginnings and good health in the year to come. Let's embrace what's next!

George Manas
Worldwide CEO, OMD



The drivers of economic growth are shifting.



AUTHOR

Jean-Paul Edwards

Worldwide

A confluence of factors including demographic transitions, technological innovations, a changing geopolitical climate and shifting cultural paradigms are collectively charting fresh routes to market dominance.

Economic growth over the past 50 years has been driven by a feedback loop of an expanding global consumer class and innovations that drive connectivity and efficiency from global just-in-time supply chains to an exponentially more powerful internet.

Global brands and the expansive media ecosystem reflect this broader evolution. Brands don't merely ride the growth wave; they also feed it, tapping into an ever-expanding global consumer base and instilling in them an elevated desire to consume. However, growth does not follow a straight path. Episodes like the 1970s oil crisis, the 2000s recession, and the prevailing pandemic repercussions underline the dual nature of these disruptions: they're both transitory obstacles and enablers of ground-breaking innovations.

To enable sustained success, it's imperative to dissect the interplay of long-term, medium-term, and short-term trends. As growth drivers undergo metamorphosis, businesses must innovate in terms of capability, partnerships and approach. Today's demographic trends paint a striking portrait of an aging global populace. As birth rates plunge and life expectancies soar, economic focus shifts towards older segments whilst also understanding the changing need states, attitudes and outlooks of younger consumers.

Globalization, once considered an indomitable force, is showing signs of stasis. With the surge in automation, we're witnessing a tilt towards regionalization, subsequently influencing global supply-demand dynamics. Numerous climate impacts through 2023 illustrate a more fragile environment, fueling short-term shocks and requiring greater resilience and flexibility in planning. Governments and consumers alike are increasingly aligned towards sustainable growth, impacting traditional business models.

The acute challenges of 2023 such as the global cost of living crisis alongside fears of structural disruption—for example, the impact of AI—are driving instability across numerous industries. The US writers' and actors' strikes this year were based on concerns around the changing business models of content and the impact of AI on their earning potential. Whilst both strikes now seem to be resolved there will be numerous knock-on effects; from short-term postponement of major TV shows and movies to long term shifts in production approaches and consumer behaviors.

The dynamics of advertising through digital channels are changing quickly as regulators worldwide aggressively enforce consumer and market protections not just in the domain of privacy but increasingly across national security, cultural and competitive perspectives.

In 2024, Google Chrome's deprecation of the third-party cookie will be the final chapter in the process of change to a multi-signal paradigm. Activation will be more complex requiring the orchestration of data signals along with leverage of unique assets from brand heritage to consumer permissions to gain competitive advantage.

Many of these signals will come from consumers themselves and retail environments that are closest to the sale. Commerce and media continued to converge in 2023, as an ever-growing share of retail sales occurred online or via data-enabled relationships such as loyalty cards.

As the world finds itself at the intersection of legacy systems and future possibilities, understanding these paradigm shifts is non-negotiable. Embracing change, fostering innovation, and leading with insight will be the keys to unlock growth in the forthcoming era.

OMD's value proposition is rooted in these seismic shifts. World-class network talent, boasting an array of specialized skills with deep experience and diverse viewpoints. Our network, unified through the Omni data platform and the OMD Design workflow, is at the leading edge of global connectivity, agility and consistency.

The intertwined realms of data, commerce, and content present both challenges and opportunities. Grasping the intricacies of these domains is pivotal for businesses to harness the full potential of the digital era. Responding Rapidly 2024 is therefore structured around these key pillars of marketing-led growth.

Executive Summary



AUTHOR

Gretchen Sword**Worldwide**

Responding Rapidly tracks the primary shifts in the media marketplace across 2023, looking at key trends and changes in behavior and the impact that global events have had on media and clients worldwide. We examine learnings from 2023, identify key challenges, and provide actionable insights, examples and case studies that look forward to 2024.

This book looks at how external influences, including data, commerce and content marketing shape forecasts and trends for the next year and how brands can incorporate this into their plans.

This year's Responding Rapidly features over twenty seven authors from around the world who provided snapshots, insights and inspiration from markets at a local level.

As we continue to forge our path forward to 2024, with the shadow of a global pandemic behind us, we can see clearly that some of these 'trends' are here to stay: the new reality of eCommerce in our daily lives, the complexity of the data ecosystem only getting more complex, and the continued need for brands to stay relevant to consumers.

2023 in Review

JANUARY

- Former Leader of the Catholic Church, Pope Benedict XVI, dies at the age of 95
- 4th January, 2023, the Irish Data Regulator rules that Meta's current legal basis for ad targeting is invalid.
- Awards Season: Golden Globes, Emmy's, etc
- NRF: Retail's Big Show (New York, NY)
- CES (Las Vegas)



MARCH

- SXSW (Austin)
- 21st March, Google launches Bard, a chat bot design to compete with Chat-GTP
- 14th March, Open AI launches GPT4, the world's most advanced large language model
- Following a year of transformation, OMD takes the leading spot in latest RECMA and COMvergence rankings

MAY

- 2nd May, US writers' strike begins, lasting 148 days topical late night comedy shows are instantly a hit
- 11th May, Meta launches an AI sandbox that enables advertisers to create or edit copy and images in Facebook and Instagram ads with text prompts



APRIL

- McDonald's India hires OMD to strengthen its connection
- GenerativeAI continues to accelerate

FEBRUARY

- Meta mulls more job cuts and verified subscriptions
- BRIT Awards
- The Grammy Awards
- Philips moves its global media account to OMG

JULY

- Following news of the Minecraft NFT ban, NFT World announce they will create a new game based on many of the core mechanics of Minecraft and allow NFT integration
- 11th and 12th July, Amazon's Prime Day event

JUNE

- 5th June, Apple announces the Apple Vision Pro and the start of the Spatial computing age
- 18th June, 2023, the second-largest online shopping event in China, 618, took place. Delivering around \$110 billion in sales
- OMD Cannes Announcements
- Omnicom Group to Debut Tool Using Generative AI for Advertising Employees
- Uber partners with Omnicom Media Group to meld rider data with Omni's insights
- Under Armour names OMD global media AOR
- Omnicom wraps Cannes deals with Criteo and InfoSum data partnership

AUGUST

- DMA enforcement
- 16th August, Women's World Cup semi-final between Australia and England delivers the largest TV audience in Australia this century
- Paramount and OMG usher in Next Step in New Currency Workflow

OCTOBER

- 30th October, President Biden announces an AI Executive Order to set new standards for AI safety and security
- OMD Named Best Performing Global Media Network
- OMD hires Amazon digital head as US chief media officer

SEPTEMBER

- 22nd September, Amazon Announces prime video with ads as the default option it will likely deliver a greater share of of viewing vs non-ad tiers
- Beiersdorf Selects OMD as Media AOR for Europe and North America
- Vans chose OMD as its global media partner
- HSBC Picks Omnicom Media Group as Global Media Agency



NOVEMBER

- 2nd November, The Bletchley Declaration by Countries Attending the UK's AI Safety Summit aligns global safety ambitions for AI development.
- Omnicom buys e-Commerce shop Flywheel Digital for \$835 million

DECEMBER

02

Data



Identity Post Cookie



AUTHOR
Sebastien Hernoux



USA

Data in 2023

This year marked a new step forward in the transformation of signals that will only accelerate in 2024. From a regulation standpoint, the initiatives to improve consumer privacy continue. By 2024, more than 75% of the world's population will be covered by privacy laws that impact digital marketing. From a technology standpoint, an important milestone was cleared in September 2023. Google's Privacy Sandbox reached general availability in Chrome, one of the final steps before the actual deprecation of third-party cookies in the browser.

Regulation, platform policy and technological innovation are together driving the industry to more sophisticated processing of a wider variety of signals to deliver new forms of value to consumers and brands alike. Advertisers need to embrace the new reality of a world where signals have evolved and adopt new strategies for activation and measurement.

An Overview of This Year's Changes

The global push for consumer privacy regulations has continued in 2023.

In Europe, the Irish Data Protection Commission found Meta to be in violation of GDPR international data transfer guidelines. A record-breaking fine of €1.2 billion was issued to Facebook and Instagram's parent company after it was confirmed that it had mishandled user data when transferring it between Europe and the US.

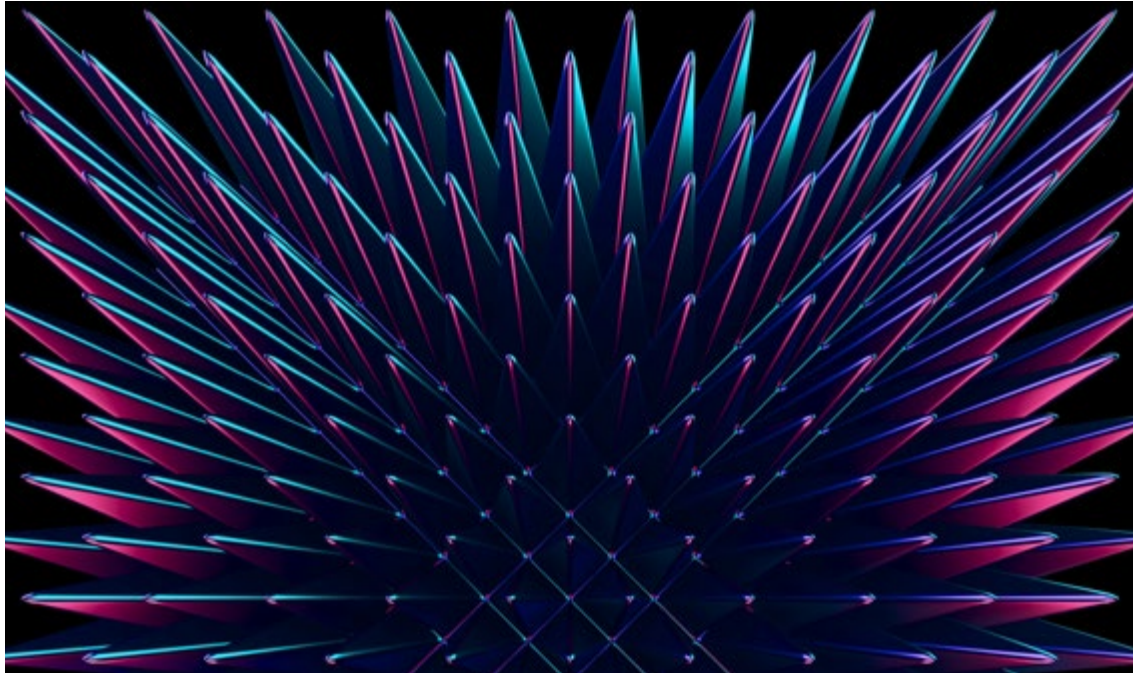
In India, the first consumer privacy law was enacted. The Digital Personal Data Protection Act (DPDPA) protects consumer access to their personal data and grants them a right to correct and erase, as well as the right to revoke consent.

In the US, privacy regulation continues to be very fragmented. By the end of 2023, only California, Virginia, Colorado, Connecticut and Utah will have an active privacy law; five more states have signed laws that will become active in 2024. California is, by far, the most advanced. The Delete Act, signed into law on October 10th 2023, will allow consumers to make a single data deletion request that is binding on all data brokers registered in California, starting on January 1st 2026. This Act will directly impact third-party data brokers, such as Epsilon, Acxiom, and Experian, giving customers an accessible deletion mechanism to better control their personal data.

On the technology side, Google has finally moved forward with its Privacy Sandbox, after multiple failed experiments. The Topics API, announced in 2022, has evolved with a new taxonomy and better user controls. The Privacy Sandbox is now available for all Chrome users, an important step closer to Google's goal of phasing out third-party cookies by the end of 2024.

To better prepare for these shifts, advertisers have continued to shift their efforts to growing their first-party data. Known customer data and personally identifiable information have become extremely valuable and marketers who do not have a DTC channel have developed strategies to collect their customer personal data.

However, alternative media identifiers such as RampID or UID 2.0 have struggled to scale and offer a viable alternative to the deprecation of signals. Cohort solutions such as Google Chrome's Topics API offer an imperfect replacement that will not offer the same possibility of precision that cookies allow. Contextual solutions are also imperfect and have not fully demonstrated that they could be a viable alternative. Google Topics API, for example, only offers a limited taxonomy of around 400 topics that will certainly be too broad for precise personalization.



Preparing for the Future of Signals

To better prepare for this upcoming transformation of signals, Omnicom has focused efforts in three specific areas.

First, we have evolved our Omni ID to be better future proofed. In the US, we now have both an offline and online graph that covers the entire census population at both individual and household levels. With this graph, we can now easily connect with our clients' authenticated data (PII) through a direct match, a clean room integration or a typical first-party onboarding process. This evolution of our identity graph gives us more flexibility to better leverage our clients' first-party data assets.

With this evolved identity spine, we have also unlocked additional activation and measurement opportunities with publishers, specifically in the connected TV and retail media space. With these direct integrations leveraging PII, we can now benefit from match rates higher than 90% into activation; a unique opportunity to deliver messaging to fully addressable audiences in a cookieless world. We will continue to expand connectivity into new partners in 2024 to expand reach of this unique solution.

For regions where access to PII is limited, and for platforms that do not offer the possibility to activate on PII audiences, we have built alternative cohort-based solutions with the goal to offer better granularity than typical contextual solutions available in the marketplace. For example, we have developed

an integration with the Trade Desk to model Omni audiences directly in their platform based on the signals they are getting from publishers and partners, to deliver cohort-level activation with more flexibility and accuracy than building audiences in platform.

Finally, with generative AI capabilities being brought to Omni, one of the priority use cases that were developed is audience fusion. With a click of a button, our gen AI algorithm can automatically translate any Omni audience into a list of platform criteria (for example, translating an Omni audience into Google Custom Audiences or Meta Audiences), reducing the amount of human work needed to recreate a complex audience in platform. This transformative capability will be released globally at the beginning of 2024.

With the deprecation of cookies likely to be upon us in the second half of 2024, it is more important than ever to prepare for a new ecosystem of signals.

Data Clean Rooms and the Rise of Data Collaboration



AUTHORS
Jake LaDuke, Emily Proctor



USA

Despite the headwinds and headlines of inflation and macroeconomic uncertainty, 2023 may go down as the year of convergence between technology capabilities, application layers, and use cases finally ripped open.

Yes, this is the narrative with ChatGPT and generative AI.

It's also the story with clean rooms and data collaborations beyond paid media.

The case for clean rooms has been clear for years: consumer privacy, regulation of data practices; fines for platforms, even brands who are not in line.

Multi-party clean rooms like InfoSum, Snowflake, Habu and others, offered the promise of how brands can be both privacy compliant and use data responsibly as a fuel source for business growth through marketing and sales.

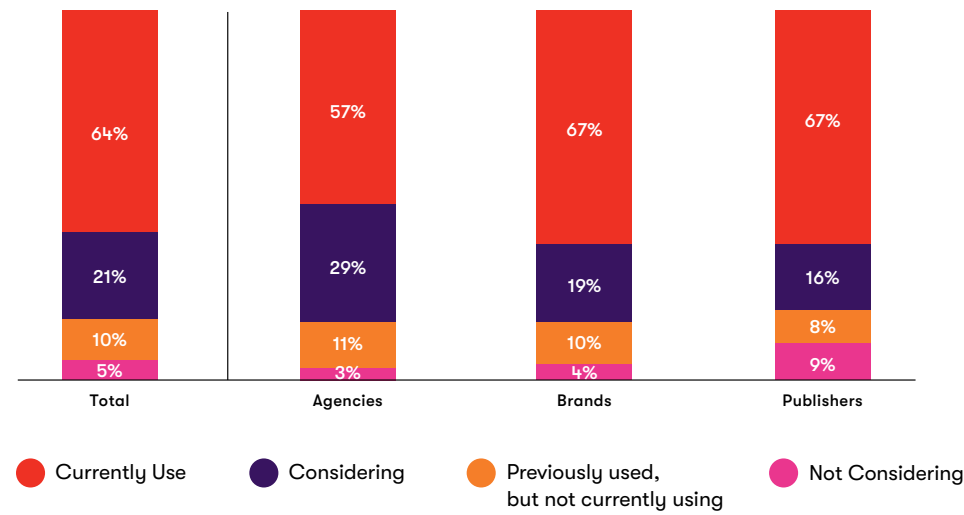
It's taken us a while to explain how.

What's most exciting about the progress of 2023 is we're now entering a phase of maturity where conversations have shifted from the *how* of various privacy enhancing tech components like differential privacy, non-movement of data, and bloom filters, to a much more strategic *what*: what data collaborations beyond paid media (and with whom) will unlock my business growth?

The work is shifting from educational to architectural.

