

UPDATED FUTURE REPORT

Digital marketing in 2022 and the near future

From global megatrends to specific developments in the industry and what marketers need to prepare for.

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Introduction

When predicting what's to come, the hardest part isn't saying what will happen but when. It can be compared to the stock markets, where we know that an economic downturn will happen but don't know when.

In this report, we move from megatrends to long-term developments in the field of digital marketing. We look mainly at the European market while maintaining a global lens.

We won't predict what will exactly happen in 2022 as that depends on a company's market, industry, and other variables. That's the work we do individually with our clients.

I wish to emphasize that we're not looking into a crystal ball and hoping for the best or what we would prefer to happen. We're looking into the horizon and attempting to zoom in with our binoculars to find out what's to come and when we, as marketers and business leaders, will reach these points.

You can read this at any point of the year as we update the material (see the cover for the log); thus, the information is always timely and accurate.

Have a great future!



Digital marketing megatrends

Private internet

Private internet is the best way to describe the direction the internet is heading in the eyes of its stakeholders (consumers, advocacy groups, advertisers, tech platforms, etc.) when it comes to digital marketing.

Consumers' worry about data collection and abuse of that data is at an all-time high. Regulation such as GDPR was just a kick-off on the regulation side, and now the enforcement of such regulations is getting ever stricter. Privacy advocacy groups are putting pressure on legislators. Under these regulatory and consumer demands, different platforms in the ecosystem (browsers, operating systems, ad tech, etc.) have started moving towards a more privacy-focused direction.

This has created a situation where all of the vital parts of the internet ecosystem have taken the privacy standpoint as their next goal to achieve, whether they actually benefit from it or are just bending under pressure.

The next level of e-commerce

Ecommerce has been a megatrend for years now. During the past years, it has become clear that it has been at an infancy level. The COVID-19 pandemic has been one of the greatest accelerators in the e-commerce sector.

In addition to moving sales online, the megatrend is now moving towards the next level of e-commerce. It's bringing e-commerce everywhere and anywhere. This means taking the experience out of simple webshops to massive social media platforms, sales platforms, search engines, and other forms of media enabling consumers and organizations to purchase wherever they are on the internet.

The COVID-19 hangover [adjusted]

Though COVID-19 is taking a back seat in many of our minds, it still needs to be recognized as one of the most significant marketing megatrends. It accelerated technological advancement in commerce and companies. Coming down from the pandemic is something that affects the industry, from companies looking for the best ways of working (remote, in office, or hybrid) to adjusting to the changes in spending habits of consumers after lockdowns.

This has and will continue to bring challenges to the operations of the platforms marketers use and rely on, their own operations, and their customers' behavior.

Machine learning and narrow AI

During the last decade, computing power has reached the level of enabling platforms to let machine-learning algorithms take over or support human operations. The results have been varied as we've learned that algorithms shouldn't be allowed to run wild. Such is with everything new.

Algorithms have and will become a more significant and a more daily part of the platforms used in digital marketing. The future will be even more about professionals working with machine learning solutions rather than one or the other.

Vertical integration

The combination of readily available capital, the saturation of occupied markets, and the promise of higher yields by owning more of the value chain have increased the amount of vertical integration, mainly through acquisitions.

This will continue in the future even with the increased scrutiny by regulators on the matter, such as antitrust investigations, on both new and old acquisitions. This will keep making the role of a single company's or platform's footprint more significant in the marketer's eyes.

NFTs and virtual assets [new]

The idea of using scarce virtual assets in digital marketing is quickly becoming an everyday consideration for innovative marketers. Though crypto and virtual assets are a vast field, its affects to marketing are mainly in NFTs (Non-Fungible Tokens).

For the near future, we won't see significant answers to "What is it good for?" but a lot of small scale testing by brands and companies. This is why the megatrend has been added to this report without clear near-future effects.

From megatrends to near-future effects

Below, you can find the before-mentioned megatrends and how they go together to create the future of the digital marketing ecosystem for stakeholders in the next three years.



