



Marketing & Media Trends 2021

The themes and trends that will guide advertisers and publishers in the next 12 months



Presentation

This paper was created to provide an overview of the themes and trends that will guide marketing and media throughout 2021.

The content was created based on research presented at international creativity and innovation festivals, like LIONS Live, DMEXCO and Programmatic I/O, as well as interviews with sector leaders and consultancies. Insights from Xandr's 2020 Relevance Report, which surveyed advertisers around the world to offer a global roadmap for delivering relevant and effective video advertising today, are also included.

Together, these narratives show the multitude of themes that will guide advertisers and publishers in the next 12 months to strengthen digital media.



1. The Marketing Agenda in 2021



1. THE MARKETING AGENDA IN 2021

Transformation Beyond Technology

The importance of digital transformation is widely recognized. However, many companies miss the mark by focusing exclusively on technology. Beyond the digitization of operations, a successful transformation requires the revision of processes, business strategies and organizational culture.

To succeed in this effort, at least four fundamental aspects need to be worked on:

1. Leadership

It's time to invest in transformative leaders, capable of building high performance teams and motivating them to share different perspectives. Gartner indicates that employees are 2.6x more likely to develop high digital proficiency when their leader sets the tone for the actions and emulates their evolution.

2. Culture

Company culture and resistance to change remain the greatest obstacle in the implementation of digital transformation processes. But this can be overcome by building transition teams and communicating goals, deadlines and strategies clearly to all employees.

3. Agility

A team's ability to be agile and flexible is critical to innovation and the adoption of new processes.

4. Business model

The disruptive nature of digital advertising means business models are constantly under revision. After all, the main competitor of a given industry may not even exist yet, or they may appear in a completely different field. It is no longer about planning for one, two or three years, but of a process of continuous delivery.



1. THE MARKETING AGENDA IN 2021

Agile and Collaborative Models

Even before the pandemic, the acceleration of changes in various markets was reason enough to invest in experimentation and adjustments in the ways of working.

To lend more agility to brand and media management, companies must invest in the creation of cross-functional teams, breaking down walls between business units.

Adopting an agile operation model allows for:

- Cross-functional collaboration between departments and hierarchical levels.
- Harmonizing efforts to create value in more than one business sphere/dimension.
- Improving interactions with customers and consumers.
- Accelerating the adoption of new technologies.

The adoption of so-called agile marketing is already a reality as it has increased from 32% in 2019 to 42% in 2020 according to AgileSherpas' State of Agile Marketing report. Increased productivity (stated by 58% of those interviewed) and a greater capacity to deal with shifts in priorities (54%) are the main factors pointed out by those who have already adopted an agile system. Beyond greater internal interaction, technological, financial and operational barriers are broken down in organizations, allowing for easier implementation of collaborative projects.

1. THE MARKETING AGENDA IN 2021

The Value of Diversity in Innovation Processes

Diversity and inclusion are directly connected to innovation potential.

Recognizing this relationship has driven companies to amplify investments in the field, at unprecedented rates: 76% of respondents to a recent PwC survey consider D&I programs a priority or very valuable. Still, 33% of respondents view D&I as an obstacle to organizational progress.

Accenture also surveyed over 18,000 professionals from 27 countries on the topic, finding that progress in innovation is more closely aligned to culture than it is to salary. Diverse teams achieve a level of knowledge, development and adaptability impossible to reach in an overly homogeneous environment.

Further, research from Deloitte shows that inclusive teams working under respectful and motivational leaders are most likely to perform well (17%), make better decisions (20%) and act collaboratively (29%).



2. Vectors of Transformation



2. VECTORS OF TRANSFORMATION

Regenerative Business Models

These three vectors are decisive for brand's transformation in 2021.

Conscience Vector

In 2021, brands must acknowledge that the world is becoming more socially conscious. Despite being widely recognized in theory, the movement still lacks practical demonstrations. Moments where an inflection point is reached—like the current pandemic—spur a call to action for companies to rethink their values and their role in society.