Among privacy-preserving technology users, two-thirds use data clean rooms (DCRs)

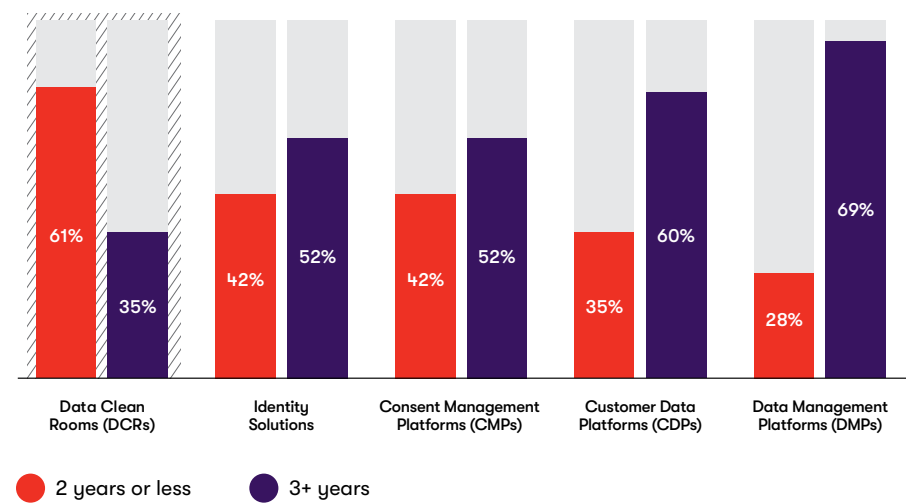
DCR Use by Company Type



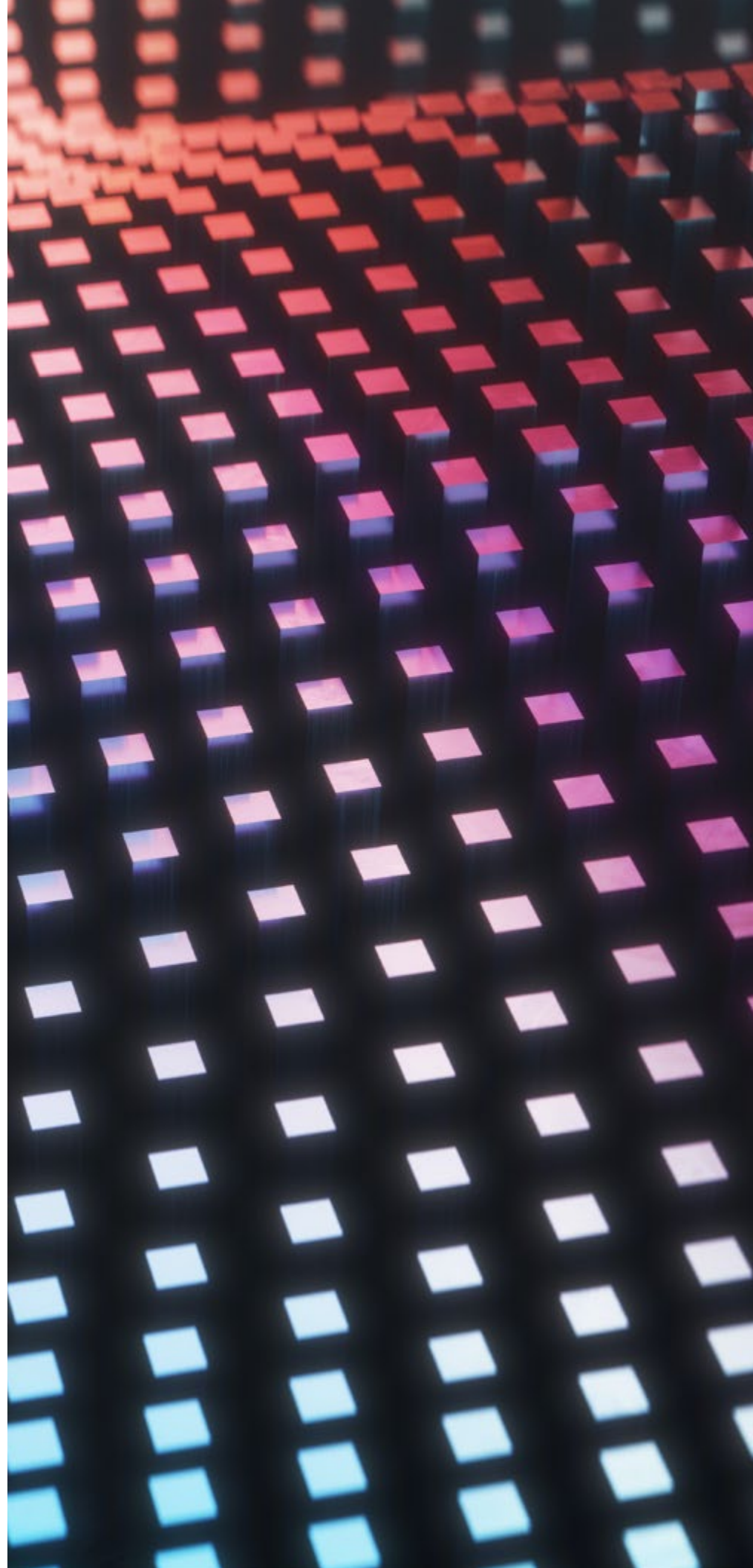
What is your experience with each of the following? Data clean rooms
Base: Total (n=203) Agencies (n=70), Brands (n=70), Publishers (n=63)

DCR adoption has accelerated in the last two years

Length of Technology Use



What is your experience with each of the following? Data clean rooms
Base: Total (n=203) Agencies (n=70), Brands (n=70), Publishers (n=63)



Over the last six years, we have evolved our conversations with brands beyond describing some of the foundational capabilities and are moving toward sophisticated integrations of clean rooms designed to enable business insight beyond paid media.

OMD Leading the Way

As one of the first media agencies to adopt DCRs, OMD is at the forefront of the marketplace as a strong advocate for their use. OMD has developed deep expertise in DCRs and is constantly innovating and developing new uses cases, features, and functionality, both with our own proprietary clean room solutions, as well through our partnerships with other DCR providers.

We have been working with our clients to improve their media targeting, better measure the effectiveness of their media campaigns, and gain more insight into their consumers' use of DCRs.

While DCRs have becoming increasingly prominent in the media industry, there are also many potential uses cases beyond media across a variety of other industries, including:

Financial services: banks, investment firms, and other financial institutions can leverage clean rooms to share data for risk scoring, fraud detection, and customer segmentation

Healthcare: DCRs can also be used by hospitals, pharmaceutical companies, and other healthcare providers to share data for clinical research, drug development, and population health management

Retail: retailers can share data with their suppliers and partners via clean rooms to improve supply chain management, product development, and customer targeting

Government: government agencies can use clean rooms to share data for fraud detection, tax compliance, and national security purposes



DCRs are becoming essential for privacy-compliant data matching, activation, and measurement

Clean rooms are a powerful tool to enable data partnerships that can be leveraged to improve holistic marketing, product development, and product market fit. Data partnerships can help businesses create a more holistic view of their customers by enriching their first-party data with additional data sets to gain new insight into their customers. In addition, data partnerships can help businesses to develop products and services, and better assess product market fit by combining data from different sources, such as customer surveys, product usage data, and market research data, to gain insights into customer needs and preferences that can then be used to develop new products and services that are more likely to be successful.



One of the main drivers of setting up DCRs is the idea that neither party, an advertiser or a third-party data provider, are able to see each other's data. Therefore, it's encrypted, anonymized, with a single key that's useful to activate but cannot be interrupted or decrypted.

SVP, Agency

By 2023, 80% of the advertisers spending more than \$1 billion annually on media will use DCRs.

—

Current users expect to increase their DCR spend by 29% this year (2023).

Source: Gartner per Adweek, 3/16/22

2024 & What's Next For Data Collaborations

Looking ahead to 2024, data strategy will become the foundation of a successful business strategy. A robust data strategy underpins all business objectives by ensuring that data is treated as a strategic asset and enabling the business to make informed decisions that drive operational efficiencies and innovation.

2023 was the year that many organizations dipped a toe in the water and started executing isolated DCR tests and proof of concept for media use cases. Moving into 2024, businesses will begin going beyond the initial testing phase and start thinking about a broader clean room strategy, a roadmap of future media use cases, potential data partnerships, and application beyond media.

If a stock price is a lagging indicator for the perceived value of a company, the quality of the relationship between

a CMO and a CTO will be the leading indicator of brands that will win the data collaboration battles ahead. Bet on the brands who also include their legal teams and, even more so, those who have invested in a Chief Privacy Officer.

Technical challenges on interoperability will be a focus for technology partners in 2024. If data collaborations are a new currency of growth through brand to brand or platform to brand partnerships, the current infrastructure largely relies on being able to clear these transactions through a shared InfoSum, Snowflake, Habu, and so on.

Marketers who navigate these technical and organizational challenges effectively will be those with a principled approach to transformation and will reap measurable growth through efficiency and effective performance across their business.



...we're looking at a long term [DCR] investment. Cookies are going away and marketers are going to have to get their data into platforms to be able to activate upon it...Connecting these dots now is going to lead to more investment in the future.

VP, Publisher

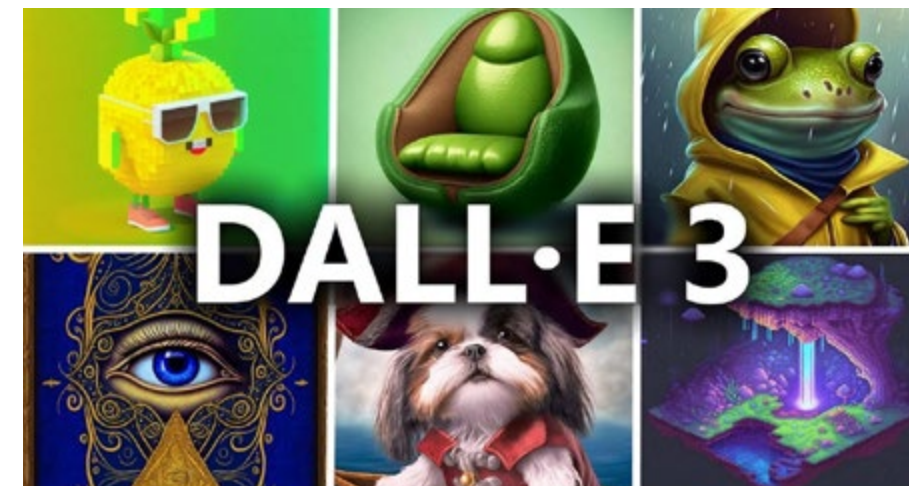
Capturing Value with AI



AUTHOR
Jean-Paul Edwards



Artificial intelligence (AI), specifically generative AI, has undoubtedly been the hottest technology of 2023. Crossing over to mainstream culture; igniting debates about creativity, economic disruption, and even existential risks.



The marketing and advertising sector is typically at the leading edge of change and AI is no different. We have been utilizing AI technologies for many years in a wide range of analytical and decisioning use cases. These have been joined by a new class of AI that can create new assets in virtually any domain—text, image, audio, video, and immersive.

The year has seen numerous launches of breakthrough large language models (LLMs) such as GPT4 from OpenAI, Claude from Anthropic, national government funded models such as the UAE's Falcon and various open sources models from Meta, stability AI and others. Applications are utilizing LLMs such as the new Bing or more specialized technologies such as Pi from Inflection AI which acts as a personal AI across a range of life's challenges.

In November 2023 Open AI announced 'GPTs' which allow any one to create a custom application on top of Open AI's models. We can expect to see AI technologies power an ever increasing array of use cases in 2024.

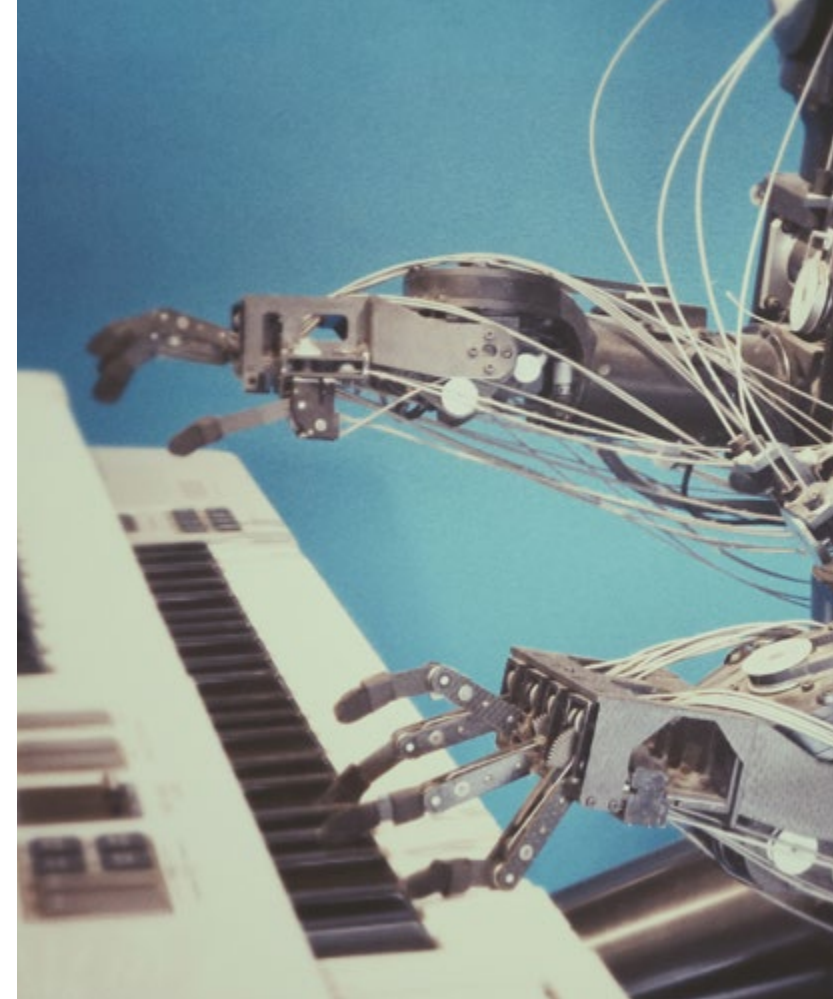
The output of these models is getting ever more sophisticated: photo realism was solved earlier this year by Midjourney; greater semantic density in images was added by OpenAI DALL-e 3 later in the year. We are seeing in video what happened in images over the year with innovators such as Runway, Pika Labs and Stability AI changing previously grainy and ill-formed videos into content that is hard to tell from the real thing. New forms of creativity only previously possible with arduous workflows are now available to all.

Brands in 2023 are starting to experiment with generative AI technologies across many use cases. Some are using the technologies to create copy, often at lower cost and greatly enhanced scale, others to support customer interaction or to create entirely new communications platforms or lines of business.

The global platforms have developed generative AI ad tools to create multifarious copy versions. Brands will be able to create copy on the fly for any product around any event or niche audience. Risks need to be managed as brands remain responsible for their messages, and automated systems may produce generic content. We can expect to see models and tools ever more finely tuned around each brand's specific assets and responsibilities.

To date, many of the capabilities exhibited in LLMs have been academic or demonstrative rather than practical. This is primarily a function of the information they have been trained on, for example, they can write anything in the style of William Shakespeare as they have been trained on all of his works, however, they know far less about a given brand's history, values and past advertising performance or what copy attributes are best for gaining the attention of new consumers.

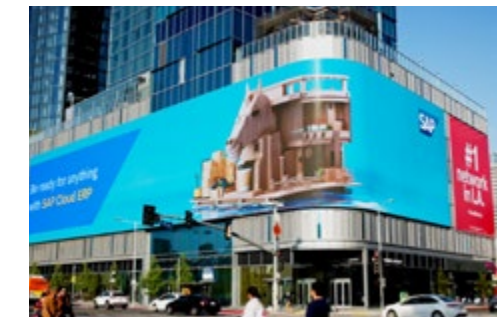
Product	Creator	Launch
Microsoft Azure AI	Microsoft Azure	General availability of tools and infrastructure to build, train, and deploy AI models
LLaMa	Meta	A 65bn parameter model, the weights of which were then leaked online
BARD	Google	Google's answer to ChatGPT, an experimental conversational, AI chat service announced
GPT-4	OpenAI	The most powerful LLM yet launched, estimated to include around 1.6trn parameters
Bloomberg GPT	Bloomberg	LLM trained on proprietary data to specialize on financial tasks
myAI	Snap	General availability of Snap's chat bot available to 750m users
PaLM 2	Google	340bn parameter model announced at Google IO
Omni Assist	Omnicom	A virtual assistant providing insights, notifications, and recommendations across the Omni open operating system
AlphaFold	DeepMind	AI to predict the structure of proteins, one of many specialist scientific functions revolutionized by AI
Claude 2	Anthropic	Long context capabilities Claude 2.1 now handles 200k tokens, roughly a 300 page novel
Bard Extensions	Google	Capability to link to content Google apps and services, enabling more specialized and personalized responses
Characters and creative tools	Meta	Multiple features that scale across Meta family of apps enabling brands to connect with consumers in new ways
AI Ad Creation	Amazon	Amazon ad creation tool joining others from major platforms to accelerate copy creation in programmatic display
DALL-E 3	Open AI	Availability of Open AI's most advanced image model, delivering higher resolution and increased semantic density
GPTs	OpenAI	Custom versions of ChatGPT that combine instructions, extra knowledge, and combinations of skills
Stable Video Diffusion	Stability AI	New capabilities in text and image to video creation



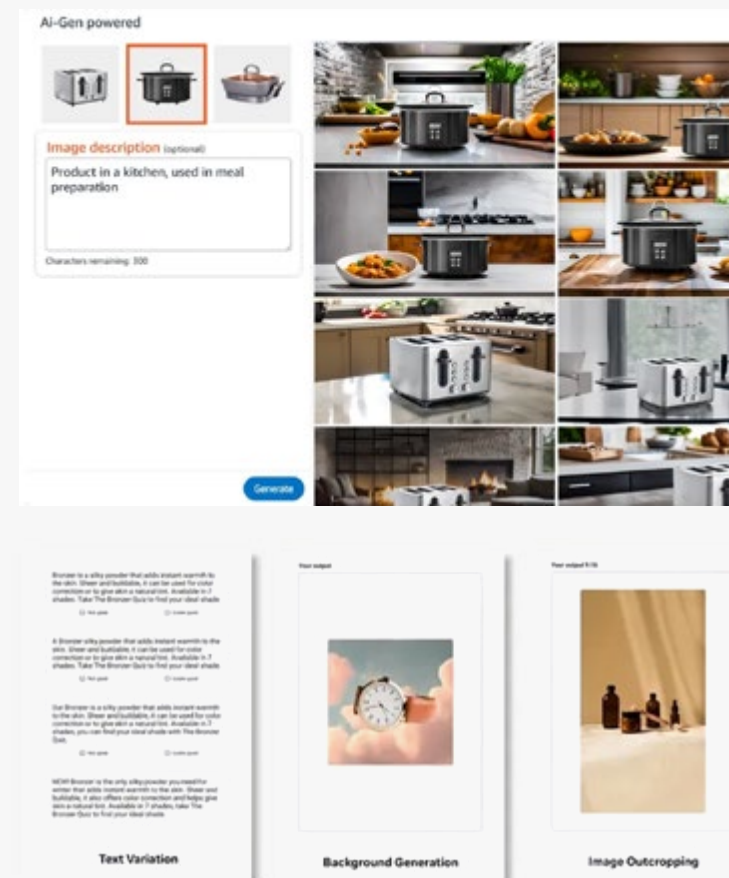
Case Study: SAP



With the world changing so quickly around us, it's harder than ever to know what to do when important events have the potential to change attitudes and industries overnight. In efforts to showcase this, SAP launched a 10-day activation, in three cities—on major DOOH units in NYC, LA and Atlanta—and across Meta and LinkedIn social platforms.



Bringing it to life using Generative AI. To showcase the uncertain and dynamically changing world that businesses need to be ready for, and to creatively highlight SAP's capabilities, the campaign used Generative AI technology and rapid decision making by people to publish new advertising copy and images in less than 24 hours. Each morning new billboard and social posts went live, interpreting in one image what business leaders needed to be ready for that day, changing with the news, culture, and business cycle.



A critical hinderance to scaling activity with generative AI technologies beyond experiments and proofs of concept are the security and reputational risks of interacting with LLMs.

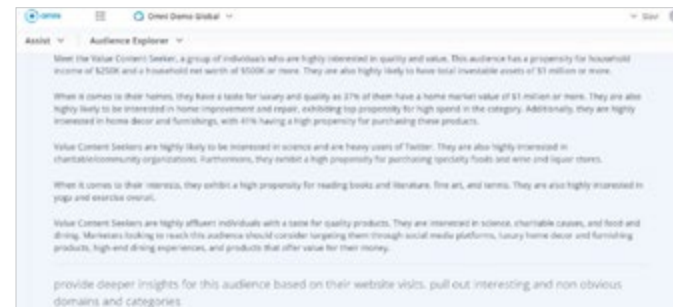
There are many dangers in losing proprietary data to the model or creating false or discriminatory content based on hallucinations and biases inherent within them.