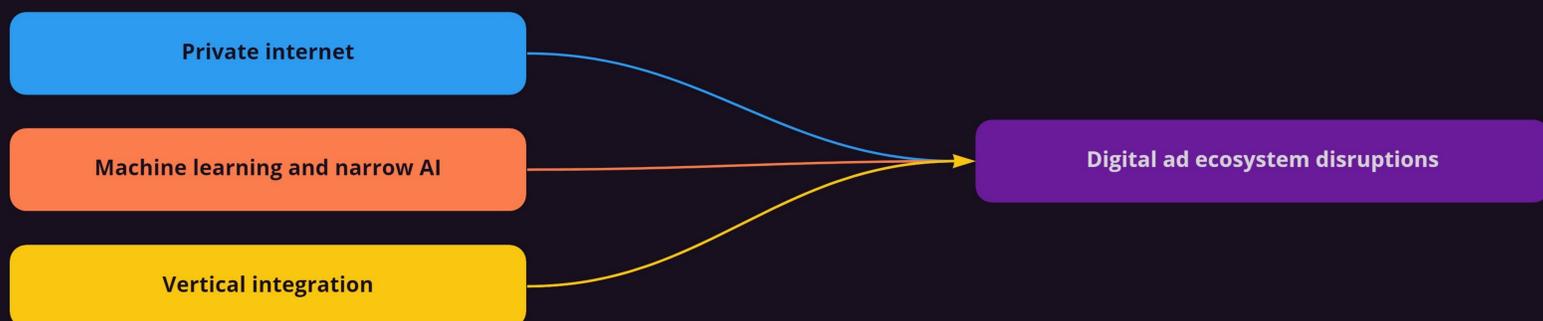
Rising megatrend, no clear near-future effects yet

Digital ad ecosystem disruptions

The deprecation of 3rd party cookies, limiting mobile ID tracking, increased legislation, and consumers' rising concerns will generate and create openings for disruptions in the digital ad ecosystem. When the cross-trackability online is deprecated, the power of platforms and the data and targeting solutions they provide will increase. This leads to a more fragmented internet instead of an open one when looked at from the marketer's point of view.

At the same time, this oxidizes the digital ad ecosystem as the giants such as Google might not have the best solutions for the new era. Available capital and the whitespace generated by these megatrends have enabled new ad tech startups to begin their rise, challenging the behemoths in the niche corners of the ecosystem.

At the same time, marketers will be more reliant on new alternative data sets by publishers, platforms, and their own 1st party data. In part, we will also see a return to the old way of buying media placements from individual publishers or groups, though with a more programmatic system, as some create their own platforms and others do this as joint ventures.



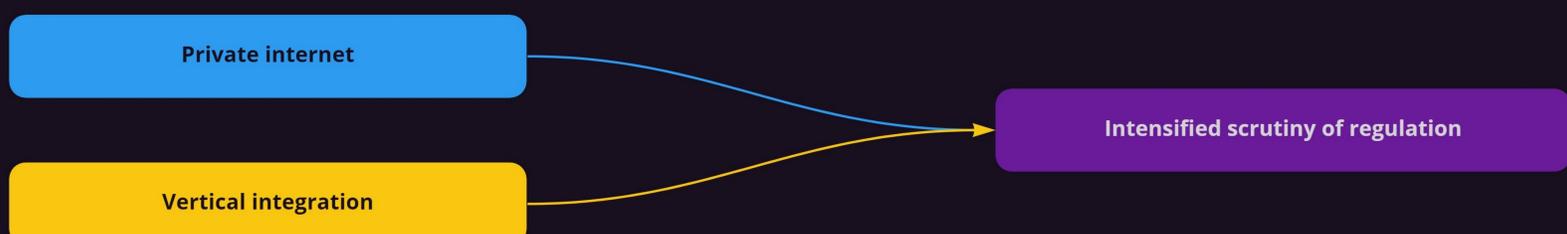
Intensified scrutiny of regulation

Digital marketing and technology companies' entanglement with geopolitics and legislation will keep increasing as the industry's footprint and its massive size have become apparent.

New laws to govern the field will be created in the EU and the US with echoes to other markets. The existing laws will be enforced with more vigor. In the EU, this will be seen as the national DPAs (Data Protection Authorities) experiencing new pressure to crack down on infringements of GDPR, especially in Ireland.

This increased scrutiny is also driven by activists and groups challenging the lax interpretation of the regulation. Through this, behavior-based targeting will also be in danger as it's proposed to be violating GDPR.

Regulators will do more scrutinizing of tech giants on the basis of their abuse of monopoly power and other anti-competitive actions. These will especially happen concerning app stores and acquisitions.



Algorithmic "black boxes"

The platforms, especially those with social media and ad technology (Facebook, LinkedIn, etc.), will continue increasing the amount of machine learning algorithms they use in their tools. This will create better results for marketers' campaigns but will at the same time keep giving less information to the marketer about why something works and what the audience looks like.