Aggregation Vector

The era of the business ecosystem has arrived. The power of these networks is in the superior value they produce, greater than the combined value brought by each organization individually. By recognizing that success depends on collaborative and sustainable processes, brands create interconnection and interdependence, and the priority becomes long term, rather than short term profit.

Flexibility Vector

Flexible brands support each other in adaptive and dynamic strategies. This requires managers with a deep understanding of technology who base decisions on data and facts. Flexibility includes, still, the incorporation of new elements to the creative process, in co-creative movements that can extend to joining forces with other companies.



3. The Year of Post-Purpose



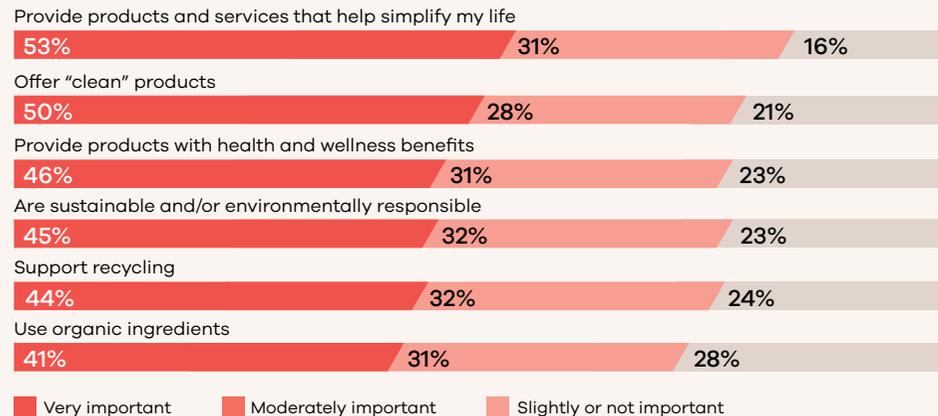
3. THE YEAR OF POST-PURPOSE

Responsibility

Consumers are increasingly factoring brand attitudes into their purchase decisions.

Research carried out by IBM shows that four out of five people heavily consider a brand’s sustainability and environmental commitments such as “clean products” and recycling programs when making a purchase.

Consumers are looking for brands that:



Source: IBM Institute for Business Value

The COVID-19 pandemic has accelerated this trend as consumers are increasingly concerned with company values that put community wellbeing first. Examples include:

Prioritizing employees’ mental and physical health

This includes adopting flexible working conditions with technological support, monitoring employee health and wellbeing and supplying tools to help them overcome moments of increased stress.

Supporting initiatives to solve structural problems

The effect of the confinement measures made it clear that people are the true motor behind prosperity. In addition to supporting more vulnerable social groups, it is critical for brands to invest in health and education.

Engage with the local community

People believe organizations are more valuable when they act as agents of social transformation. It is important for a brand to communicate its desire and plan overcome any challenges it, or the community is facing.

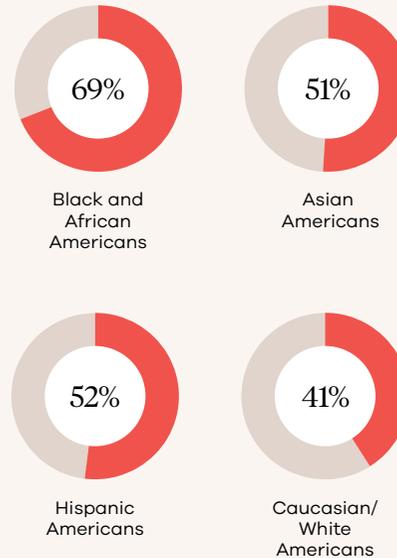
3. THE YEAR OF POST-PURPOSE

Racial Equality

Among the structural problems mentioned, racism has long been the most prominent across industries and communities.