To address these challenges, it is imperative to maintain control over proprietary data when tuning models to perform sophisticated tasks at scale.

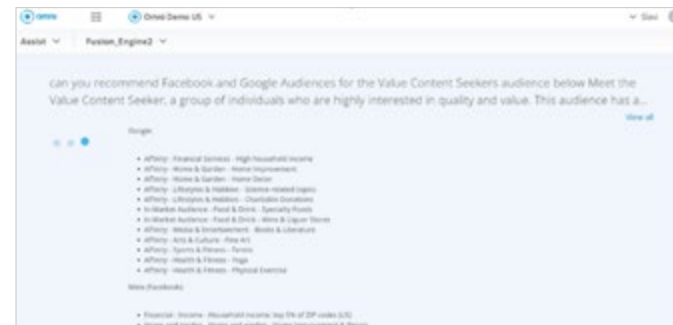
Omnicom is at the leading edge of addressing this challenge having built a secure data environment that interacts with many of the largest platforms and labs such as Google, Amazon, Microsoft/OpenAI, and Adobe.

Enabling secure access to LLMs and generative AI tools, we utilize these capabilities on our internal workflows as well as supporting the creation of client-facing work. Omni Assist is embedded in many of the key Omni applications and workflows, for example, enabling:

Speed to insight and strategy, by surfacing hard to identify audience behaviors by profiling across 10K+ attributes



Cross-platform activation and insights generation. Matching audiences across any platforms without ID-based matching (delivering both privacy-first and audience quality)



Capabilities have also been built to:



Identify influencers based on ability to fuse audience intelligence with influencer profiles



Summarize reporting highlighting the most pertinent information and recommendation from highly detailed performance reports



Democratize code creation by enabling data base queries to be created from natural language questions



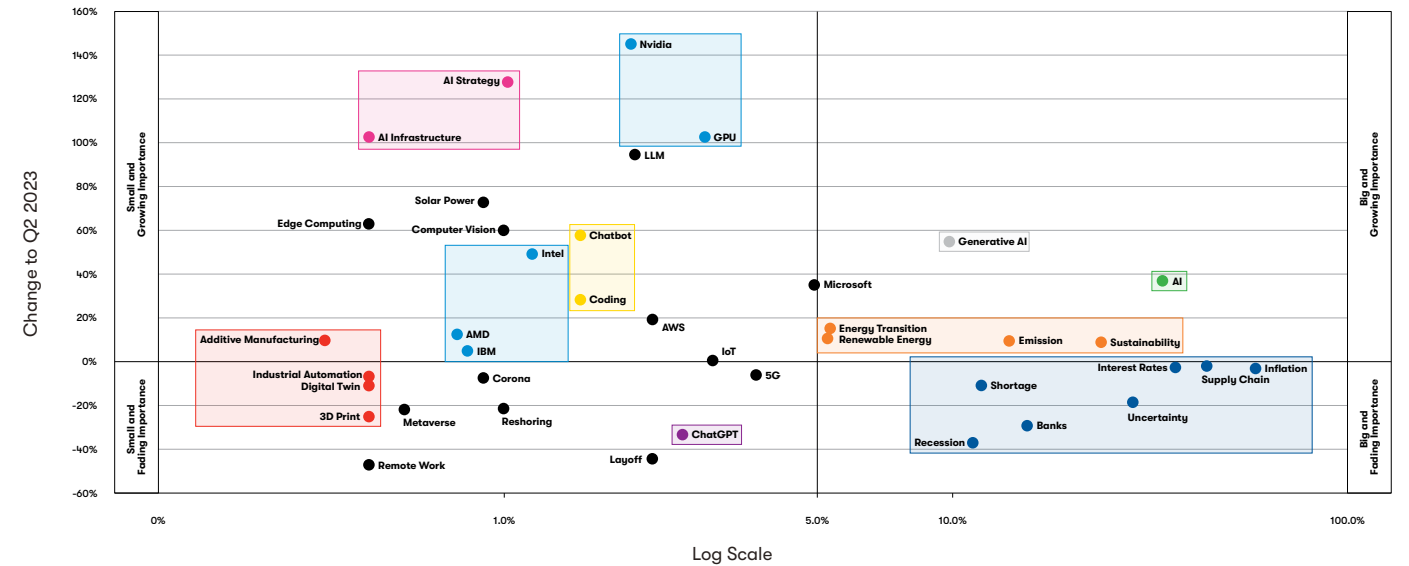
Support governance through editing of taxonomies with natural language but within brand guidelines and accounting for downstream impacts of code changes



Drive rapid content exploration and creative concept iteration tailored to specific audiences, supporting personalization at scale

What CEOs Talked About in Q3/2023 (vs. Q2/2023)

% share of total retail sales



Note: The analysis is based on ~8,000 earnings calls from ~4,000 global companies listed in the U.S. in Q3 2023 and Q2 2023. The mentions of the selected key-words in each call were counted in each quarter. Source: IOT Analytics [1]

The Immediate Challenge is Twofold:

Firstly, to utilize the ever-expanding capabilities of the generative AI models in terms of analysis, coding, and copy creation through modalities such as words, sounds, and pictures. Building new workflows that drive efficiencies at scale and explore new drivers of effectiveness.

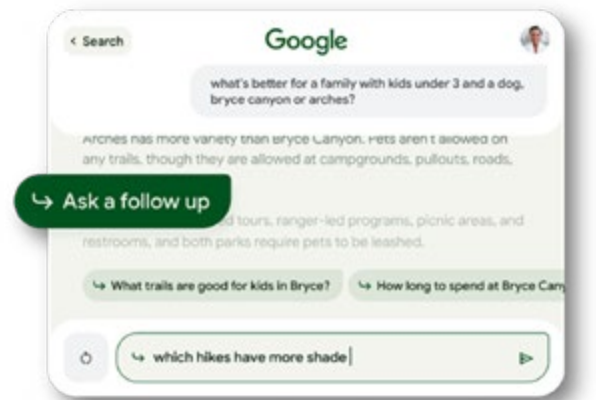
In 2024, these models will only get more powerful—expect to see language barriers dissolve as video content is translated in the original voice and lip synced to any language. Customer service will reach new capabilities as services that are too expensive to deliver through human labor become fully automated. Commerce experiences will reach new heights as technologies such as neural radiance fields reach mass audiences.

Secondly, more importantly and more challenging, to teach the models new capabilities based on proprietary data. This is where long-term competitive advantage exists. The brands that are able to leverage a wide range of internal, third-party, and consumer data through multiple feeds of machine readable data built around well defined use cases with the proper permissions and data security will be able to build new forms of value.

This may start with a simple case of more empathetic, specific messaging appropriate to the environment and consumer, or a platform to deliver content and services that are most empowering to the end user.

We will be tracking shifts in consumer behavior as early adopters start to use these technologies in their daily lives.

One of the first will be generative search with consumer journeys disrupted by new technology. For example, in travel, personal data (locations, reviews, tastes) can be used to create personalized and optimized itineraries.



2024 will be the year that generative AI starts to properly scale; it is likely to take several years to fully impact, but the brands that build for long-term success rather than responding to the latest technology fad will be the most successful.

KEY CONTRIBUTORS



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Case Study: AI vs EQ Example from Australia

AI versus EQ: The Grudge Battle Between Media Planners and Algorithms

Large language models are improving their capabilities by the week, but just how useful are they in our day-to-day tasks? Will the machines be able to do our jobs better than we can? It's a hard question to answer dispassionately, this is why OMD Australia set out to settle the score.

We put artificial intelligence (AI) and human empathy (EQ) to the test to answer a real client challenge for Dulux; to get more people painting more things, more often, for a 5% YoY increase in paint sales.

Three OMD Australia teams applied different approaches; AI-led and EQ-led and a 50:50 split to deliver different media solutions for Dulux.

Stroke of Genius

The power of color for lifestyle benefit

Task: Get more people painting more things, more often
+5% sales increase YoY

Audience

3.7m
Renovators N12M (2.5m)
Painters N12M (854k)
Home builders N12M (329K)

Channel and Behavior/Format:

Dynamic OOH

Broadcast different colors en masse at different times of day for relaxation, focus and energy benefits

Insight

We can enhance our lives by simply changing the color of our walls - blue and green for relaxation, yellow and red for attention...

Content Creators

Bring to life color enhanced spaces - from orange study nooks to sleep optimized blue bedrooms

Idea

Stroke of Genius:

Color to enhance mood and motivation at relevant times of day

Interactive Digital

Data informed colour recommendations based on online activity. AR helps virtually colour your space and prompt reaction

Brief Solutions

Reclaiming Influence(r): equal EQ and AI split Generation trendsapping, where Boomer Home Owners take over TikTok and content platforms to show Millennials and Gen Z how to DIY paint projects.

Brush Off Stress: AI-led

Using painting as therapy, immersive slow video painting inspiration and meditative audio inspires people to make over their space as a form of stress relief.

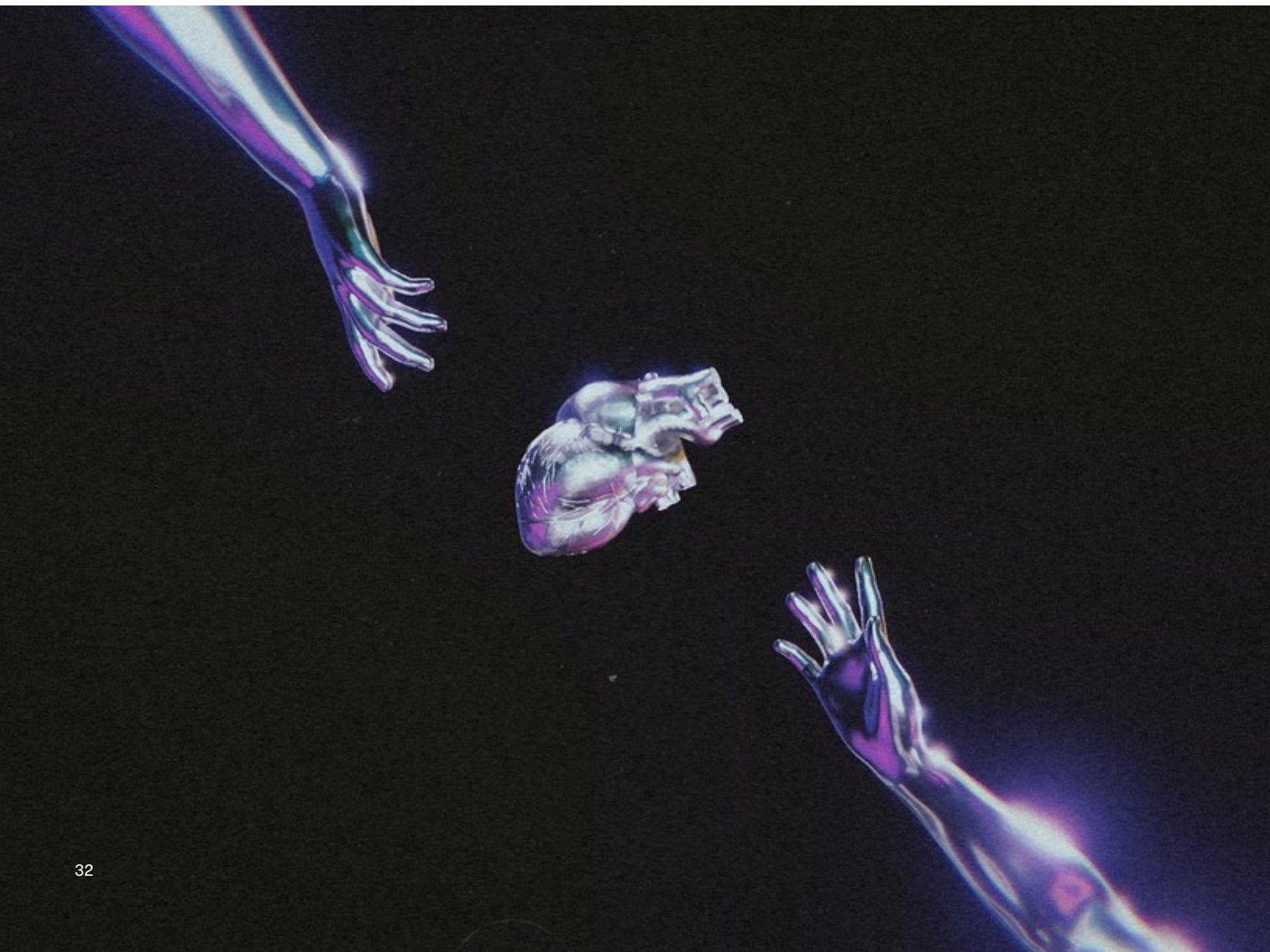
Stroke of Genius: EQ-led

Using color to enhance different mindsets and moments, for example, red and orange for focus in work hours, blue and green to relax across dynamic changes. Color also amplifies moments in culture by theming each moment in time.

The Winner

Our client was torn between solutions 1 and 3, but ultimately Stroke of Genius, the EQ-led idea, emerged the winner.

For now, it seems EQ has the edge; the AI offerings are not yet coming up with the deepest insights, but they did improve ideas and provide new perspectives on the brief, and they will only get better.



Conclusion: Three Key Takeaways

2024 is set to see some of the biggest changes in data and technology seen in many years.

01

Execute plans for the transition to post-cookie solutions.

The deprecation of 3rd party cookies in Google Chrome means that brands cannot rely on them for targeting and measurement purposes. OMG has developed numerous solutions to these challenges in recent years. If you have not done so already we highly recommend contacting your account team to discuss testing and deployment of alternative approaches over the next few months.

02

Consider Data Clean Room use cases

Data Clean Rooms are a major element of those solutions, leveraging 1st party data assets to target the most valuable consumers and leverage media partners' understanding of their users to deliver the most effective messages. There are multiple use cases across planning, activation and measurement depending on the partner chosen, some of the most effective solution may be less obvious. We can help develop both use cases and partnerships.

03

Prioritize AI workstreams

AI of all kinds will continue to develop at an accelerated pace as chips, models, data and investment all drive each other to new capabilities. Brands will need to focus on understanding where these emerging technologies can have the most impact in both the long and short term in ways can deliver sustainable value to the brand that are unlikely to be commoditized by fast developing technology.

03

Content



Content Growth Driver



AUTHOR
Michael Bernardoni



There has never been a more exciting time in the media landscape, characterized by the rapid pace of change and a vast range of untapped opportunities for businesses and brands.

In today's on-platform world, where consumers spend a vast majority of their time on streaming, social, and gaming platforms, it's never been easier to connect yet harder to engage. As post-pandemic realities continue to take shape, brands are faced with a series of unprecedented challenges while at the same time seeing unparalleled opportunities for exponential growth.

Against this backdrop one of the greatest opportunities to earn attention and capture untapped growth is through content. Over the course of the past decade, we have seen on-platform engagement accelerate at almost dizzying speeds. Now, as consumers move deeper into these platforms and seek new and different ways to connect off-platform, such as through augmented experience in the real world, brands must adapt by earning attention rather than just competing for it to generate impressions where ads cannot.

This shift has resulted in a focus on content as a more effective means for creating an ongoing two-way conversation with consumers to flourish. While content has long been known as a featured format in traditional advertising, it has emerged as an essential currency of culture and driver of commerce within this connected context.

Long gone are the days when brands could capture the attention of vast majorities of consumers within singular high-reach cultural events. In this atomized landscape, content has the ability to move through culture to earn attention through fandom.

Due to the continued dynamics of convergence bringing together the elements of content—Context, Culture, and Connection—there is also a tremendous opportunity to set a future path for growth around a shared vision. This presents brands with an opportunity to put content at the heart of a modern growth strategy rather than at the periphery. Enabling brands to show up in unexpected places and ways, leading with a brand behavior that harnesses the power of their own IP to tell the stories only they can tell to generate unrivaled growth across the *entire* spectrum of culture.

Competitive Advantage for our Clients



AUTHOR
Paddy Adams



UK

It is tough out there at the moment.

The competitive landscape has turned ugly, with many brands across most territories fighting for their survival in the face of high interest rates and low consumer disposable income. Brands are more aggressively trying to steal share from their competitors to compensate for low or no category growth.

Finding ways to unlock competitive advantage has become fundamental to media planning, which means using media to get an unfair share of attention, customers and revenue wherever possible.

One of the most powerful levers in delivering against that is content.

As consumers, we're faced with more choice of content than at any point in history, but at the same time are bombarded with more unwanted advertising content than ever. Making sure that our messages work as hard as they can in that context is key.

Specifically, content is becoming an increasingly important part of unlocking competitive advantage through media planning in three ways:

01

Unlocking the power of integration

More and more brands are producing their own content to populate their owned channels and influence their search ranking. That means there should be more opportunities for brands to engage with consumers, but if those opportunities aren't aligned with an overarching strategic direction, they are a missed opportunity.

Every pound, euro or dollar spent producing something that doesn't align with an overall strategy is capital that isn't working as hard as it could to beat the competition.

Without arguing for the 'matching luggage' approach of a consistent look and feel to all communications across channels, different parts of the communications ecosystem need to contribute to an agreed direction in order to maximize the overall impact.

For example, UK retailer John Lewis was producing huge amounts of content that wasn't necessarily always aligned with their broader media investment. We addressed this by creating a mid-funnel, always-on layer to the annual media plan that focused on consumer moments where John Lewis could play a valuable part.

This layer involved organizing and amplifying their owned content around a list of priority moments, supported by relevant paid media, where appropriate. This meant that they avoided diluting their impact by trying to do too many things at once and could deliver greater cut-through across a number of cluttered, highly competitive categories.

Greater integration with owned content led to a 38% reduction in average CPMs, 22% higher click-through rates and ultimately, a 53% increase in ROAS.

02

Unlocking the power of unexpected experiences

In the on-going battle for consumer attention, it pays to find ways to surprise your audience in a relevant way. The human brain is hard-wired to notice things that sit outside of our mental map of what we expect to see in certain situations.

Being surprising for its own sake—novelty or gimmicky—can prove to be a brief head-turner, but being surprising in a way that is relevant to the brand and/or the consumer's life demands a larger share of attention.

Today's consumer, bombarded with thousands of commercial messages every day and constantly reading headlines about data and privacy, tends to be wary or distrusting of advertising. That means that opportunities to get brand messages into content environments outside of advertising ones can be powerful.

Finding ways to get brands and their messages into content is not a new idea, but an understanding of the importance of doing it in an unexpected and relevant way can ensure that the activity has the maximum possible impact, and therefore delivers the maximum competitive advantage.

Going Out With a Bang: Derry Girls

Channel 4, OMD UK

Derry Girls' takes a provocative and funny perspective on 90s life in a Catholic girl's school in Derry during The Troubles, one of the darkest and most volatile periods in British history.

With the announcement of the third and final series, we were determined to end on a high. Galvanising the Girls' existing fanbase to cement the show's place at the heart of pop culture.