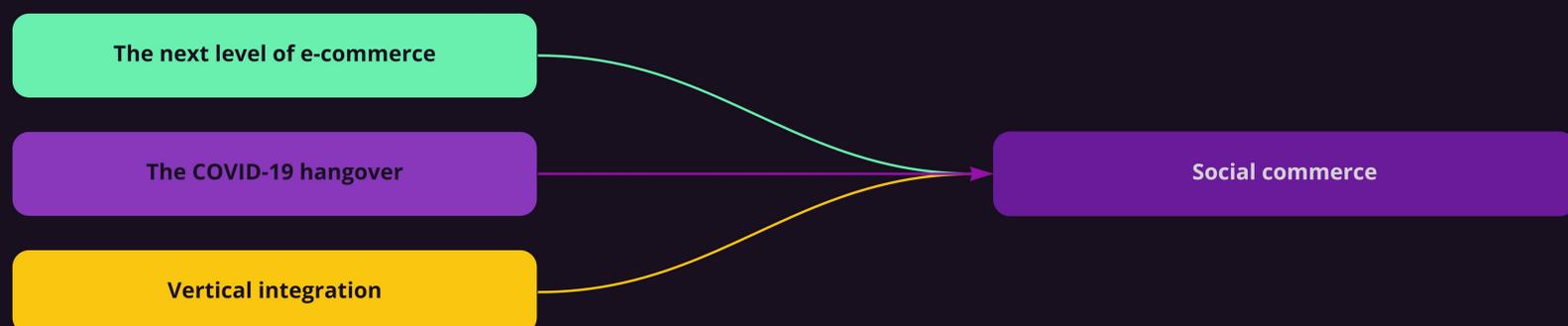
In addition to the development of targeting towards 'set it and forget it', the data will also be generated increasingly as a combination of actually gathered data combined with machine-learning-based estimations of performance, as with the more private internet, all of the users can't be tracked. This also disables some of the ability to compare data on multiple platforms to ensure its accuracy.



Social commerce

After the start of social commerce beginning to collapse the buyer's journey to a single platform and being fueled by the COVID-19-assisted acceleration in e-commerce development, the trend will continue and grow, as it is still in its infancy.

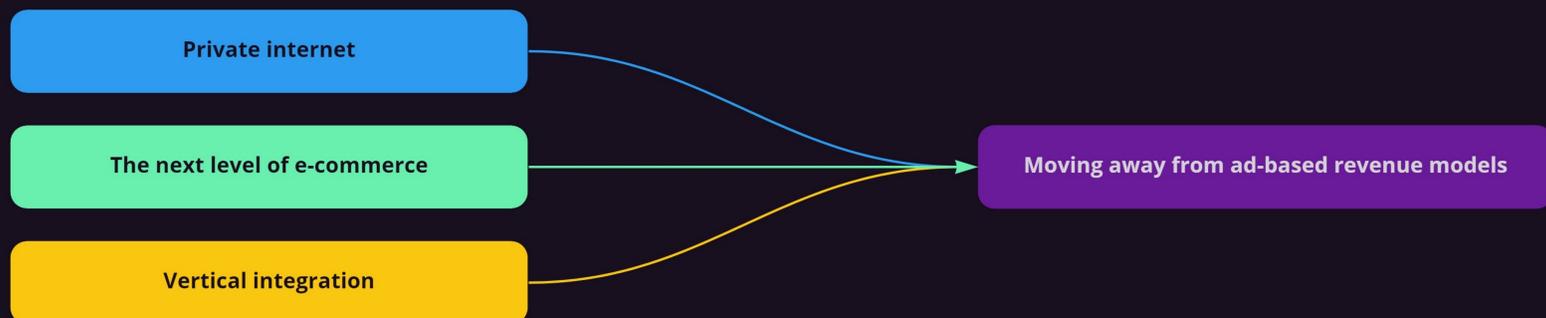
Leveraging the creators on platforms, live shopping, and utilizing the marketplaces for selling both skills and things is one of the largest areas of development. There isn't much new to invent here. The trend will go more towards adopting these tactical choices as Europe, and the US are still in the very beginning of the social commerce wave compared to other markets such as China.



Moving away from ad-based revenue models

Platforms will continue moving away from the ad-based revenue models. Vertical integration and creation of walled gardens enable them to create more value and revenue from advertisers even if the ad ecosystem suffers.

The tools for the alternative revenue sources are, for example, leveraging the creator economy by working as a middleman, offering subscriptions (such as Twitter Blue), taking a cut from marketplaces, and enabling other monetization models from which to take a cut.