As a result, there is a growing view that brands should be involved in fighting this problem. In research carried out by Kantar in the United States, 40% of interviewees said they are more likely to do business with companies that take a stance against racial discrimination. However, less than half believe that these companies' attitudes are genuine and that they will keep a firm commitment to the cause.

An authentic statement from a company about these issues is important when deciding to purchase their products



Source: Connecting with Black Communities/Kantar

On another front, marketing has been increasingly questioned about representation of certain groups in advertising campaigns. In the same research by Kantar, 28% of black North Americans and 24% of black British people say they don't believe companies are doing a good job of communicating or representing people of their ethnic group.

Racism was one of the big themes discussed at the creativity and innovation festivals throughout 2020, connecting the advertising industry to urgent social movements. According to the World Federation of Advertisers (WFA), the fight against discrimination will be a strategic marketing topic in 2021.

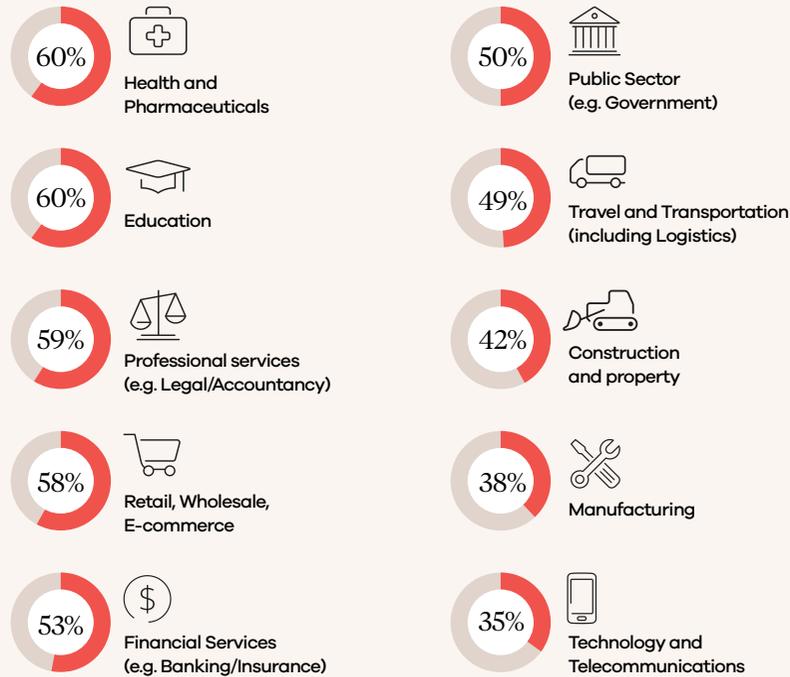
3. THE YEAR OF POST-PURPOSE

Inclusion

Inclusion is diversity in practice. It means creating policies and processes that allow for everyone's professional development, ensuring they have equal opportunities, decision-making power and proper financial compensation for their roles and responsibilities.

Faced with the relevance of diversity in the current environment, many organizations have created a role for Chief Diversity Officers (CDOs), who are responsible for the implementation and diffusion of diversity and inclusion programs.

Inclusion Index by Industry



Source: The Inclusion Index/Kantar

D&I Mapping

Diversity, inclusion and equality have gained so much space on the agenda that Kantar created the Inclusion Index, an indicator to help companies to map which stage they are at in terms of their efforts on this front. The index takes into account gender, age, sexual orientation, ethnicity, special needs (physical and mental) and carers (for example, those responsible for children or the elderly). The sectors with the greatest inclusion indexes are health and education.

3. THE YEAR OF POST-PURPOSE

The Fight Against Misinformation

According to the World Health Organization (WHO), the world is facing two pandemics simultaneously: COVID-19 and the infodemic, or the propagation of fake news on unprecedented levels.

Even before the virus arrived, social networks had already become fertile breeding ground for the spreading of content containing hate and disinformation.

The situation is aggravated as more sophisticated resources are being used to distribute fake content, like bots and deep fakes, or images, photos or fake videos created with artificial intelligence systems using deep learning, and whose manipulation is so subtle it looks real.