Our proprietary cultural insight tool Q surfaced an exploding trend for nostalgia, as evidenced by the recent resurgence of all things 90s. This crystallized our approach: celebrate the past, without being stuck in it.

Nowadays, it's hard to imagine a life without screens but in 90s Britain, magazines were LIFE! And Smash Hits was the weekly popstastic bible that youth everywhere waited keenly for outside their local newsagent.

So, we brought it back, persuading Bauer to re-commission this 90s icon with a Derry Girls special edition that sat at the

heart of our campaign, mirroring the cultural backdrop of the show itself.

This was Smash Hits for the TikTok generation, captivating Derry Girls fans and those new to the show alike with its depiction of life lived by the show's protagonists.

Ensuring hype around our special edition for the post-Smash Hits generation could have been our undoing. But we cracked this conundrum by tasking a team of youthful ambassadors to deliver 100,000 copies directly into the hands of our Gen Z audience in areas they typically flock to: universities, shopping districts and nightlife hotspots. We distributed a further 50,000 copies with Bauer's mega-sellers, Closer and Heat.

This became Channel 4's biggest comedy overnight in over a decade the 16-34 share more than tripled the slot average. Illustrating the power of creative media integrated around a clear communications idea to deliver meaningful cultural impact.



Readers could enjoy pop lyrics, popstar fashion and entertainment gossip and Sister Michael shared her divine opinion in our advice column.

Then in nationwide OOH we supersized the magazine's famous pull-out poster, recreating a 90s bedroom wall with the much-loved Derry Girls characters in full effect.

Bringing the whole thing into the 21st century we ran a TikTok content hub featuring digital articles, trailers and a filter allowing fans to feature themselves as Smash Hits cover stars.

And no 90s experience would be complete without a mixtape; fans could add tracks to our Spotify version, customise with authentically 90s stickers and share with friends.

03

Unlocking the power of immediate action

Finally, one of the most powerful ways that content can help unlock competitive advantage is by bridging the gap between consuming content and purchasing a product as small and frictionless as possible.

It is important to make your brand easier to buy than your competitors, as consumers are increasingly coming to expect to be able to buy things they come across whilst consuming social content (especially creator or influencer content—80% of people in the UK have bought something because of an influencer in the last year).

The rise of shoppable functionality on existing social platforms such as TikTok Shop and Instagram Shopping, and other platforms like LTK, point to an increased willingness and desire to purchase things immediately.

If your brand isn't making that an option for consumers, you can be sure one of your competitors will, so competitive advantage comes from having the easiest, fastest means for your consumers to buy your brand directly from the content they are consuming.

In several ways, content is a key battleground for gaining advantage over, and ultimately stealing share from, your competitors, which is increasingly one of the most important aspects of media today.



The Three C's of Growth



AUTHOR
Treva Thimm



USA

In a world where brands are battling for attention and resonance in every moment of every day, we have developed a *three drivers of growth framework* that is leading OMD clients to content success. And it's critical to land all three in order.

01

Culture

We define culture as a shared experience that leads to feeling a sense of belonging and community. As brands, we must dig deep to identify the relevant cultural signals that meaningfully align our brand to the moments our growth audience cares about in culture: their passions, the shared experiences they talk about, the communities they immerse themselves within. When brands meet audiences in culture and deliver them with greater value in the spaces they love, they earn powerful attention.

02

Context

Audiences have countless ways to engage and be engaged with content. But today, they're spending a great amount of their time in only a few platforms. With context, we build on the attention we've earned and start to inspire deeper audience resonance in those fewer platforms by placing the right message in the right environment—personalized specifically for them.

03

Connection

Culture enables brands to earn attention and break through. Context enables brands to resonate. And connection is where we break down the silos of brand vs. demand through thoughtful, holistic measurement, resulting in full-funnel orchestration and, ultimately, brand growth.

With a deep understanding of how culture, context and connection work together in content, new ideas can be created that deliver brand growth through a differentiating competitive advantage.



Case Study

BACARDÍ Rum's Sponsorship of the 2023 MTV VMAs' 50 Years of Hip-Hop Celebration

Culture

BACARDÍ has a heritage in music through their Latin Caribbean soul and rhythm. Music fits within their brand DNA: it brings people together, makes people move, and enables freedom of expression and connection. Throughout the past 50 years of Hip-Hop, artists from the likes of Nelly, 50 Cent, Lil' Kim, Run DNC, and many more, have name checked BACARDÍ in their lyrics. While BACARDÍ has been a part of the hot lyrical lines, the brand wanted to pay homage to this culture-changing, history-making genre, and 2023's 50th anniversary of Hip-Hop presented a unique opportunity.

Context

BACARDÍ was inserted into another major player in Hip-Hop's history, the MTV Video Music Awards. As the first official spirits sponsor of the MTV VMAs, BACARDÍ Rum and MTV came together to get personal with Gen Z and Millennials, developing a 360-degree program to celebrate the 50th anniversary of Hip-Hop. Each touchpoint highlighted the iconic rum brand's pervasiveness in the genre and raised a toast to the impressive legacy of these culture-defining artists. The brand, flexing its musical credentials, dropped a new campaign during the broadcast that time travels through five decades of Hip-Hop, pairing current Houston hit-maker Don Toliver with legendary DJ Premier. As the centerpiece of the campaign, the 60-second custom-creative aired twice during the VMAs and across social platforms, featuring a variety of BACARDÍ name-checked tracks, representative of each decade from the '80s to today.

Connection

BACARDÍ found authentic ways to connect with its core audiences through delicious cocktails, the launch of BACARDÍ Vintage: a fully-shoppable retrospective of Hip-Hop style from the '80s through to today, surround-sound media, social amplification, consumer sweepstakes, and a limited-edition bottle—truly creating a BACARDÍ takeover during one of the most exciting awards shows for Gen Z and Millennials.

Brands, Fans and Streaming Plans



AUTHOR
Luke Southern



UK

Why amplifying fandom is what really matters in the battle for streaming audiences' attention.

Netflix announced in November 2023 that they had reached the 15 million ad-tier subscriber milestone which whilst positive progress is less significant from an ad targeting perspective when you consider that this represents 6% of their total global subscriber base of 247 million.

As writers' strikes and challenges around production budgets have impacted the growth of all streaming platforms, plus the recently announced plans for ads on AppleTV+ and Prime Video in 2024, there is no doubt that ad-tiers, new opportunities for audience engagement, and the associated spend will grow rapidly over the next twelve months.

Nevertheless, we must remember that unlike adjacent streaming platforms like Spotify that were built specifically around ads from the outset, advertising will play a supporting role to the main business of fully paid, ad-free subscriptions which means much of the audience attention advertisers seek will still be off limits.

To be successful in 2024, and win the attention of streaming audiences in the near-term, brands should see ad-solutions as part of, but not the whole solution, and spend time working out how to become part of the conversation around the content itself.

Amplify the Hype, Chat, Trends, Memes, and Themes

Simply put, go from just being a **brand as an advertiser** to a **brand as an amplifier** for the hype, chat, trends, memes, and themes that the juggernaut IP generates through brand partnerships, product placement, or maybe even the co-funding of extended narrative content and programs.



Get this right and your brand becomes as much part of the fandom of a show or series as the characters themselves, as Doritos, McDonald's, Apple and many more have shown us in recent years from their integration into popular streaming franchises.



Get it wrong and you are the incongruous, out of touch product placement in cult classic *Wayne's World* without the associated irony.

Amplifying a show's reach and appeal by way of fandom can have hugely positive benefits for a brand—boosting awareness and recall, positive sentiment, and overall consideration metrics—because you are tapping into the emotive connection that audiences have to the show and extending this effect to your brand too.



Considerations for 2024

01

Be authentic and additive to the overall story.

Consider your brand or product in context to the story being told. Fashion, fast moving consumer goods (FMCG), snacking brands and youth culture-focused shows make total sense together. How your brand fits into and adds to the narrative of the content through in-show product placement or via an off-platform brand partnership should be top of the list of considerations. This could also be through the production and funding of ancillary content that plays out between seasons; keeping the audience's appetite for more of the characters or locations they loved, fulfilled and enabled by your brand. Riffing on the importance of music in *Stranger Things*, last season, Doritos gave fans the chance to attend an exclusive virtual concert set in the Upside Down featuring a mix of 1980s bands like Soft Cell and contemporary acts to extend the on-screen world into the real world, fueling fandom and supported by limited edition packaging with a 1980s throwback design.^[1]

02

Think in years, not in quarters.

Even in normal times the production cycle for broadcast/streaming content is much longer than a typical advertising campaign and with it the timings and opportunities for a partnership or product placement. Like brand NPD (new product development) think 12–18 months, not 12 weeks, and focus on long term brand building rather than short term product sales. From initiation to being onscreen could be nearly two years in the making so future-proofing the placement or partnership from the outset is essential.

2024 will provide an unparalleled content drought, particularly in the US, but it will be noticeable worldwide, due to the writers and actors strikes in 2023. This will provide a unique opportunity for new content sources; live, international, and niche creators to partner with brands and to become brands themselves.



03

Connect the advertising and the amplifying effects.

One of the most exciting prospects ahead for brands is how advertising-based video on demand (AVOD) can combine with partnerships or product placement, to re-write and experiment with the advertising options for brands with the streaming platforms. Branded entertainment can be revisited and re-engineered so that the 'ad break' becomes more integrated into the overall show narrative—less ad like, more like chapters of the story being told—where the commercial messages are still delivered but with a more integrated, editorial tone. Perhaps one of the best examples of this has been Apple and their promotion for juggernaut IP *Ted Lasso*: always treating the fictional characters like real life players with post match interviews, social profiles, and, last year, integrating Richmond AFC into FIFA in the ultimate fan and gamer pleasing move that drove streaming viewership by 35%.^[2]



04

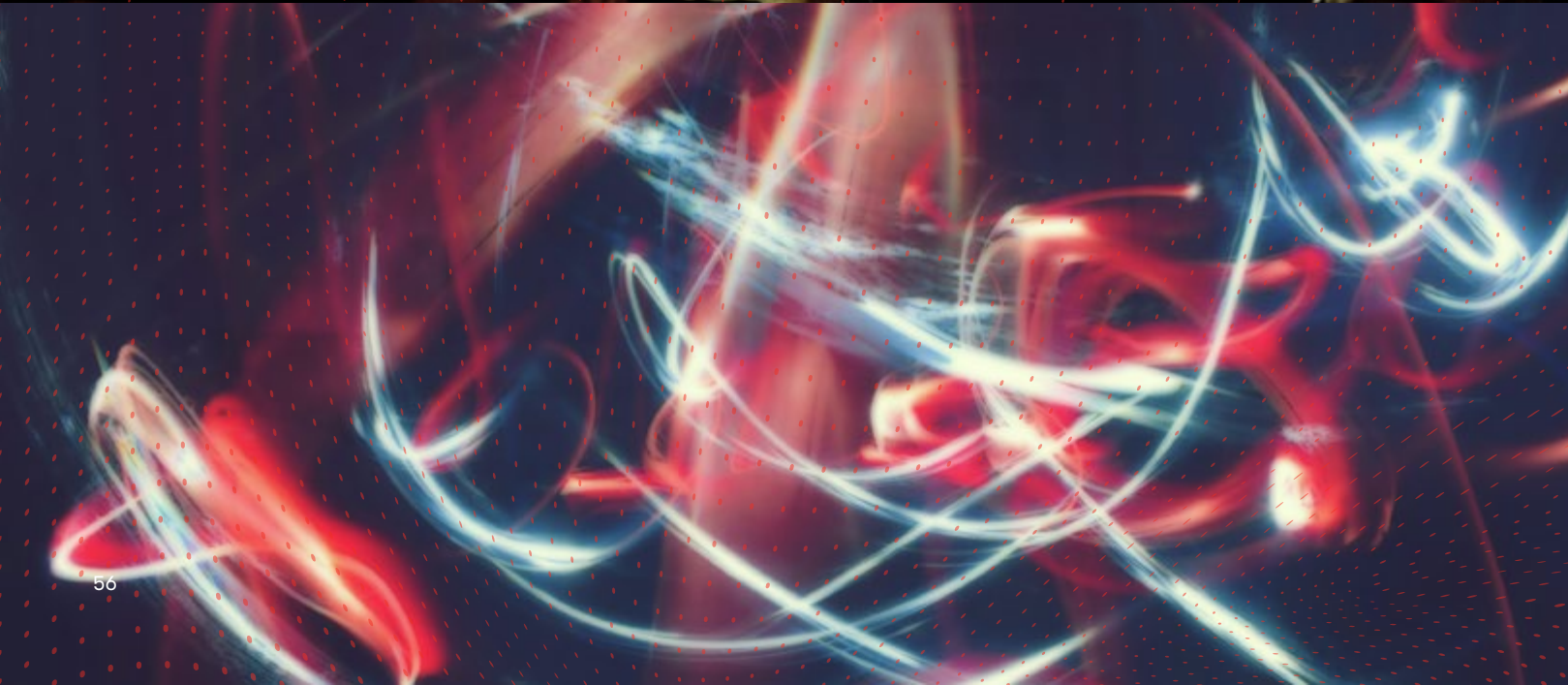
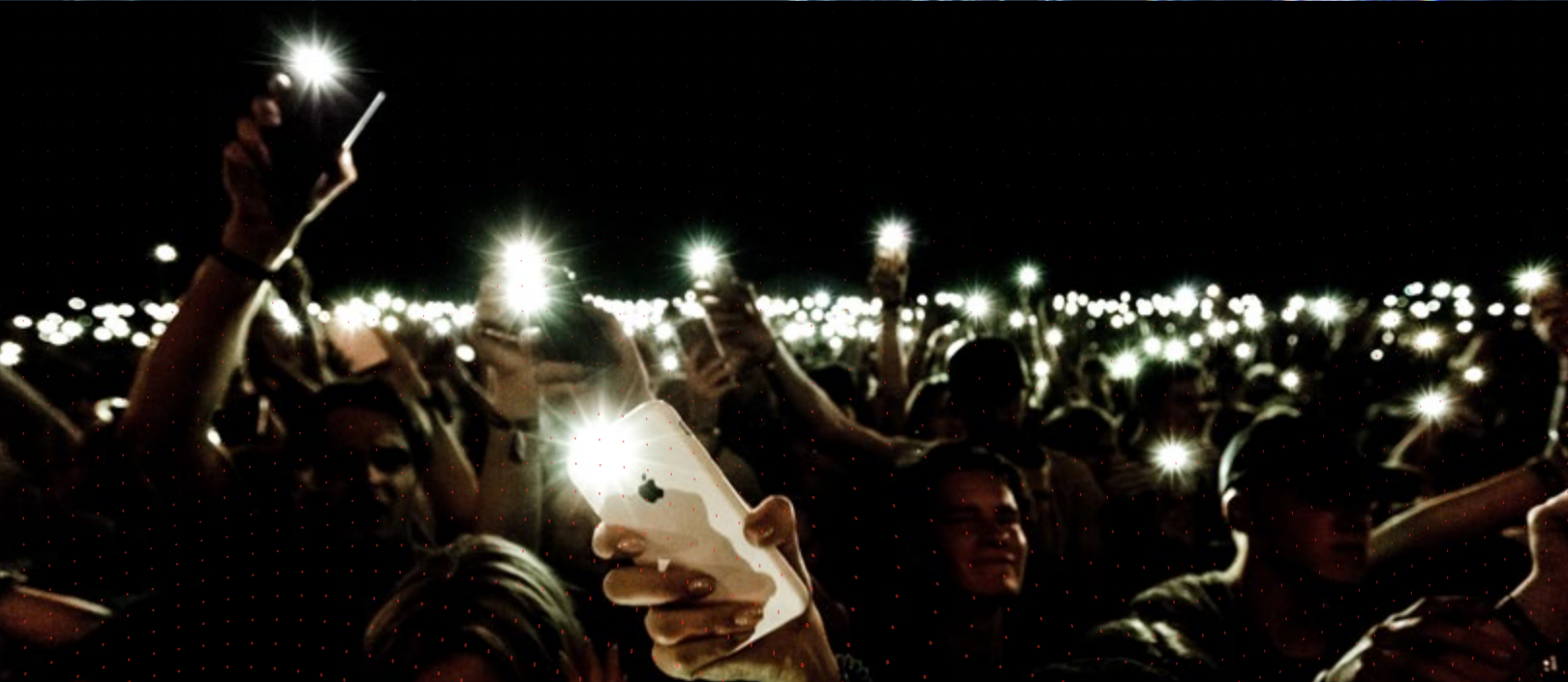
Draw inspiration from other channels.

Gaming, for example, whether it's Fortnite, Roblox or showing up in virtual environments, the brands that are gaining the most traction are the ones that are there to be in service of, not to take over from, the gaming experience. New environments to explore, limited edition skins/power ups, virtual test-drives in racing sims or stimulating the sense of community inherent in gaming and virtual worlds; these are all great ways to make a brand a useful part of the gaming world and in doing so gain trust and credibility. That's exactly how CUPRA, a relatively new automotive brand, approached integration into Forza Horizon 5, one of the biggest driving sims in the world with a passionate community of players. By prioritizing brand value for gamers through downloadable content, custom landing pages and community driven racing challenges, CUPRA not only created an authentic integration but saw a significant uplift in virtual test drives amongst a Gen Z audience with over 10 million downloads to date. Consider how this can translate to the impact a brand can have around a successful show or streaming franchise.^[3]



Above all, make it obvious to audiences that you, as a brand, are as much of a fan of the content as they are, through your actions and the amplifying effect you can offer via your marketing, media, and promotional efforts, so that when audiences talk passionately in the bar, at work, to family and friends about what they are streaming, they talk about your brand too.





Conclusion: Three Key Takeaways

01

Authentic

Brands should strive to be genuine and contribute to the overall narrative of the content. This involves considering how their brand or product complements and enhances the story. With a deep understanding of how culture, context, and connection work together in content, new ideas can be created that deliver brand growth through a differentiating competitive advantage. This can be achieved through integrations or off-platform experiences that are authentic and additive to the brand story.

02

Amplified

Brands should draw inspiration from other channels and explore new environments to amplify the hype, chat, trends, memes, and themes generated by popular content. By serving the content and its fandom, brands can become an integral part of culture. This can be achieved through brand partnerships, product placement, or even co-funding extended narrative content and programs. Exploring unique partnerships and exclusive integrations both On and Off Platform are key to amplifying engagement, earning attention, and ultimately increasing overall brand equity.

03

Actionable

Brands need to be culturally aligned with their consumer's life to earn a larger share of attention. Converting the largest share of earned attention means capitalizing on immediate & actionable integrations through content and throughout culture. Brands should focus on creating "Cultural Commerce" opportunities by bridging the gap between the point of transaction and engagement within seamless, shoppable moments in content. By doing so, brands have an opportunity to convert untapped areas of exponential growth, maximize Returns on Spend, and own a competitive advantage with the market.