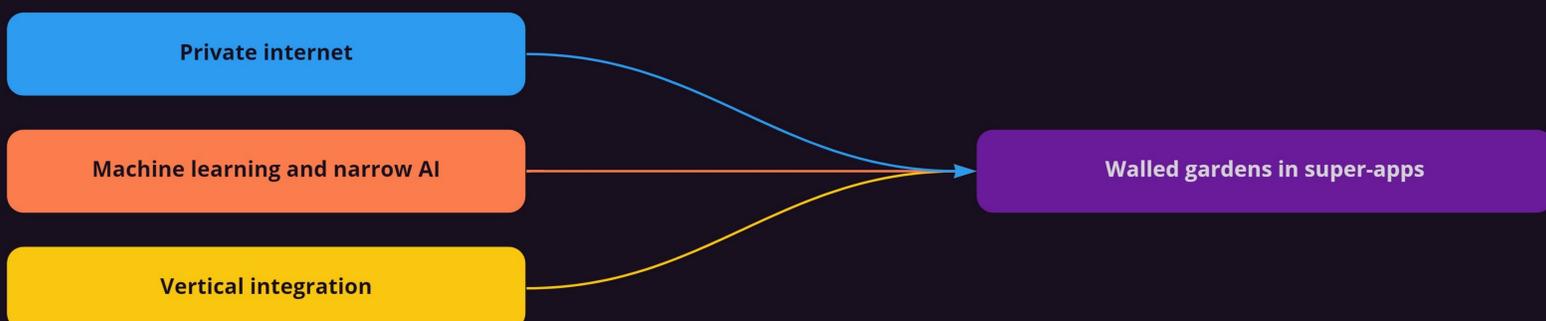


Walled gardens in super-apps

In terms of data, functionality, and ownership of the customer relationship, the megatrends unintentionally drive the platforms towards becoming more like super-apps and walled gardens, which keeps the marketer stuck with said channel or platform.

Platforms that have not yet been active in offering ad solutions, but hold valuable data, will increase their role in providing solutions to serve their customers with your offer in a similar vein as Apple Ads and Uber Ads have done. Thus, any platform could become an ad platform if it has users.

Cross-platform measurability will deteriorate, but engagement with concentrated segments and shortening of the buyer's journey will improve. Later, this will lead to antitrust scrutiny within the EU, US, and China, with other markets to follow.

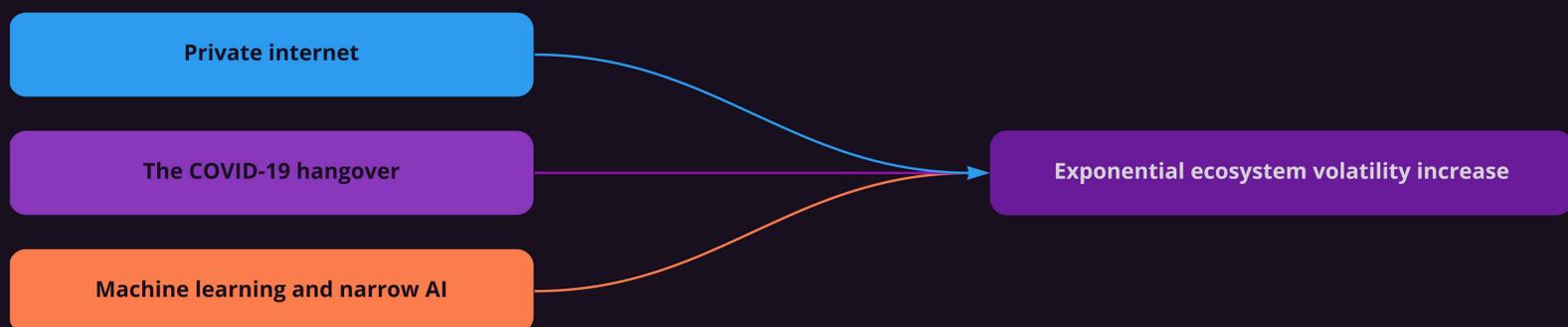


Exponential ecosystem volatility increase

This is one of the most volatile and exciting times in the history of the digital marketing industry. At the same time, as consumer opinion and regulators are pushing the industry in a more fragmented direction, the development of machine learning solutions aims to support what is lost in terms of data, targeting, and getting a signal from the noise.

The above, combined with the changes in working life fueled by COVID-19, has made the development work of even tech giants harder in the fast-paced environment, as seen in the search algorithm volatility, platforms missing deadlines, and leaning too much in AI, for example, in moderation of content.

The amount of volatility that has created unsuspected surprises for marketers has increased significantly during the last few years. In the following years, it will grow exponentially.



Recommendations

As mentioned previously, you will find no yearly predictions here. If you need to better understand your fields' future in comparison to this material, feel free to get in touch.