In a study done by Yext with over 6,000 people in France, Germany and United Kingdom, 79% of respondents said they believe brands should take an active role in fighting disinformation.

3. THE YEAR OF POST-PURPOSE

Science and Environment

The pandemic has spurred a larger emphasis on the importance of science, and its central role in political and economic decision-making.

Leading companies in their segments never stopped investing in research and development. Now, it is time to amplify the communication of the resulting products.

Checking products labels for harmful ingredients, their origin and the production processes is a habit that has been gaining strength among the more conscientious consumers. This trend should strengthen as issues such as pollution, deforestation and environmental conservation gain relevance on the global agenda. In this context, company concern with environmental impact should be considered a duty.

Retailers and consumer goods companies have expanded their focus on sustainability in the last five years. Since 2014, the global investment in environmental responsibility initiatives has increased by 68%, reaching more than US \$30 trillion according to The Global Sustainable Investment Alliance. Which is far from being sufficient, but it is a step in the right direction.



8 in 10

consumers interviewed by IBM Institute for Business Value say that sustainability is very important to them, and 6 in 10 would be willing to change their consumption habits to reduce environmental impact.



70%

of those that attribute great importance to environmental issues say they would pay up to 35% more for sustainable and environmentally responsible brands.



84%

of consumers consider trust in the brand very important (when they choose a product taking sustainability into account).

4. Consumer Journey and Engagement



4. CONSUMER JOURNEY AND ENGAGEMENT

New Habits and Behaviors

More than ever, consumers prefer brands that not only meet their needs but also offer a positive purchase experience.

Younger consumers are even more pragmatic: Generation Z seek out and evaluate a series of information and criteria before closing a deal.

The following characteristics are considered:

Contactless payments

The expansion of contactless payment methods such as links, digital wallets through NFC and technology on mobile devices has boosted the adoption of these alternatives, both online and offline. Research by Bain & Company shows that 48% of Brazilians are prepared to keep making touchless payments in future transactions.

Local consumption

Issues like proximity, product origin and consumer journey become more important for consumers who adhere to and prioritize new health and safety measures.

E-commerce options

The adoption of e-commerce was already gradually growing, but the pandemic led to an increase in adoption as consumers were unable to purchase in-person due to stay at home orders.



4. CONSUMER JOURNEY AND ENGAGEMENT

CRM and E-Commerce Trends



Data intelligence

The main customer relationship management system suppliers are driving the intersection between CRM and CX (customer experience), in order to create strategies that improve both customer and employee experience.



Messaging apps

Messaging apps like WhatsApp have proven to show positive results for sales. The next step is integrating these apps to CRM systems and offering a consistent brand experience across channels.



Predictive analysis

The use of artificial intelligence and machine learning in CRM systems allows for task automation, content recommendation and prediction of results or requests.



Instant payments

With the launch of Pix, Brazil is finally entering the era of real-time transactions. Pix will help reduce any consumer resistance or hesitation and increase the number of “digital consumers,” including the “unbanked” population.

Gamification

The volume of business involving gamification should leap from US \$9.1 billion in 2020 to US \$30.7 billion in 2025, according to Markets&Markets. Part of this growth can be attributed to wider recognition of the system as a method for stimulating innovation, productivity and engagement.

Gamification generates masses of data that unleashes potential for discovery through data analysis.

For example, there is an opportunity to map habits and consumption trends through enhanced consumer insights. The use of this resource has been expanding beyond marketing, with the use on advanced apps like crowdsourcing.

Virtual and augmented reality (VR and AR) create sophisticated gamified experiences, making them more engaging. In the future, devices like immersion glasses will be increasingly accessible, and experiences originally created for VR and AR will become gamified.

5. The Evolution of Agency- Advertiser Relationships



5. THE EVOLUTION OF AGENCY-ADVERTISER RELATIONSHIPS

The Changing Role of Advertising

Focus on business solutions and data management are top priorities.