04

Commerce



Introduction



AUTHOR
Parweez Mulbocus



EMEA

The advancements in digital technology and eCommerce platforms have enabled businesses to create highly personalized shopping experiences for their customers. This shift in consumer expectations has spurred retailers and brands to rethink their approach to commerce and adopt data-driven strategies, omnichannel solutions, and customer-centric approaches across different platforms. To further engage shoppers, commerce media is being leveraged to deliver relevant and timely ad experiences to consumers, while cutting-edge technologies such as Artificial Intelligence, Augmented Reality, and Internet of Things are creating immersive and frictionless in-store and online shopping journeys.

Overall, the world of commerce has been transformed by digital technology and eCommerce platforms, and businesses are continuing to innovate to meet the changing needs of consumers. This has enabled shoppers to have more control over their shopping experiences, while businesses are able to create unique and engaging experiences to drive loyalty and increase revenue. As the market continues to evolve, it is essential for businesses to stay ahead of the curve and embrace innovation to stay competitive.

In this section, we will explore consumer purchasing behavior, how media meets commerce, and commerce innovation.

Consumer Purchasing Behavior



AUTHOR
Parweez Mulbocus



In recent years, consumer shopping behavior has changed significantly, accelerating the adoption of eCommerce as people worldwide turned to online shopping due to lockdowns and restrictions.

This shift led businesses to experience considerable growth as consumers embraced online shopping over traditional brick-and-mortar stores. During that time, consumer priorities also evolved as people re-evaluated their values, goals, and lifestyles, seeking experiences and products that improve mental and physical health. Inclusive advertising and relatable brand messaging engages new and existing customers; while the consumer focus shifts towards immediate needs and convenience. As a result, convenience-driven services such as same-day delivery and virtual wallets have soared in popularity. Technological advancements have created a constant shopping experience, with social media shaping habits and facilitating passive shopping. Smartphones and easy access to online stores via apps, mobile-optimized sites, or social media environments contribute to the always-shopping approach. Tactics like push notifications with discounts and exclusive offers entice consumers to make purchases. In an ever-changing world, it is crucial for businesses to adapt to evolving consumer preferences and remain competitive. Meeting consumer expectations involves enhancing convenience, employing technology for seamless experiences, and providing personalized interactions.

Let's take a more detailed look at trends influencing consumer purchasing behaviors

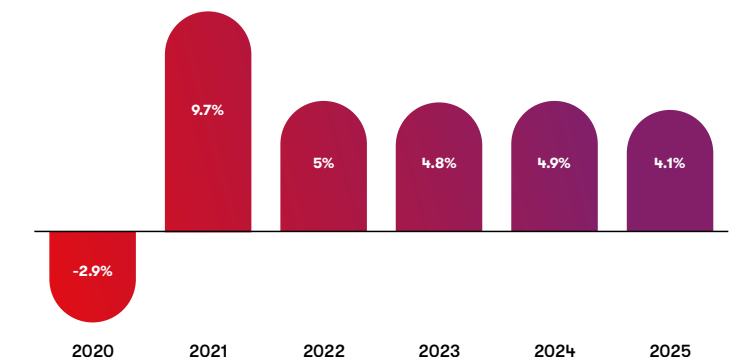
Various trends have emerged in recent years, impacting consumer purchasing behaviors globally, having a direct influence on digital commerce, forcing businesses to adapt to these changes or risk being left behind.



Omnichannel shopping has become a critical aspect of the retail landscape

Driven by consumers' demand for seamless and consistent experiences across all channels, both online and offline, consumers' expectations have paved the way for omnichannel retailing, where businesses strive to integrate their physical and digital touchpoints to provide a cohesive and unified customer journey. In 2021, retail eCommerce sales amounted to approximately \$5.2 trillion worldwide. This figure is forecast to grow by 56 percent over the next five years, reaching about \$8.1 trillion by 2026. The importance of omnichannel marketing approaches cannot be overstated. In today's retail environment, omnichannel commerce encompasses a wide range of components, including brick-and-mortar stores, eCommerce marketplaces, mobile browsing, onsite storefronts, social media integration, retargeting, and more. With 58% of modern retail influenced by digital advances^[1], virtual shopping on websites, mobile apps, and even in-store has proven highly advantageous for brands to bridge the gap between a brick-and-mortar and online customer engagement.

Projected Retail Sales Growth Worldwide from 2020 to 2025



Source: Statista

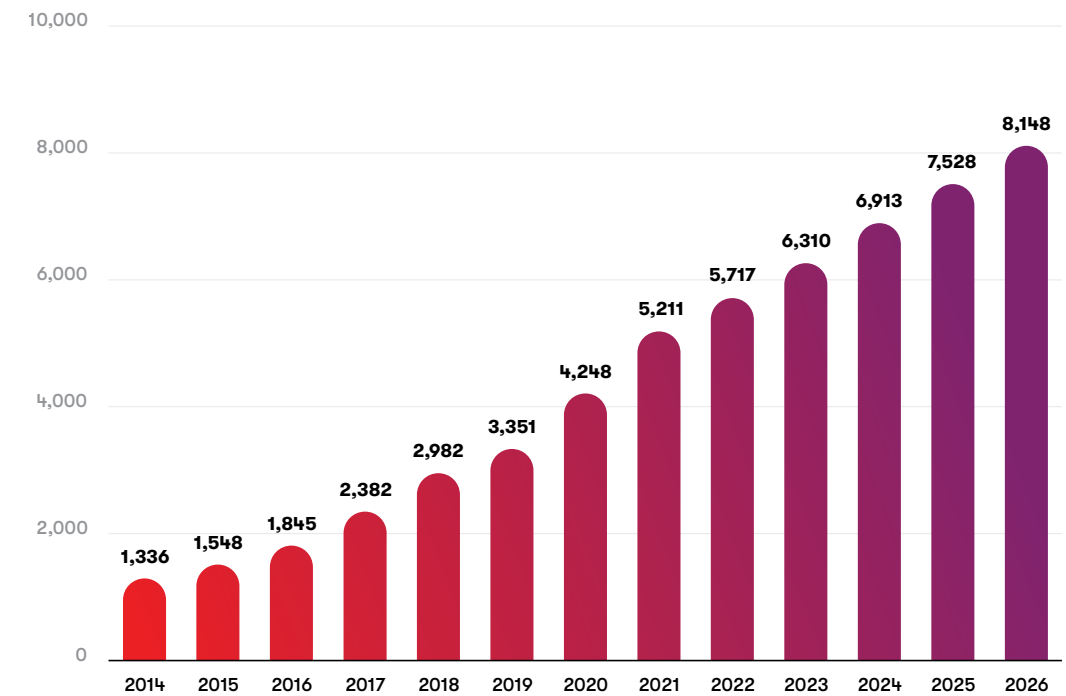


Key principles such as consistency, seamlessness, integration, and centrality, ensure that customers receive a high-quality experience at every touchpoint, regardless of whether they shop online or offline. They also help break down barriers between different selling channels and devices, enable tailored shopping experiences through data-driven insights, and keep customers at the heart of every interaction. Retail companies must adapt to these emerging trends and focus on delivering smooth, seamless shopping experiences to continue thriving in an increasingly competitive market.

That’s why “companies with the strongest omnichannel customer engagement strategies retain an average of 89% of their customers, compared with 33% for companies^[2] with weak omnichannel strategies,” according to research by Aberdeen Group (via Internet Retailer).

Retail eCommerce Sales Worldwide from 2014 to 2026

Sales in Billion U.S. Dollars



Source: Statista

1.6 billion consumers are set to pay via digital wallet at the POS in 2023 which will account for 30% of all POS payments.

\$1.6B

Digital Wallet Payments at POS by 2023

All POS Payments

Source: Business Development Bank of Canada (BDC)

Convenience-Driven Fulfillment: Evolving the Ecommerce Landscape

Modern-day customers gravitate towards flexible delivery services, seamlessly merging online shopping convenience with immediate in-store pickups. Such hybrid solutions cater to those desiring adaptable brand interactions. By 2027, the global BOPIS (Buy Online, Pick up In-Store) market is set to cross the \$700 billion mark, underscoring its pivotal role in shaping eCommerce. BOPIS isn't just about convenience; it's a sales booster. A staggering 95% of online shoppers expect swift deliveries, and BOPIS has led to a 35% sales spike during festive seasons. Morning Consult's data further identifies millennials, city residents, men, and affluent households as prime BOPIS enthusiasts. Moreover, in-store pickups often tempt customers into additional purchases, escalating the total sale value. Brands are also expanding their service palette with offerings like ROPIS (Reserve Online, Pickup In-store), BORIS (Buy Online, Return In-Store), and curbside pickups, fortifying their omnichannel strategy to meet contemporary consumer demands.

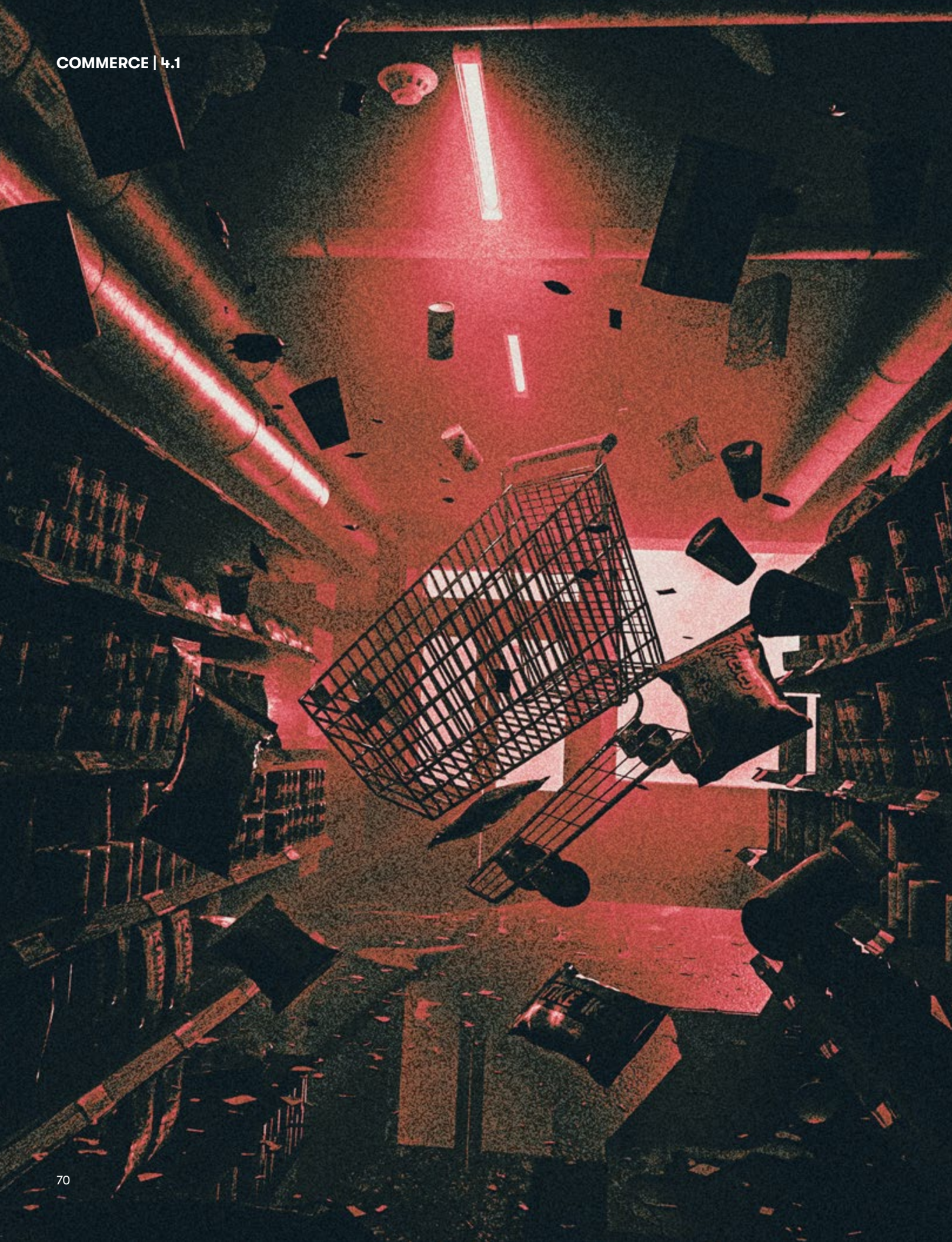
Digital Payment Evolution: From Checkout Innovations to the Rise Of Super Apps

The checkout process^[3] is now one of the most essential parts of the sales journey, but what does that mean for businesses?

Even as consumers have returned to in-person shopping, they aren't ready to give up the convenience of digital payments. Instead of returning to previous payment methods, consumers stick with behaviors^[4] they picked up during the pandemic: they're opting for digital payments over traditional cash and credit card options—trends you can expect to hold firm. Businesses processed \$3.9 trillion in frictionless payments in 2020^[5], a number that's expected to increase to \$8 trillion by 2024. Apple Pay, Google Pay, Shop Pay, and other digital wallet options are now a standard fixture alongside other traditional payment options at the checkout counter. China's popular WeChat app is a prime example. It started as a simple messaging app but now offers services, including taxi rides, virtual wallets, hotel reservations^[6], games, and even medical consultations.






In 2024, expect to see more of these super apps emerging with key digital payment features like buy now, pay later^[7] (BNPL) programs, which let consumers pay off purchases in monthly instalments, and flexible payment methods.





The AI and machine learning revolution in retail

In retail, AI and machine learning have transitioned from mere trends to essential tools. Their adoption isn't about staying in vogue but maintaining a competitive edge and elevating consumer experiences. By 2024, embracing AI will differentiate trailblazers from the pack in omnichannel retailing. A recent Accenture study shows that AI could boost profitability by 59% for retailers by 2035. Here's how AI reshapes the industry:

-  **Personalized Shopping:** AI crafts bespoke product suggestions and marketing, refining the customer journey.
-  **Proactive Demand Forecasting:** With machine learning, retailers can anticipate demand, balance inventory, and minimize stock shortfalls.
-  **24/7 Automated Support:** AI-enabled chatbots and virtual aids deliver round-the-clock assistance, ensuring prompt query resolutions.
-  **Visual Search Enhancements:** Shoppers can now locate products using images, thanks to AI, ensuring an engaging purchase process.
-  **Dynamic Pricing Models:** Real-time price adjustments, driven by demand fluctuations and competitor pricing, ensure maximum profit margins.

Data-driven organizations deliver better experiences

Although businesses often use customer data to enhance online strategies, the potential for improving offline experiences must be noticed. Utilizing customer data throughout an omnichannel retail strategy allows companies to understand shopper behaviors comprehensively, fostering seamless engagement and loyalty.

This shift to delivery of omnichannel customer experiences exposes process gaps and disjointed customer-facing processes within organizations. With so many sales points available, there is a growing need for a platform that provides access to customer touchpoints. Gartner's hype cycle for digital commerce highlights the increasing use of Customer Technology Platforms (CTPs)^[8], which integrate customer-facing technologies and applications, and align the customers' perspective with the organization's customer experience, vision, strategy, and technology. This alignment benefits customers and businesses by enabling organizations to connect customer experience objectives with marketing tactics.

A customer-centric application strategy can bridge these gaps, improving customer experiences. This technological trend remains a dream with obstacles such as CRM applications, integration difficulties, vendor relationships, and organizational inertia that must be overcome to enhance customer experiences.



Mobile Commerce 2023: the \$2.2 trillion revolution

In 2023, mCommerce sales reached a staggering \$2.2 trillion, representing 60% of global eCommerce transactions. This rise is credited to the widespread use of smartphones, swift mobile internet, and easy shopping on the go. Key factors driving mCommerce growth include mobile apps, a predicted CAGR growth of 34% from 2021–2026, and the need for responsive mobile design to enhance user experience. Retail mobile apps are preferred over mobile websites, ensuring smoother navigation. Emphasis on zero-party data allows businesses to offer tailored experiences while addressing data privacy concerns. The metaverse is emerging in mCommerce, expanding beyond gaming to virtual brand purchases. Techniques like geotargeting enhance location-based marketing, and video marketing is set to reign, boosted by platforms like TikTok. QR codes, adopted by giants like Starbucks, are diversifying mCommerce functionalities. In summary, mCommerce is rapidly evolving, demanding businesses to adapt to mobile shopper trends swiftly.

Amplifying brand narratives with social commerce

Social commerce is transforming the eCommerce landscape, merging social interactions and online shopping experiences. By 2023, global trends show a significant shift towards this amalgamation, where purchasing decisions are deeply influenced by social media interactions. A study by Nosto in 2022, revealed that 62% of global consumers expressed willingness to become part of a brand’s online community. This trend underscores a growing affinity towards unity and shared experiences even in online shopping spheres.

The rise of user-generated content (UGC) further corroborates this evolution. Consumers today are not mere buyers; they actively partake in a brand’s narrative by creating content, sharing reviews, and endorsing products. This sense of belonging and collaboration augments trust and authenticity, critical for brand loyalty.

Brands must, therefore, prioritize building communities around their online presence. Such engagement not only fosters loyalty but also catalyzes organic growth through word-of-mouth and shared experiences, propelling businesses to newer heights in the digital age.



How sustainability drives consumer choices in the online marketplace

In 2023, digital commerce is intricately linked with sustainability, as businesses grapple with the imperative of aligning with consumer values. A PwC survey reveals that a company’s social, environmental, and governance decisions substantially influence consumer buying behavior in the online realm. Specifically, eco-friendly practices like carbon reduction can sway 30% of consumers’ purchase decisions. Social initiatives, including championing diversity and human rights, impact 40% of consumer choices. Moreover, transparent governance practices influence 41% of online shoppers.

A 2023 study by Simon-Kucher & Partners underscores this shift, with 94% of consumers now prioritizing sustainable purchasing. From thrifting to sustainable packaging, buyers seek brands echoing their commitment to the planet. For businesses, clarity and transparency in sustainability endeavors are paramount. As content marketing becomes pivotal, brands must spotlight their eco-initiatives to captivate their audience. As the world tilts towards recycled products and green solutions, ignoring sustainability could side-line businesses in this eco-conscious market.





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Local Focus: China

China remains a global leader in retail eCommerce, with a remarkable 46% share of eCommerce in total retail sales, exceeding international norms ^[1]. This year is poised to witness a robust 9.3% growth in digital sales ^[2].

Retail Ecommerce Sales Share of Total Retail Sales Worldwide, by Market, 2023

% share of total retail sales

China

45.9%

North America

15.2%

Western Europe

12.6%

Central and Eastern Europe

11.8%

Southeast Asia

10.9%

Latin America

10.1%

Middle East and Africa

4.4%

Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sale; China excludes Hong Kong
Source: Insider Intelligence | eMarketer, June 2023



China's eCommerce landscape has been significantly reshaped by the rapid rise of livestream shopping.