The recommendations here are based on the analysis above and can be generally applied to every commercial leader's work concerning digital marketing.

If you're the kind of person from an organization that wants to be in the right place when the future happens without needing to play catchup, these will be useful for you.

- Embrace the Private internet
- Go all in on Social commerce
- Communicate internally about the new age of digital
- Expect increased volatility and the need to react fast
- Slim your marketing tech stack
- Become data responsible
- Invest in and budget for alternative ad solutions
- Dabble in and test with virtual assets

It may seem like not much concrete is happening regarding the Private internet megatrend, but the necessary pieces are falling in place, and first movers are already afoot. Embrace the regulatory and technological changes to gain a competitive advantage. Being defensive and trying to delay the inevitable will only cause your organization to fall behind.

Dabble and test using scarce digital assets such as NFTs. Think of this as small-scale R&D with no immediate expectations of revenue. Benchmark and then create new novel ideas. Don't believe the hype one way or another. Test it yourself.

Communicate about the 'new age of digital marketing' with your internal stakeholders. You know that things are about to change, but your colleagues may not. The whole C-suite needs to be aware of the changing landscape, if not for any other reason, then to not be surprised when you require more investments and present results differently.

Invest in Social commerce fully. Social commerce can be a nice addition or a game-changer. The first-mover advantage is no longer up for grabs, but the first all-in-players are still needed. Your business might be the social commerce business of the decade and reap the benefits if you catch the wave while it's still rising.

Slim down your technology stack and aim to centralize based on your future needs. This will minimize future data splintering, which will inevitably happen - you don't want to be causing parts of it yourself. At the same time, make sure to collect the 1st party data you will need in the cookieless future.

Become data responsible and let your users or clients know it. Transparency is the key in tomorrow's data environment. People give their data more easily when they're informed of its usage, gathering, and its added value to them. Take the role of communicating about this openly, not just in your privacy policy. This, and many other sustainability and CSR efforts, increase a company's brand value. It is due to a market curiosity that people today are willing to pay more simply for the fact that you're showing responsibility. Use it.

Prepare to be surprised and to react fast. The ecosystem volatility will increase, and you will need to adapt. How surprising it will be, depends on your preparedness. Be prepared for none of it to work and work from there. The consoling fact is that everyone else is in the same situation. The only thing separating the winners and losers is the ability to prepare and react accordingly - future-proofing.

Start creating your plans for media mixes in the new age of digital marketing. Find out which ad-less solutions from the future will enable success. Decrease investments in 3rd party cookie-reliant solutions and increase testing resources towards the future potential technologies. Be among the first, or at least not among the last, to reap the rewards.

Background

Sources and methods

Our strong record of predicting future development is based on three pillars: multiple data sources, multidisciplinary experience, and the ability to conceptualize the future.

The source count goes up to hundreds, but here's the short of it:

- public data and analysis sources such as IAB, Ipsos, Deloitte, Google, etc.
- proprietary data gathered by Aboad and its partners
- analysis based on years of industry development tracking
- weekly scan and analysis of the global ecosystem news
- utilizing the cross-industry view seen by working with cross-European clients in strategic and operative cooperation

This data is then gathered, analyzed, and produced into what you've seen here and more.

Our work for the future

We work with European growth companies and enterprises to lift their marketing and sales development to the future.

In addition to working alongside our clients with the modern Marketing-as-a-Service model, we're also offering subscription-based future-proofing services.

Securing the future of our clients' success has always been one of the cornerstones of our work.

Want to know if we'd be a good match? Get in touch juha.pihkakoski@aboad.fi.

We left the extra hype out

In addition to the ongoing megatrends, some of the biggest buzzwords have been metaverse and Web 3.0. These are not new, but they have gathered massive hype lately.

They are at the top of their hype curve and have a good chance of becoming megatrends that marketers need to note. Still, they aren't that at the moment or in the near future and, as such, were left out of the future scenarios.

There are already applications of these within the field of marketing. However, they're still gimmicky and used by only a handful without a good roadmap to full utilization.

At the moment and in the next couple of years, these will have minimal, if any, effect in the field of digital marketing, even if the technology is there already.

+ Analyzing digital marketing development and its influences

+ Identifying threats and opportunities with Future Radar

+ Constantly observing and scanning technologies, regulations, and geopolitics

+ Offering individual mentoring and advisory for commercial leaders

+ Sparring teams and specialists to guide and drive the development forward

4.5/5

star review on our weekly digest and analysis of the industry news

60 000+

datapoint set to base our hybrid sales development on

70%+

accurately timed predictions of the development of the global marketing ecosystem

1000+

industry news scanned, curated, and analyzed every week