The relationship between advertisers and agencies is usually in a permanent state of adjustment, but the truth is the pandemic marked an inflection point for both sides.

Significantly, over 80% of companies believe this is the right time to rethink marketing strategies, according to a survey by Associação Brasileira de Anunciantes (ABA), along with the remaining National Advertisers Associations of Latin America.

What matters most to advertisers:

New compensation formats

The commission-based media purchase model is being questioned, and not just recently. Even the monthly fee may lose relevance: of the clients that pay their agencies this way, 50% intend to change this relationship in the post-pandemic period, according to research by the agency The Heart and the consultancy Bistrô Estratégia. To 25% of those interviewed, cost-benefit ratio is the most important criteria when it comes to hiring an agency.

Expertise in communication and business

Understanding the consumer and insight generation, ideas that can be practically applied and digital expertise are the top three capabilities clients expect from their agencies, according to The Heart. With the pandemic accelerating change, advertisers start to question their true return on investment.

Partnerships with “outsiders”

Brands want their agencies to be able to mix third-party assets with own solutions and to bring in specialists when necessary, creating more effective structures, plans and ideas.

6. Publishers, Technology and Content



6. PUBLISHERS, TECHNOLOGY AND CONTENT

Transformation Through Technology

**Immersive media**

Virtual, augmented and mixed reality (VR, AR and MR) are all considered immersive platforms. By revolutionizing the way content is created and consumed, immersive media opens an incredible world of possibilities. The offer of this type of experience will help media companies to attract new audiences (especially younger ones) and expand engagement of existing audiences. It is, however, a high bet. The use of AR is more common, but the adoption of VR is still slow, both due to the high investment in production and the low penetration of viewing devices.

**Artificial Intelligence**

A study by McKinsey estimates that the use of AI by publishers around the world should add US \$450 billion to the advertising industry. The technology could be increasingly invested in activities like content production and distribution, workflow control, data analysis, fighting disinformation, fraud identification, personalization, user behavior prediction and business strategy improvement.

**Blockchain**

Has the potential to revolutionize the way content is produced, aggregated, distributed and consumed. With the use of blockchain, the media and entertainment industry can better monetize their products and enhance copyright protection. The technology can generate additional lines of revenue for the inventory already available, like micropayments for access to specific and on-demand content. But it is not yet sufficiently mature or regulated, which will likely delay its large-scale adoption.

6. PUBLISHERS, TECHNOLOGY AND CONTENT

New Business Models

During the pandemic, many publishers found new ways to use data and make it available as a way of capturing new audiences and revenue streams.

More effective video distribution has helped, but it doesn't solve the challenge of winning over expanded demographics. In this sense, investment in podcasts has shown to be a good route, as it is a well-accepted format by younger generations.



Database

If deployed properly, first-party data can lead to increased advertising revenue as the insights it brings can create more targeted and effective campaigns. The Data-as-a-Service model has been proving itself lucrative as The Washington Post recently created a data and segmentation tool called Zeus Insights, which offers its clients contextual information and predictive analysis of user behavior.



Voluntary payment

Organizations that trust the strength of their brand and audience engagement are testing business models where people are asked for voluntary contributions toward content according to their means. On the flip side, to build an audience and increase advertising budget, players can offer rewards like digital credits to those that consume their content.



Partnerships

Members of the media ecosystem have started joining forces to generate better content, amplify their negotiation power with suppliers, and at times, with clients. The advertiser also wins, insofar as the participants in the partnership offer well established audiences and safe environments for brands.



Integrated audience

Limited by consumers' time and money, content providers and platform owners will value more methods that map the audience on all possible channels.

6. PUBLISHERS, TECHNOLOGY AND CONTENT

The Power of Content

**Content Ownership**

Brands should consider the importance of having their own robust multimedia hub that stimulates audience engagement—be it in reading, sharing or even sales conversions. The owner of the content has the power to direct and adapt the audience's experience, as well as counting on a database that will serve as a source of analysis. It is necessary to keep in mind that this is about a long-term strategy, and it will require investment in the quality and quantity of posts.