This trend is projected to account for 19.2% share of total retail eCommerce sales, with expectations of soaring from \$562.62 billion in 2023 to a staggering \$843.93 billion by 2025 [3]. Major eCommerce and social platforms, including Alibaba, JD.com, Pinduoduo, and prominent short-video platforms like Douyin, are actively participating in this dynamic phenomenon [4].

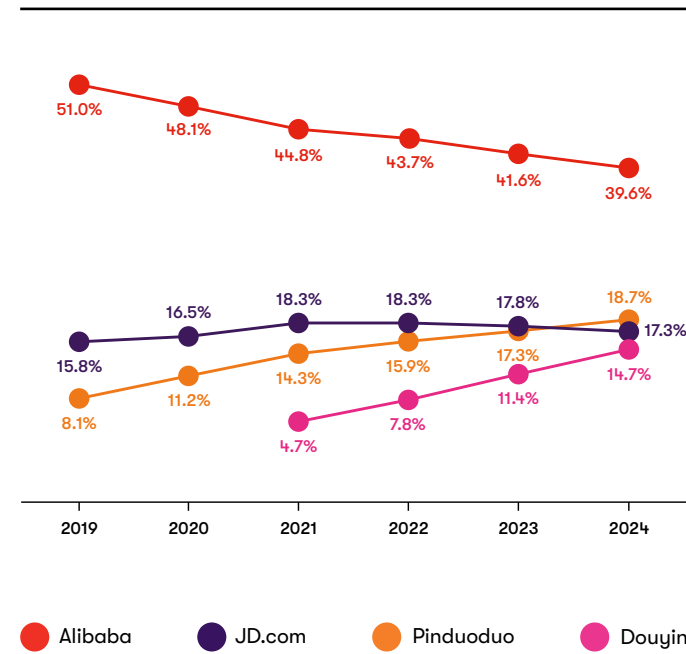
Livestream shopping covers a range of product categories, with cosmetics, food and beverage, clothing, daily household items, digital appliances, and culture and entertainment being the most popular among consumers [5].

The attraction of livestream shopping goes beyond deep discounts; consumers are attracted by real-time interaction, in-depth product understanding, quick answers to queries, and an engaging, immersive atmosphere [6].

A prime example of this can be seen on Douyin, where users immediately enjoy a shopping experience seamlessly blending shoppable content, such as livestreams, exclusive memberships, and engaging short videos with product links, creating an immersive and captivating journey.

Top 4 Companies in China, by Retail Ecommerce Sales Share, 2019–2024

% of total retail ecommerce sales



Note: Includes products or services ordered using the internet, regardless of the method of payment or fulfillment, excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales; excludes Hong Kong
Source: Insider Intelligence | eMarketer, June 2023



Case Study

OMD China organized TOM FORD's livestream event, managing every aspect from scriptwriting to flawless execution. Utilizing our Omni social tool, we seamlessly intertwined current celebrity trends with a lipstick launch, effectively captivating fans on prominent platforms like Tmall and WeChat.

+11%
Top of Mind Awareness

+353%
Social Buzz Volume

+117%
Product Sales

Furthermore, OMD China orchestrated the 'Wave Live Party,' embodying Bacardi's 'Do What Moves You' philosophy. These dynamic performances fueled the 'Go Live, Go Free' campaign while spotlighting Bacardi's iconic 'Cuba Libre' and 'Mojito' cocktails as symbols of liberty. Skillfully utilizing platforms such as Weibo, WeChat, and Red, they amplified the brand's visibility and bolstered sales, highlighting OMD China's exceptional expertise in content-driven commerce.

Customer Journey in Douyin

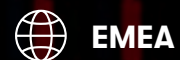
- Visit App**
Entertainment & leisure, no immediate purchase motive
- Content Consumption**
Short Video & Livestream via recommended FYP or Followed creators
- Match**
Video demonstrating products with strong selling points
- Interested**
Customer become hooked and plan to make purchase
- Purchase**
Customer click to make the purchase



Media Meets Commerce



AUTHOR
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The Trillion-Dollar Shift: Commerce Media's Reshaping of Advertising

Advertising has long grappled with the challenge of correlating ad expenditure to real-world purchases. The conventional approaches, riddled with assumptions and ballpark metrics, frequently fell short of accuracy. Enter commerce media, commonly known as retail media, an approach that directly associates audience impressions with omnichannel sales, revolutionizing the advertising landscape by bridging the gap to the point of sale.



Redefining the Advertising-to-Purchase Connection

Traditional advertising metrics, such as ad impressions, have often been ambiguous. Commerce media, however, is transforming this narrative. It combines content with commerce, allowing brands to present relevant offers while maintaining strict privacy measures, focusing on brand relevance, and syncing ad impressions with tangible sales results.

Rooted in affiliate advertising and Amazon as the role model for retail advertising, retail media has evolved to include retail media networks and third-party platforms led by retailers. Modern innovations like “shoppable ads” and “live commerce” are emerging, with the latter’s success in China’s fashion and beauty industries underlining its potential. As the digital era advances, we might soon see buying opportunities within the metaverse.



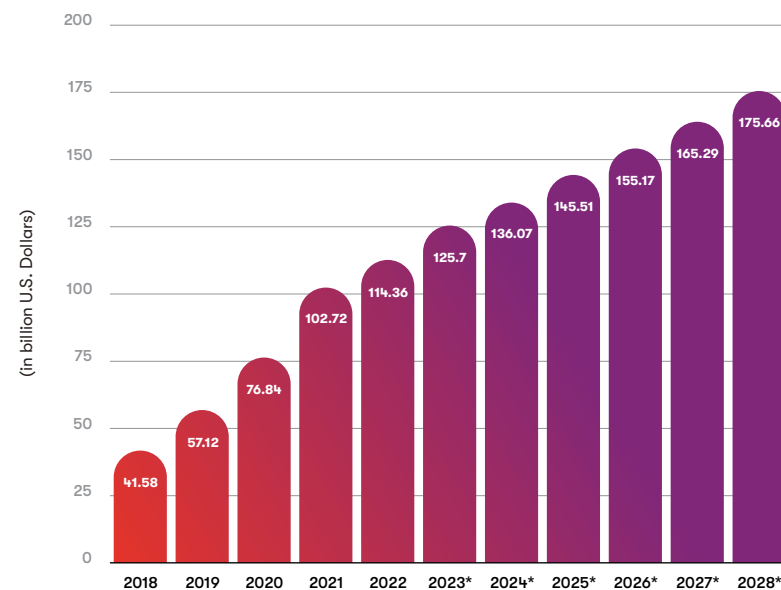
Driving Forces Behind Retail Media's Rise

While incremental revenue at high gross margins drive many retailers to launch and grow their retail media offerings, it is the potential to revolutionize how data is monetized and revamp the customer experience across sectors that are the underlying strategic drivers of retail media's growth. As reliance on browser cookies diminishes with their anticipated phase-out in 2024, the value of first-party data (which is more greatly held by retailers than most brands) skyrockets, highlighting retail media's pivotal role in the evolving advertising ecosystem. FMCG/CPG brands have thrived in this environment, but the ripple effect is broader. Sectors ranging from fashion to hospitality are exploring retail media's potential, with even non-traditional categories joining the fray. For instance, Marriott's foray into digital advertising was radical for the hospitality sector.^[1] Yet, it may signal a broader trend, with industries from airlines to financial services potentially following suit. This rush is driven by the allure of monetizing vast repositories of personal data gleaned from digital platforms like apps and websites. Retail's pioneering media networks have set a brisk pace, a testament to their success in attracting advertiser investment. Platforms like Instacart and Glovo are now keenly exploring ways to weave more advertising into their offerings, underscoring retail media's universal appeal and potential.

Retail Media Financial Prospects

Reports from WARC project retail media ad spending to grow by 10.2% in 2024^[2], possibly outpacing linear TV. Giants like Amazon and Alibaba spearhead this movement. From its early days of printed flyers, the Retail Media Network sector in the US has soared from \$13 billion in 2019 to \$45 billion in 2027. In 2022, digital retail media advertising spending worldwide was estimated at \$114.4 billion. The source projected that the value would increase to more than \$176 billion by 2028^[3]. To compare, Amazon generated \$37.7 billion dollars in ad sales worldwide in 2022^[4].

Digital Retail Media Advertising Spending Worldwide from 2018 to 2028



Towards Transparent Standards

The Internet Advertising Bureau and the Media Rating Council's draft guidelines stress transparency, accuracy, and compliance, emphasizing consistent data collection and rigorous benchmarking to ensure data integrity. The '101 Guide to Retail Media' by IAB Europe^[5] offers definitions, best practices, and insights, laying the foundation for anticipated standardizations by 2024.

Concurrently, the Incorporated Society of British Advertisers (ISBA), with its diverse membership encompassing both retailers and brand advertisers, unveiled the UK's inaugural Responsible Retail Media Framework^[6]. This initiative offers a standardized blueprint encompassing definitions, data accessibility, attribution, and transparency. Recognizing the need for cohesion across a fragmented landscape, the ISBA established a cross-industry forum, including brands, retailers, and tech partners, in alliance with Omnicom Media Group's eCommerce group, Transact.



The Future of In-Store Retail Media

The dawn of retail's next mega trend is the digitization of the physical store, paving the way for retailers to introduce dynamic, interactive media experiences across store shelves, end caps, cooler doors, and checkout aisles. In fact, in-store retail media boasts audiences that are, on average, 70% larger than their digital counterparts^[7], according to data from Placer.ai and Comscore Media Metrix Multi-Platform.

This resurgence of in-store media is characterized by the rise of engaging displays aimed at enticing customers back into brick-and-mortar establishments. As GDPR takes center stage, retailers relying on in-store data navigate a delicate balance between data pertinence and obtaining clear customer consent. Industry heavyweights like Microsoft and Amazon spearhead this movement, while the extensive store networks of Walmart Connect and Tesco are advancing in the latest retail media, digital instore media.

In conclusion, retail media, with its precision-driven advertising approach, is poised to redefine the trillion-dollar advertising realm. This transformation promises robust growth, novel tactics, and a closer alignment between brands and their audience.



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Expansion of Retail Media in Latin America

Despite the economic situation predicted for the region in 2023, it is expected that Latin America will experience a 22% growth between 2023 and 2026. Brazil, Mexico, Colombia, Argentina, Chile, and Peru are the top markets in the region with the highest volumes of sales on e-commerce sites.

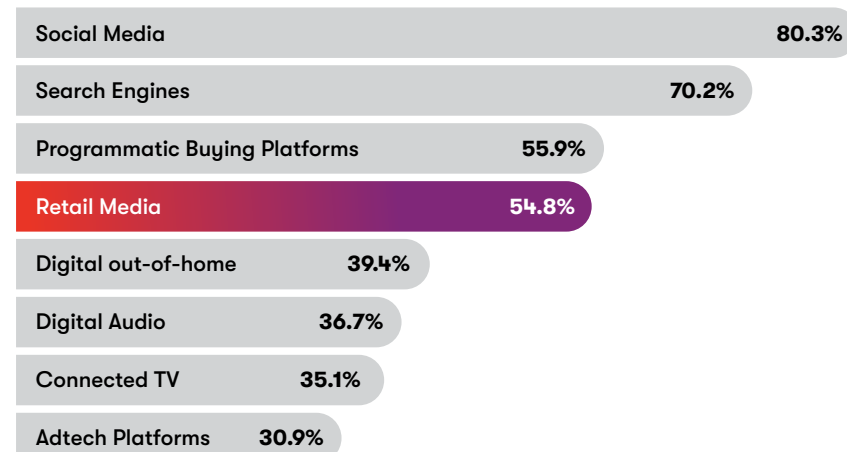
With these growth rates, we are witnessing the emergence and expansion of the retail media ecosystem across the region. According to eMarketer, in 2022, retail media accounted for 7% of digital ad spending. We are observing a growing interest among clients in exploring capabilities and testing campaigns, which have yielded positive results in Brazil, Mexico, Colombia, and Chile.

We are observing Amazon (only in Brazil and Mexico), Mercado Libre, Rappi, Cencosud, and Walmart leading initiatives to enhance their knowledge in the field of retail media, aiming to increase their share of digital advertising spending. As shown in the chart below, retail media is becoming increasingly relevant compared to other digital media channels, such as digital out-of-home (DOOH), connected TV (CTV), and digital audio.

Latin America is expected to sustain its growth in eCommerce sales and retail media investment in the years to come. We anticipate that social commerce will play a pivotal role in this growth as technology becomes increasingly available across social media and retail media networks. Undoubtedly, it will remain a prominent and compelling topic for advertisers and eCommerce players, given its growing relevance among users throughout the region.

Paid Media Channels Ad Buyers* in Latin America Will Use to Place Digital Ads, June 2023

(in billion U.S. Dollars)



Note: n=188; in the next 12 months; *who directly work with, or support, the Latin American market, and are contributors in the ad-buying process at their company. Source: Insider Intelligence | eMarketer, "Latin America Marketing and Retail Media Trends Survey 2023" conducted in collaboration with the local Interactive Advertising Bureaus in Latin America, as noted, June 15, 2023



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42% Growth in Retail Media Spends in the Netherlands

The Netherlands, as one of the world's most digitally sophisticated countries, has seen a strong convergence of digital media and eCommerce. It is no surprise that (digital) media has already gained a dominant position in the Dutch commerce space. Not only marketers, but also consumers value the link between media and eCommerce. Recent studies show that the marketplace platform bol.com is valued as the most preferred ad platform for consumers [1]. For marketers, the combination of having value-based first-party data and being visible at the point of sale resulted in an impressive +42% growth in retail media spending in the Netherlands last year [2]. OMD, together with Transact in the Netherlands, is helping clients to make the best connection between commerce and media by implementing the latest developments to close the gap between the two worlds.

Case Study

For an FMCG client, we conducted a comprehensive analysis of media and commerce using ROPO (research online purchase offline) research. The data revealed that 87% of sales from an online banner campaign on the retailer's website occurred in physical stores. Also retailer studies found that combining TV with online and offline media from the retailer resulted in a substantial +38% incrementality boost compared to having only TV campaigns.

Summarizing above, these figures highlight the significant growth and importance of retail media within the consumer journey. With increasing retailer participation and technological advancements like self-service platforms and projected signage, we anticipate continued growth in retail media within media plans in the Netherlands over the coming years.



Example: (Programmatic) screen at retailer



Example: Projected signage retailer



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Amazon Has Made Advertising Revenue its Fastest Growing Revenue stream

Any discussion about commerce would be incomplete without consideration of Amazon and the impact it carries in the marketplace. Amazon is not only the biggest player in eCommerce advertising, it is set to become the #1 retail media provider globally in 2024, overtaking China’s Alibaba [1]. It also retains a strong lead in eCommerce in the US and most western markets [2].

Since launching its retail media offering in 2008, Amazon has paved the way for today’s exploding retail media landscape inspiring a multitude of copycats [3] eager to reap comparable gains. Few, however, have yet approached the scale of Amazon. Nevertheless, we see Amazon continuing to grow in this area creating pressure for other retailers.

Advertising revenue has evolved as Amazon’s fastest growing major revenue stream. We anticipate the growth to continue which presents brands valuable opportunities across the marketing funnel.

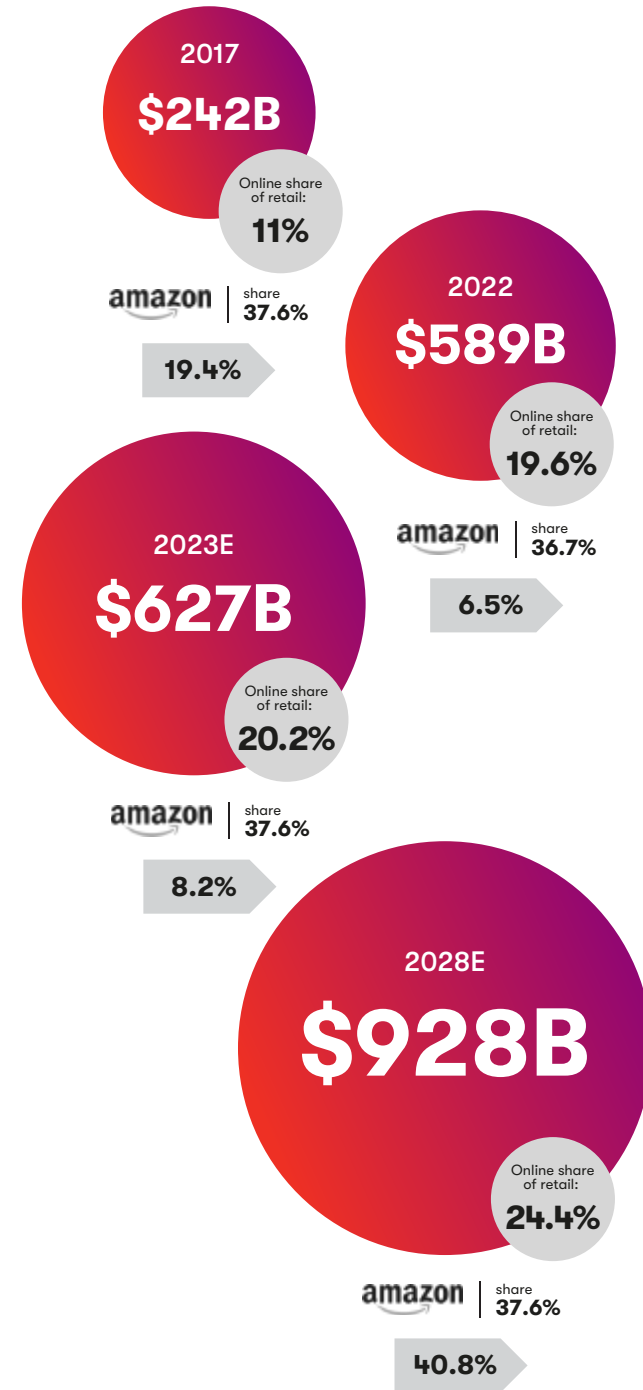
At the upper end of the funnel, Amazon’s launch of ads in Prime Video (coming in 2024) gives advertisers a video-reachable audience comparable to that on Hulu, Netflix, Warner Brothers, and others. The branding opportunity is valuable, but the potential to connect those brand exposures to sales over time is potentially transformational.

While growth at the top of the funnel is exciting, we anticipate more growth in the mid-funnel, too. Amazon is an ecommerce and logistics power-house, facilitating ~40% share of US ecommerce, and being the starting point for over 60% of product searches in the US (compared to Google at 49% and Walmart at 32% [5]). We see Amazon leveraging its logistical and technological capabilities to enlarge the digital places where Prime members can purchase, which correspondingly enlarges the media inventory available to them for lower and mid-funnel advertising. Amazon’s expansion of offsite Sponsored Ads is one example (e.g., Sponsored Ads serving on Pinterest and directing to Amazon). Another is its recent partnerships with Meta and Snap which leverage its Buy With Prime platform to make ads completely transactional within each of those respective platforms. Both of these are examples where Amazon is applying its capabilities as an ecommerce facilitator to enlarge mid-funnel demand capture opportunities.