**Automated**

Content automation via AI is still a relatively limited resource, but demand has been increasing. It is worth remembering that automation is a system that encompasses the whole lifecycle of the content, from creation to distribution, updating and audience data collection. Using machine learning, it's possible to filter and analyze material performance to identify what type of content generates greater traffic and engagement, besides predicting when you should cover or promote certain topics.

7. Programmatic Media: The New Standard



7. PROGRAMMATIC MEDIA: THE NEW STANDARD

Optimizing Reach

The automated buying and selling of advertising has become a standard method for media negotiations.

According to data presented by the organization of DMEXCO 2020, consolidated by Zenith Media, the investment in programmatic advertising will represent 68% of the total applied in digital media, reaching US \$98 billion. By optimizing its reach and efficiency with the incorporation of artificial intelligence, machine learning and ultrafast connection (5G), programmatic media is expected to enter into new distribution channels, like podcasts, voice activated equipment, digital out-of-home and smart devices.

7. PROGRAMMATIC MEDIA: THE NEW STANDARD

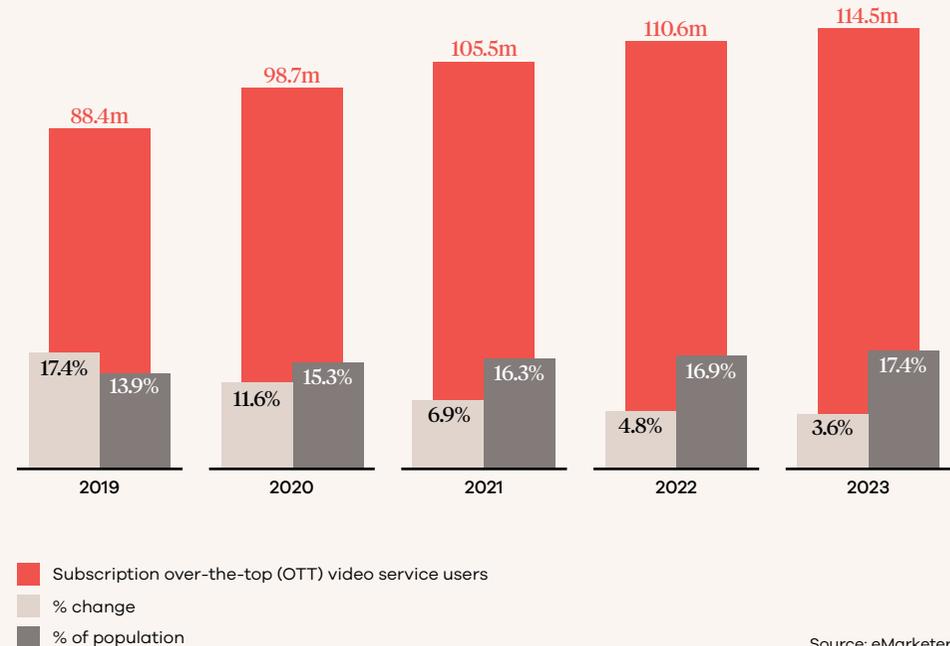
Programmatic on Smart TVs

Devices connected to the internet are the main trend in the television industry: Statista predicts that in 2025, there will be 266 million units sold per year globally.

An audience of this magnitude offers huge possibilities for those who work with programmatic media. Thanks to its ability to deliver applications and services directly to the consumer home, soon the Smart TV will be a powerful open platform for marketing. Data from eMarketer show that advertising investment in this area has been growing consistently, and should reach almost US \$9 billion in 2022, representing 20% of the total spend on programmatic video advertising.