While still early days (one might say it’s still “Day One”) with these developments, brands will do well to monitor and test these opportunities for measurable executions to connect demand generation to demand capture.

Online will reach nearly a one-quarter share of total retail, while Amazon will command more than 40% of the US eCommerce channel

US Retail Growth: Online Sales Only

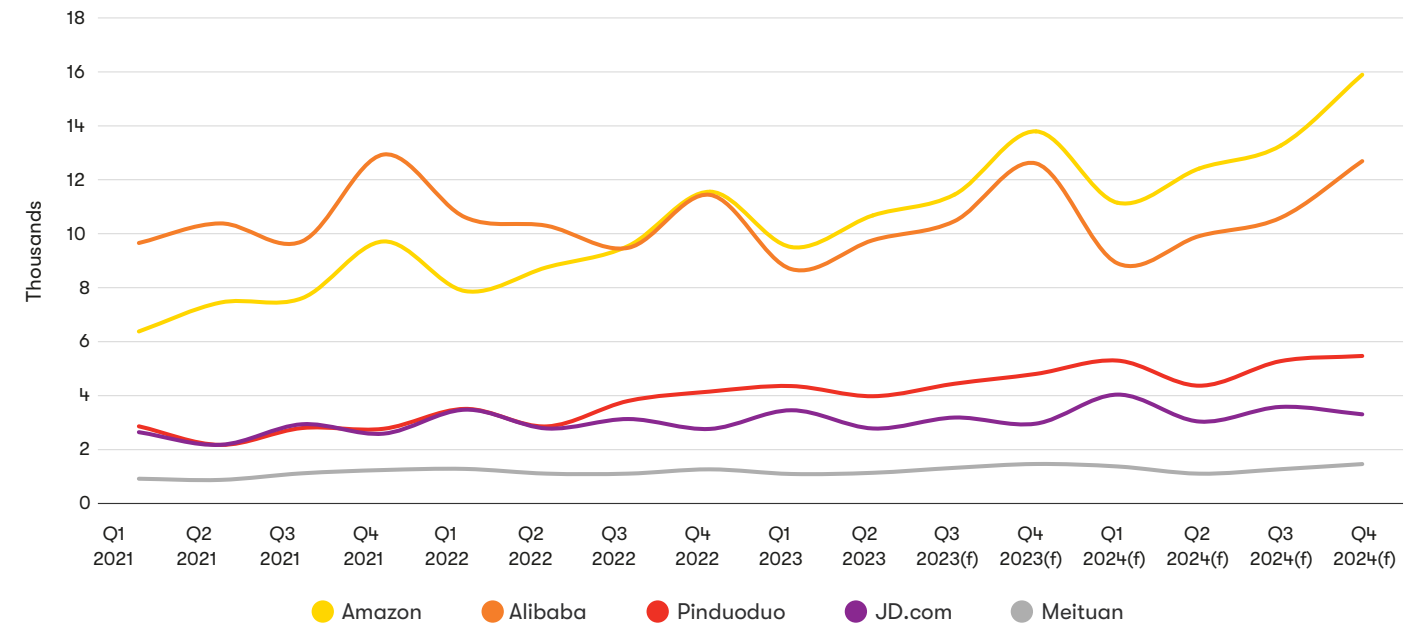


Arrow represents CAGR for that time period

Source: Kantar, How Amazon Fits Into the Broader Retail Ecosystem 10/2023

Global, retail media ad spend by platform

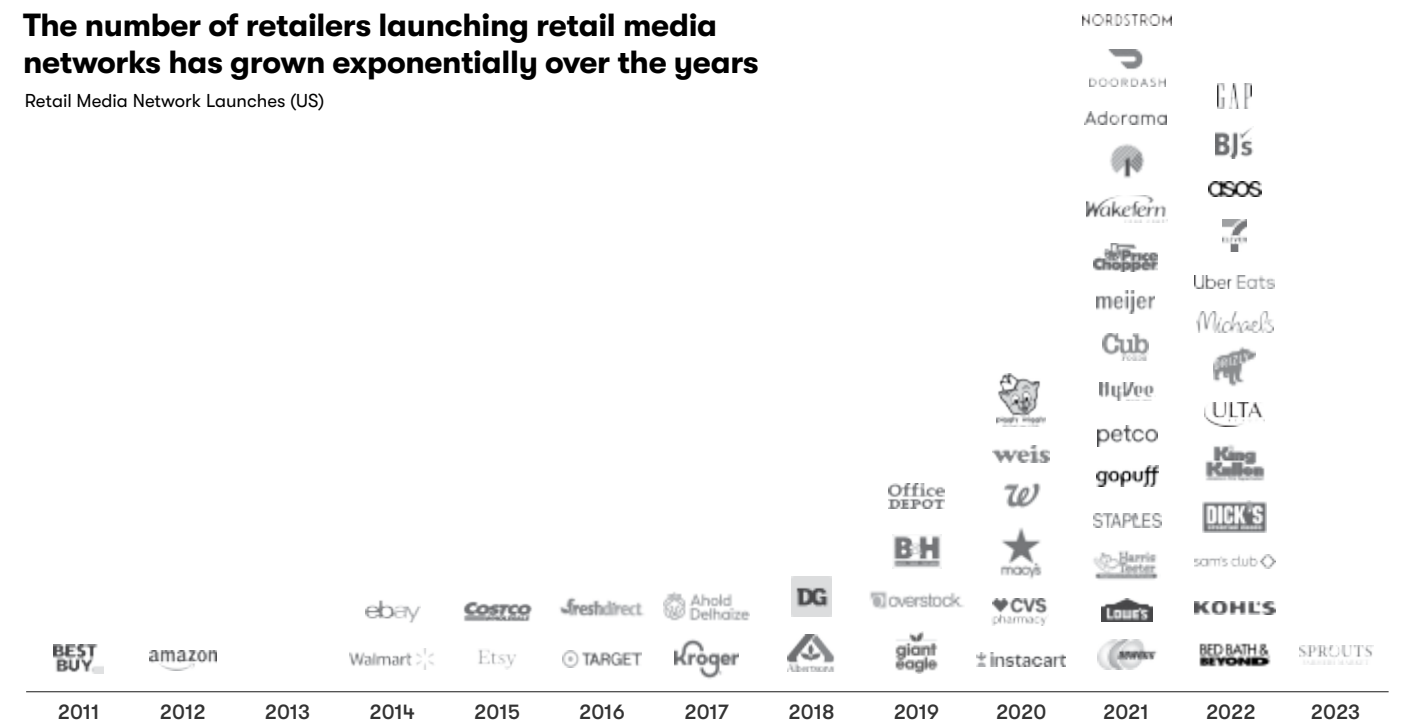
USD, Billions



Source: Warc Global Ad Trends 2023

The number of retailers launching retail media networks has grown exponentially over the years

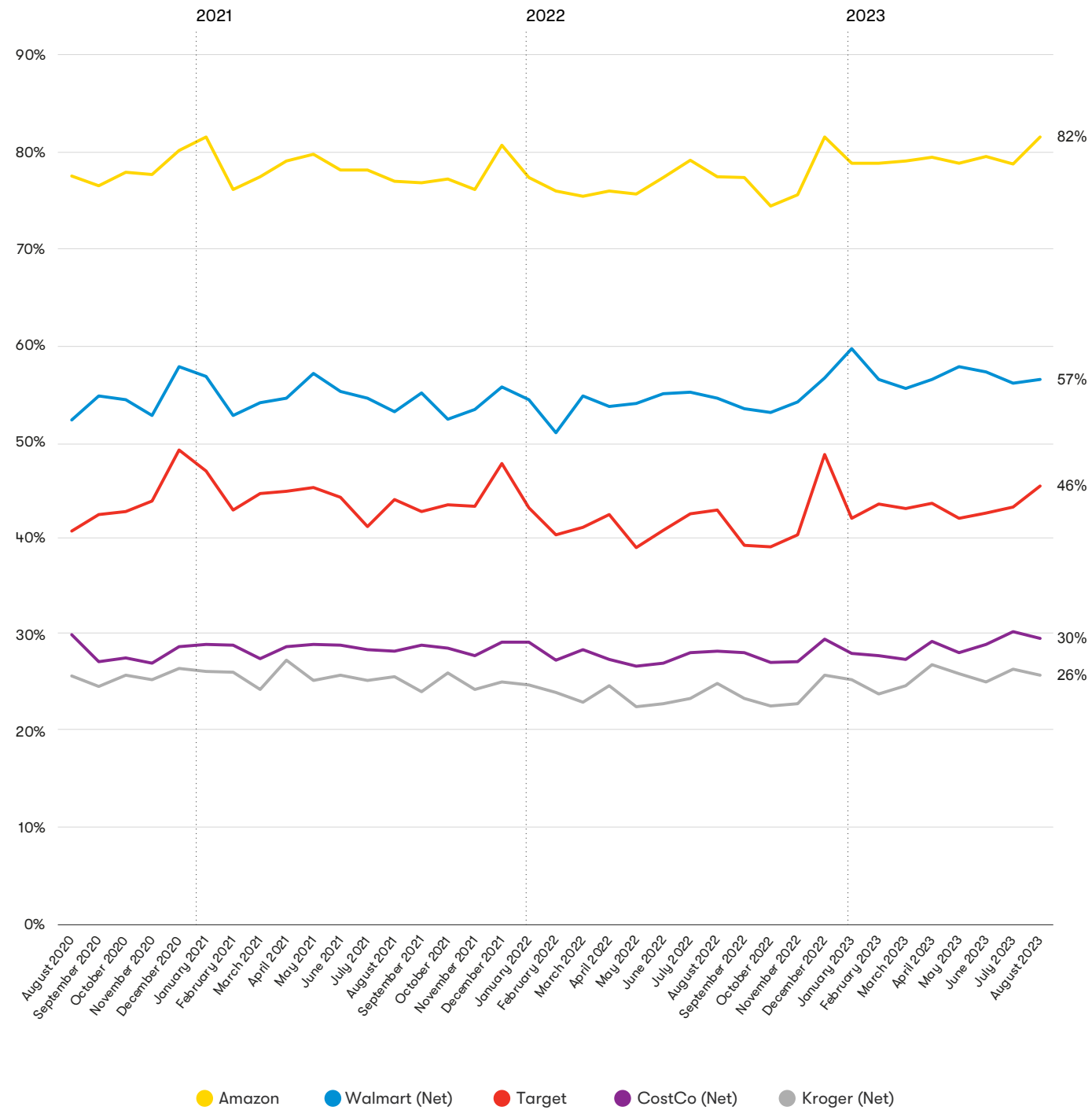
Retail Media Network Launches (US)



Source: Kantar, How Amazon Fits Into the Broader Retail Ecosystem 10/2023

Amazon retains a significant lead in shopping incidence over its top retailer competitors

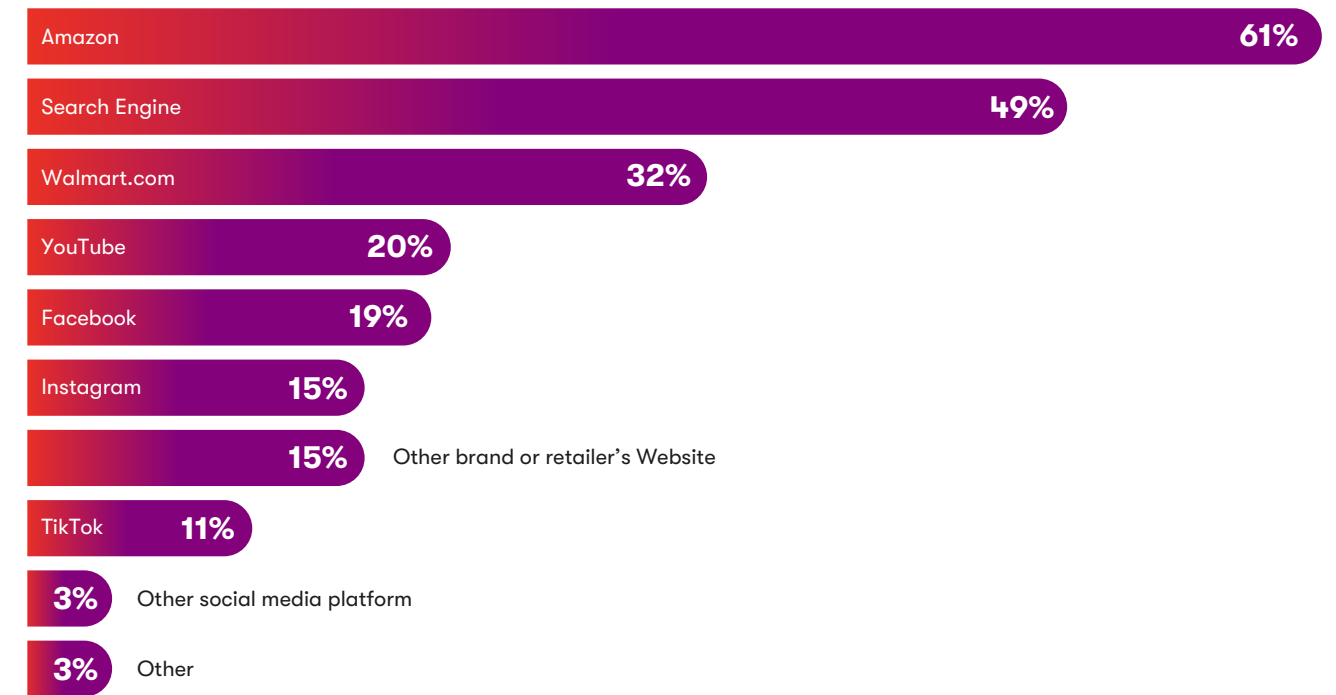
Past Four-Week Shopping Incidence at Amazon, Walmart, Target, Costco, and Kroger (among all shoppers)



Source: Kantar, How Amazon Fits Into the Broader Retail Ecosystem 10/2023

Where US Consumers Start Their Search When Shopping Online, May 2022

% of respondents



Note: respondents could select multiple options
Source: Jungle Scout, "Consumer Trends Report: Q2 2022," June 23, 2022

“Amazon dominates the retail media landscape. It occupies more than four-fifths of the market outside of China and, is forecast to earn \$45.4 billion in ad revenue this year.”

Warc Global Ad Trends 2023



Commerce Innovation and AI

Commerce has continued to evolve in 2023, driven by various factors, including new shopping habits, emerging technologies, including AI & AR, and a changing industry landscape (for example, demise of the cookie). These innovations continue to impact the way brands engage with consumers.

Retail Media Innovation

As retailers continue to grow their offerings, digitization of in-store media will also grow, allowing brands to connect online and in-store activations. With the buying of trade and retail media currently fragmented, it will soon be possible for brands to buy in-store placements programmatically and apply targeting to align messaging to online ads consumers are seeing, and brands and agencies will need to prepare ways of working to drive impact across these campaign types.

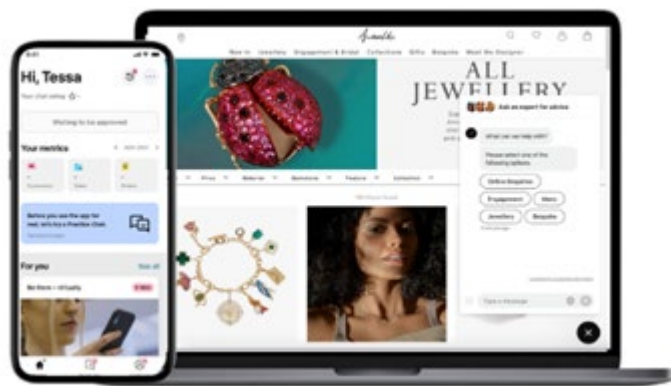


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Direct-to-Consumer in 2024

In addition to retail media, brands selling through their own websites are also seeing a resurgence. Advantages like enhanced control, better margins, and the potential to cultivate enduring relationships with consumers have become increasingly apparent. As a result, this has become a key area of focus for brands.^[1] The demise of the cookie in 2024, will initiate an increased focus on brand.com as brands have greater reliance on first-party data. Transacts recent blog highlights 10 key strategies to maximize DTC success – including a 360-media strategy, prioritizing personalized experiences & customer loyalty and optimizing to profitability.^[2]



Technology Driving New Ways for Brands to Engage

New technology is also providing brands with opportunities to improve experiences for consumers. AI tools are helping eCommerce brands to deliver improved business processes and conversion rates through advancements across automation, targeting, personalization, customer service, data analysis, logistics and forecasting, and Augmented Reality (AR) is providing opportunities to curate tailored experiences for consumers.



Some Examples Include:

AI for Improved Product Findability:

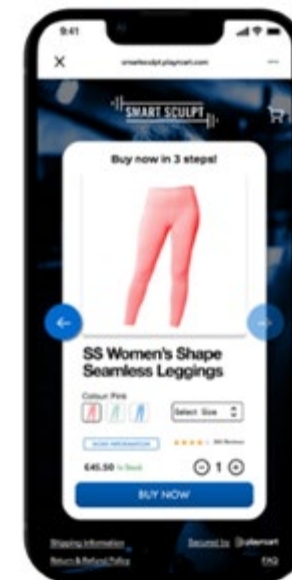
- AI-powered personalization uses machine learning algorithms to identify patterns in consumer data and personalize product recommendations on site, even for new visitors.
- AI-driven assistance onsite can also improve user experience: Visually Similar Search and Onsite Search can help users find more relevant products, improving CVR.^[3]

AR to Provide Experiential Experiences:

- AR has moved beyond a concept to a tangible shopping tool, allowing consumers to try on and judge products in a real-life way before purchase, offering opportunity for brands to improve customer engagement and buyer trust.^[4]

Virtual Shopping Assistant:

- Klarna Virtual Shopping Assistant provides in-store sales assistants offering personal shopping advice and demos for shoppers via video chat accessed through a brand's website.



Collapsing the Funnel: One-Click Checkout

What is it?

One-click checkout is a single page payment process that is used to process orders. It is becoming the industry standard for eCommerce, aligning with the increasing trend of simplifying and streamlining the customer journey.

Why is it needed?

The average shopping cart abandonment rate across all industries is 69.8%, with approximately 17% of customers are said to abandon their carts due to a lengthy or difficult checkout procedure.

- By reducing the number of clicks and pages needed to complete a purchase, one-click checkouts reduce cart abandonment rates and increases conversion rates.

In a 2021 report on European checkout trends, 42% of top businesses had three or more checkout errors related to inputting card information or displaying payment errors, 61% didn't let customers auto-fill information, and 10% didn't support the popular "use billing address as shipping address" function.

- One-click checkout eliminates many of these problems and requires minimal site design changes from businesses.

How does it work?

Consumers enter the necessary data, and the payment processor saves their information for future purchases.

For one-click checkout to work as intended, the customer must already have an account with the business's payment processing service and a valid payment method on file. Once the customer logs in or is recognized by the payment processor as a returning customer, the one-click technology allows them to complete the purchase straight from the basket, without needing to input any additional information.

Any customer who has an account with a payment processor that offers one-click checkout can visit the eCommerce website of any retailer that offers one-click checkout, log in and enjoy an easy, fast checkout experience. This means customers don't need to create an individual account on every retail website they visit.

What are the risks and mitigations?

Quicker shopping processes increase the potential for fraud and abuse. Since one-click checkout uses the technology offered by the payment processor, and not the retailer itself, its security levels match those of the processor.

Retailers should consider the below capabilities while choosing the payment processor:

- Does the payment processor allow for checkout customization?
- Is the one-click solution widely recognized and trusted by customers?
- Will the checkout solution support shopping from any device, even when the customer is not logged in?
- Which security measures does the checkout solution offer?





Conclusion: Three Key Takeaways

01

Global commerce is transforming rapidly, with a decisive move towards online ecosystems where convenience, customization, and sustainability dictate market trends. Businesses are adapting by harnessing eCommerce solutions, embracing omnichannel approaches, and integrating technological advancements to meet the evolving preferences of consumers.

02

Retail media is at the forefront of this transformation, innovatively connecting advertising to tangible sales outcomes. With the potential to eclipse traditional advertising models, retail media's success hinges on its ability to create cohesive experiences that merge retail environments with digital insights, setting new standards for consumer engagement.

03

The year 2023 marks a pivotal moment for commerce innovation, with AI and AR technologies leading the charge in creating immersive shopping experiences. The resurgence of direct-to-consumer models reflects a shift towards more intimate brand-consumer interactions. Emphasizing data-centric personalization, this era of commerce is redefining the customer journey, setting a new benchmark for customer satisfaction and brand loyalty.

05

Looking Forward



Future Looking



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So, to the future. We look ahead to 2024 in what seems to be a state of constant transition. Transition into post-pandemic normalization, into heightened political, social, and environmental tensions, and into the advertising-funded proliferation of streaming and social platforms into new and expanding areas.

This Looking Forward section paints a picture of both challenges and opportunities in 2024. It is a story of old and new. Of the established and the emerging. The familiar and the unexplored. A year where the nostalgic meets the novel.

The pace of change is far from slowing. To help marketers stay ahead, OMD in 2024 will publish the next growth framework—an exploration of how

brands can leverage new opportunities in content, commerce, and data to drive growth. The publication will feature a New Growth Framework, prescribing how marketers can create differentiating competitive advantage specific to a category and brand context. Look out for the next growth framework in 2024.

What is clear is that—whilst navigating 2024 looks set to be as challenging as any year—the spoils for the brands able to weave these contrasting forces to create value through social, cultural, and commercial currency are vast. We do not have a map for the year ahead, but we do have a compass: one that points to exploration, insight, agility, and action as the path to growth. Responding deliberately, decisively, and rapidly to what lies in store.

What to Focus on in 2024



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The year 2024 dawns amidst lingering uncertainty.

Yet, if history provides perspective, unrest often sparks creativity. Consider 1960s/70s rock borne of Vietnam or Fitzgerald's jazz-age prose post-WWI. When doubt destabilizes, new possibilities arise.

So, in these uneasy times, take comfort in community and nostalgia. Let warm familiarity steady us, be it Y2K fashion or the Ghostbusters' encore. For generations weathering disrupted youths, simple joys resonate.

Still, progress marches on. AI's rise evokes both awe and concern. Meanwhile, fragmented streaming, gaming, and social media carve novel connections.

Thus brands must meet shifting needs. Where society frays, they might weave bonds through transparency and shared values. Simplify, connect authentically in quality not quantity.

The government's purview is wellbeing. But top-down comfort only lasts so long. Now it's self-reliance again.

So face the future clear-eyed. Disorder seeds creativity. From unrest, art is born. Each age mints its own comforts. For when we're lost, nostalgia guides us home.

The above was a summary of the words that follow in the nostalgic style of Wes Anderson using the power of generative AI, to give a sense of what's in store for 2024, do read on. Also, neatly, AI has now been covered so on to the other interesting points.



Upcoming Events in 2024

Paris Olympics

26th July to 11th August

Paralympics

28th August to 8th September

US Election

5th November

Tay Tay’s Tour is Finally Leaving the U.S.

7th February (Tokyo)

European Union Election

6th to 9th June

Artemis 2 Space Mission

November first crewed mission beyond low earth orbit since Apollo 17 in 1972

Euro 2024 in Germany

14th June to 14th July

Coldplay Releasing Their 10th Studio Album Moon Music and Maybe Headlining Glastonbury

26th to 30th June

West Indies & USA host T20 Cricket World Cup

(first time WC matches hosted in the US)

4th to 30th June

Brands Must Meet Shifting Needs

We are in an extended period of uncertainty with the continuation of the Russian–Ukraine war and the start of the Israel–Gaza war, Indonesia inaugurating a new capital city in August, six new countries joining BRICS in January and numerous countries experiencing a series of industrial actions and strikes spanning transport, healthcare, the postal service, education, and environmental. As these continue, it is expected that supply chain disruptions will be extended and people will make increasingly informed decisions to benefit themselves whilst navigating the current economic, social, and environmental climate.

In 2024, we will also see three of the world’s largest countries and territories—the European Union, the United States and

India—hold elections that will shape global affairs during the second half of the decade, and directly affect 2.16 billion people and a gross domestic product (GDP) of \$40 trillion USD, approximately.

Consumers are more inclined to stay loyal to brands and organizations that share their values and meet their immediate needs. According to Edelman, 60% also said they would buy from or boycott a brand based on how it responds to protests around social issues. This has heightened expectations for brand transparency across the supply chain, to identify consumer needs and ignite hope through new forms of creativity, or at least provide a sense of escapism or security.



Nostalgia and Healing Content on the Rise

As people seek stability and security, nostalgia is emerging as a prominent and enduring trend in 2023 and 2024. Younger generations, in particular, seek solace in simpler times, fueling this trend’s influence on various aspects of culture: entertainment, fashion, technology, and even design.

For 2024, we see nostalgia reflected across pop culture, with film releases such as Ghostbusters: Afterlife sequel with appearances from the original cast, Godzilla, or Kingdom of the Planet of the Apes. Design and fashion are equally impacted—searches for Y2K fashion have grown by over 120% since 2020.

However, nostalgia’s impact goes beyond entertainment and fashion. It strikes an emotional chord, offering comfort and a sense of familiarity. As individuals share nostalgic experiences and memories, they form and fortify communities. This is where brands and media enter the scene, using nostalgia as a means to connect with consumers and bridge connections among consumers themselves. By blending the old with the new in a modern yet nostalgically inspired manner, they create a profound sense of resonance and belonging within this trend.

Cultural Fragmentation Versus Mainstreamification

As we continue our own voyages into 2024, we should take note of a couple of seismic exploration anniversaries; it's 500 years since the death of Vasco de Gama and 750 years since the death of Marco Polo. Both of those travellers did so much to open up cultural exchanges between civilizations and promote curiosity and wonder for the previously unknown.

Exploring and appreciating the cultural landscape is the grand adventure of our time. The broad shared experience of the pandemic has unraveled into a rapid fragmentation of culture, powered by a similar fragmentation of media.

The expectation is that there is a place and a space for every brand to play in the new cultural landscape, reflecting consumers' stated expectations for brands to be authentic and reflect their values. This last requirement should be the guiding star, suggesting brands should begin with simplicity in their aims and clarity in their cultural vision. Ideally, this leads to a selection of quality over quantity in the environments they choose to connect with their audiences.

In terms of platforms, TikTok has disrupted social, and is seemingly planning to do the same thing with connected TV, music streaming, and commerce. Facebook and TikTok are also testing paid for ad-free tiers, perhaps increasing the importance of influencer marketing in these channels in part as a response to increasing pressures on the current data-fueled, ad-funded model in regions such as the European Union.

Some events will continue to deliver mainstream attraction and audiences at scale, such as Euro 2024 and the Paris 2024 Olympics. However, outside of the traditional broadcast reach placements, it's also worth considering new content opportunities created by fragmentation. For example, gaming platform Roblox is building partnerships with footballing organizations as it seeks to carve out a role in the sports ecosystem. Before last year's Men's World Cup, FIFA launched a branded experience—FIFA World—on Roblox. We expect this to be the forerunner of many sports events crossovers into this space: the Olympics, X Games and Euro 2024.

In conclusion, face the future clear-eyed. Disorder seeds creativity. From unrest, art is born. Each age mints its own comforts. For when we're lost, nostalgia guides us home. We look forward to seeing you in 2024.



The Global Media Market into 2024



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The year of the return to normality?

Omnicom Media Group (OMG) analysis shows that starting from a baseline of 2005, in 75% of cases (across the 19 years to 2023) year-on-year (YoY) global ad spend percentage increases overemphasize GDP increases each year, and in 68% of cases it also tops the consumer price index (CPI). Where this is not the case, it is within 'shock years' across the global economy, notably:

2008 to 2009:

Great Recession (deepest since 1929 crash which induced the Great Depression)

2012:

Hangover from Black Monday (largest stock market crash in 24 years following the write-down of US governmental debt and unexpectedly high gas prices)

2020:

Covid-19 pandemic 'bust' (worst pandemic since the Spanish flu of 1918–1920, and biggest drop in global GDP since 1945)

2021:

Covid-19 pandemic 'boom' driven by speed of the vaccination rollouts and following unprecedented global stimulus from Central Banks and Governments

2022:

Highest CPI in a generation, driven by unprecedented global demand for goods (fueled by stimulus), supply-chain weaknesses, 'revenge spending' on services such as travel and entertainment, a tight labor market and the energy shock resulting from the Russian invasion of Ukraine

On the assumption that we do not endure another global 'shock', the ad market should start to normalize and revert to type of YoY increases outpacing YoY GDP growth. However, as with all forecasts, and to quote baseball legend, Yogi Berra: "It's tough to make predictions, especially about the future." We can only work with the indicators we have at the time of such forecasts. OMG breaks these indicators down to upside potential and downside risks.

Upside Potential

- The IMF's World Economic Outlook (October 2023) notes that labor markets remain strong in many high-income countries, without evidence of "wage-price spirals"
- Global consumer price inflation is forecast to decline steadily, from 8.7% in 2022 to 5.8% in 2024, due to tighter monetary policy
- The headline JPM Global PMI Composite Output Index is still showing growth, albeit only slightly, at 50.5 (see downside risks below) in September 2023

Downside Risks

- Whilst global headline inflation has peaked, core CPI remains stubbornly high, which is influencing future interest rate decisions and, therefore, credit, spending, and debt servicing. For example, in quite a few large economies, fixed-rate mortgages are ending, which will create a repayment shock for many
- The USD, whilst still well below September 2022 highs, could edge up if interest rates 'stay higher for longer' creating headwinds for US-based MCN's, commodities priced in the currency, and emerging market debt
- The JPM Global Composite PMI at 50.5 in September (down from 50.6 in August) is at its lowest reading during the current eight-month sequence of expansion
- China's economy is still in the doldrums versus previous standards. Property (commercial and residential), which accounts for a significant amount of GDP, has struggled due to indebted developers and local governments

Spend

Relating to ad category YoY spend movements, we favor Standard Media Index as the look-back source. Although only limited to approximately 20% of the global spend (markets included: USA, UK, Canada, New Zealand, and Australia), it captures real (but anonymized) agency spending, including all digital spend, which is difficult—if not impossible—to obtain from any other reputable source in such granularity.

At the time of publication, the latest Moving Annual Total (MAT) for all media spend by category shows a decline in the year to July 2023 of 2.7%, however, stripping out technology, this basket of markets is broadly flat. Technology continues what we believe is a natural correction, for the third consecutive period the category shoulders the biggest decline at almost 18%.

CPG, the largest category, is showing positive growth of 5.5% as advertisers continue to support their brands, not least due to input cost increases that have, in many instances, been

entirely or partially passed on to consumers. Concurrently, prices at the checkout are impacting retail spending, down almost 5%.

Interest rates, specifically mortgage pass-through costs, continue to impact financial services advertising spend—down 15%—although we expect some bounce back next year, if interest rates start to fall.

Travel (the worst hit category during the pandemic) continues its upward trajectory at +19%, though this is slower than the last MAT pull in July, which was +30%.

Going forward into 2024, as a US election year, plus the UEFA Euro 2024 and Paris Olympic Games, we are forecasting a relatively robust 5.2% global ad spend growth. Election campaign spending has started earlier than usual and is on pace to be the most expensive political ad campaign to date, exceeding \$10 billion (more than \$1 billion increase from 2020).

Category	Aug'21 - July'22 (USD)	Aug'22 - July'23 (USD)	YoY Difference (%)
CPG	25,557,422,604	26,995,424,312	5.5%
Technology	18,903,659,173	15,552,967,751	-17.7%
Automotive	12,117,209,278	13,136,474,702	8.4%
Pharmaceuticals	11,499,330,033	12,398,606,918	7.8%
Entertainment & Media	11,817,843,295	10,774,748,218	-8.8%
Financial Services	12,500,357,228	10,638,850,462	-14.9%
Retail	10,692,251,629	10,192,758,399	-4.7%
General Business	10,103,492,498	9,646,966,225	-4.5%
Restaurants	6,367,251,982	6,475,324,462	1.7%
Travel Services	3,588,122,496	4,271,688,877	19.1%
Apparel & Accessories	3,844,218,833	3,826,713,708	0.5%
Wellness	2,773,853,251	2,352,058,457	-15.2%
Gambling	422,004,420	368,478,506	-12.7%
TOTAL	130,207,016,718	126,631,060,996	-2.7%
TOTAL exc: Technology	11,303,357,545	111,078,093,246	-0.2%



Prices

Linear TV price inflation is forecasted at 5.1% in 2024, far below record highs of 11.9% in 2022 and 11.2% in 2021.

Note: these numbers are based on ‘all individuals’ with harder to reach audiences (young people, affluent, etc.) inflating at a greater rate, as eyeballs continue to migrate to other forms of AV (a fragmenting streaming market, connected TV, etc.)

The Writers Guild of America reached an agreement 148 days after the start of the strike. Ultimately, studios took concessions to settle and the five-month strike proved to be a disruptor to the viewing landscape, especially in the US.

- The Actors also reached an agreement, although over time it is unclear if AI will cause more friction and thus further walkouts.

Netflix’s much lauded ad-funded subscription model launched in November 2022 and is with approximately 5 million global users (accounting for about 2% of total subs). However, their Q3 2023 subscription increase of roughly 9 million net additions, purported to include 30% of those net adds within their ad tier (roughly 6% of total subscribers).

- Whilst positive, we still await better targeting capabilities and third-party verification
- In addition, this coincides with an increase in subscription fees (again), so it questions how viable advertising will be for Netflix going forward

The Disney+ ad-funded model, in contrast, launched with better targeting capabilities. It has around 5 million ad tier subscribers (roughly 3.5% of total subscribers), however ad spend levels are still relatively low versus more traditional video routes.

All eyes are now on Amazon, who have announced their own ad-funded model, effective Jan 1, 2024, which is different to the others as it simply flips all Prime subscribers straight into ad exposure, creating an 115 million audience (in the US alone) from its first day. Opting out of ads is a possibility, but for an increased monthly subscription cost.

- It is a positive development given their targeting and measurement capabilities
- We need to understand more regarding their CPM ambitions and packages

Total all-media global media price inflation in 2024 is forecast at 4.7%, 0.5 points lower than 2023 and well below the all-time highs of 7% in 2021.

Market Data

Market	GDP Growth	Inflation	Population	Estimated Total Ad Spend	Estimated Ad Spend Change YoY % (2024 vs 2023)	Estimated Ad Spend Change YoY% (2024 vs 2023)					Estimated Ad Inflation (2024 vs 2023)					
						TV	Digital	Print	OOH	Radio	Digital Share	TV	Digital	Print	OOH	Radio
Argentina	-2.5%	121.6%	46,763,000	98,293,752,859	173.2%	180%	150%	150%	170%	140%	5%	180%	150%	150%	170%	140%
Australia	1.8%	5.7%	26,584,000	13,108,201,168	2.1%	-8%	5%	-13%	8%	0%	70%	5%	4%	-4%	5%	0%
Belgium	1.0%	2.5%	11,695,000	4 777 663 988	3.0%	2%	10%	-4%	6%	1%	37%	5%	4%	4%	4%	5%
Brazil	3.1%	4.7%	204,246,000	22,559,108,187	4.2%	4%	4%	6%	5%	4%	40%	4%	4%	5%	5%	5%
Canada	1.3%	3.6%	39,773,000	14,740,628,241	3.5%	-6%	7%	-9%	2%	-10%	75%	10%	5%	2%	3%	3%
China	5.0%	0.7%	1,411,397,000	132,510,062,465	5.8%	0%	6%	-5%	10%	0%	77%	2%	6%	0%	6%	0%
France	1.0%	5.6%	65,832,000	17,842,780,658	5.9%	4%	7%	-2%	10%	2%	60%	19%	5%	2%	15%	5%
Germany	-0.5%	6.3%	83,861,000	21,659,717,115	1.5%	-2%	4%	-5%	2%	0%	60%	14%	3%	8%	3%	7%
India	6.3%	5.4%	1,428,628,000	14,338,870,933	13.2%	13%	16%	11%	8%	8%	31%	14%	8%	6%	7%	5%
Italy	0.6%	5.9%	58,851,000	10,685,048,250	2.5%	2%	3%	-1%	10%	2%	44%	4%	2%	2%	3%	3%
Mexico	3.2%	5.5%	131,230,000	6,450,177,471	0.3%	0%	0%	-21%	-	7%	16%	8%	5%	2%	8%	5%
Netherlands	0.6%	4.0%	17,691,000	6,313,494,057	4.1%	2%	5%	1%	6%	2%	67%	12%	10%	3%	10%	6%
South Africa	0.9%	5.8%	61,528,000	3,874,871,412	12.8%	10%	26%	8%	7%	13%	17%	30%	3%	18%	4%	6%
Spain	2.5%	3.5%	47,810,000	6,627,483,985	2.9%	3%	3%	0%	5%	3%	47%	6%	5%	0%	4%	2%
UK	0.5%	7.6%	68,122,000	34,609,462,149	3.7%	1%	5%	-5%	9%	-1%	70%	5%	0%	3%	4%	2%
USA	2.1%	4.0%	335,143,000	276,009,571,716	5.5%	5%	6%	2%	7%	4%	51%	3%	4%	2%	5%	4%

GDP growth: IMF World Economic Outlook 2023 October - GDP - Constant prices percentage change
 Inflation: IMF World Economic Outlook 2023 October - Inflation - Average consumer prices percentage change
 Population: IMF World Economic Outlook 2023 October - Population

2024 Calendar of Events



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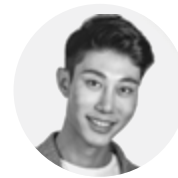
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