A younger audience makes up the biggest slice of CTV audience in the United States, with 45.7 million Gen Z viewers and 56.5 million millennial viewers. But there is also significant penetration among Gen X (48.5 million viewers) and the baby boomers (32.8 million viewers). eMarketer also points out that in Latin America the number of subscribers to OTT video services should surpass 98.7 million in 2020 to 114.5 million in 2023, accounting for about 17.4% of the population. In Brazil in particular, there are about 50 million CTV users.

Subscription Over-The-Top (OTT) Video Service Users in Latin America



Source: eMarketer

7. PROGRAMMATIC MEDIA: THE NEW STANDARD

AI applied to programmatic

AI in programmatic has been drawing advertisers' attention in the last two years. According to Deloitte, 82% of early AI adopters had a positive return on investment. Advertiser trust in the technology is only expected to grow in the future.

Voice activated ads

The use of voice assistants has been growing at a consistent rate. Amazon alone sold more than 100 million devices equipped with Alexa. Programmatic media is fundamental in order to make the best use of all these spaces, be it in home smart devices, apps or in-store audio systems.

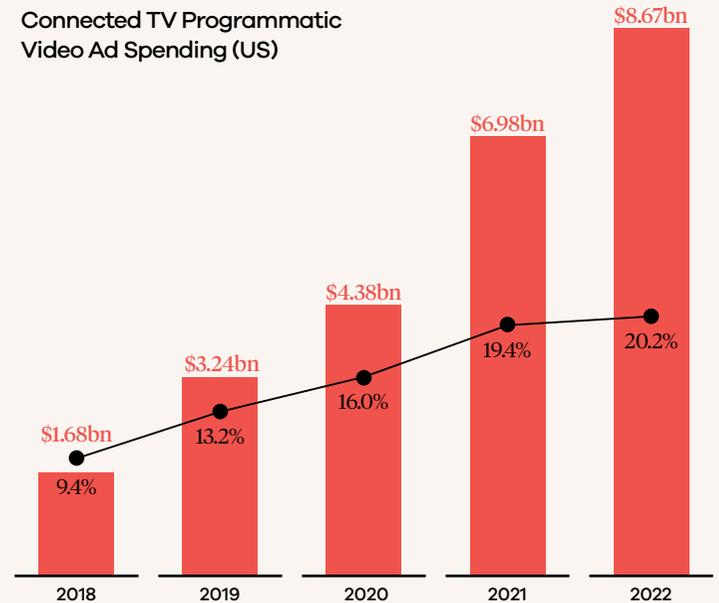
Performance boosted by 5G

The fifth generation of mobile telephones will make loading videos and websites almost instantaneous, optimizing ad delivery on the most appropriate media and spaces, with the perfect timing.

New frontier with wearables

The inherent capacity of programmatic media to track, analyze and optimize campaigns will create a world of opportunities to contact the consumer, as the wearables market grows. In the United States, one in every four residents is expected to wear a smart accessory in 2022, according to eMarketer.

Connected TV Programmatic Video Ad Spending (US)



■ Connected TV programmatic video ad spending (US)
 ■ % of total programmatic video ad spending

Source: eMarketer, July 2020

7. PROGRAMMATIC MEDIA: THE NEW STANDARD

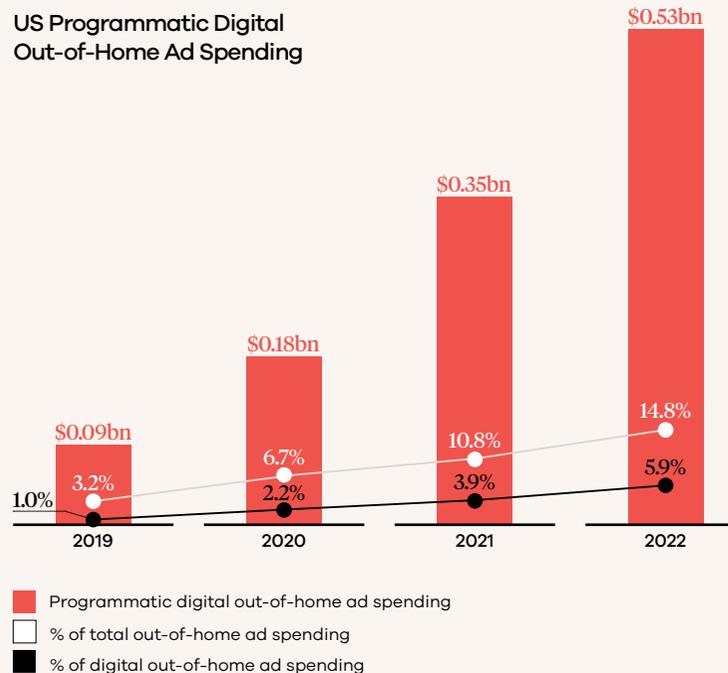
Digital Out-of-Home in the Programmatic Ecosystem

Combined with geolocation data supplied by mobile devices, digital out-of-home (DOOH) moves firmly toward the programmatic model.

The expectation for 2020 is that the advertising investment in DOOH more than doubles in the North American market, reaching US \$181.6 million.

Automated ad buying and distribution through programmatic is expected to grow rapidly due to evolving technology, increasing inventory and better segmentation and tools to measure results. In 2019, advertising in DOOH grew by 10% but the execution was not totally automated, this is expected to increase in 2021.

US Programmatic Digital Out-of-Home Ad Spending



Note: digital out-of-home ads transacted and fulfilled via automation
 Source: eMarketer, June 2020

3 points to pay attention to in 2021:

1. Shift in focus

Changing from the mere negotiations of spaces to the use of data that allows audience estimation and effective impact.

2. Integration of advertising messages

Ads shown inside and outside of the home will follow the same logic to provide a better consumer experience.

3. Geolocation

The use of mobile location data integrated with DOOH is a powerful method to drive conversion, especially offline.

8. Relevance in Video Advertising



8. RELEVANCE IN VIDEO ADVERTISING

When, Where and How to Reach the Audience

The future of video advertising resides in the effective use of data.

In a context of media habit change and unlimited content offer, relevance is the key word. To dive deeper into the subject, Xandr expanded the scope of its annual Relevance Report, which analyses measures taken by advertisers to ensure their video campaigns win over consumer preference and reach their planned goals.

In this third edition, beyond the United States, the study surveyed advertisers in Germany, Australia, Brazil, France and the United Kingdom. In each market, brand security and distribution fraud were pointed out as the main concerns in terms of video advertising.

Security, precision and ethics in the use of data are the issues that concern advertisers, including in Brazil, where three in every five consider the implementation of the Lei Geral de Proteção de Dados (LGPD) will have a significant impact on their advertising strategies.

8. RELEVANCE IN VIDEO ADVERTISING

Proprietary Data

The greatest impact for video advertising will not come from legislation, but instead the loss of third-party cookies.

Contextualization is the most immediate route to keep advertising in a world without third-party cookies. For that, advertisers will depend more heavily on information on context to elaborate video advertising strategies.

It is a consensus among those interviewed that proprietary data is more important than those that come from other sources like media partners, for example. Being able to apply first-party data to identify target audiences is considered more important than having more complete information on consumers, especially for Brazilian advertisers.

There are many factors to take into account when you adopt a data-based approach. According to the analysts at Xandr, to guarantee the relevance of a video advert, three steps are essential:

1. Target the right audience

The most important thing is knowing how to use first-party data to identify the desired audience. The key is the integration of data the company already owns in-house.

2. Optimize the campaign

Advertisers want access to insights and results that allow for more efficient campaign optimization. As the lines that separate TV and digital video become finer, the demand for flexibility increases.

3. Measure effectiveness

The absence of standard cross-screen measurement tactics is an obstacle. It is necessary to measure relevance and attribution, or discover to what extent the campaign influenced the consumer to execute an action related to the product or service advertised.



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