Bold Orange

Another year in the books. And what a year it's been. As brands continue to adjust to ever-evolving consumer expectations since the onset of the pandemic, there have been a plethora of other challenges they've had to face. From learning how to better nurture relationships with decreasingly loyal customers, to implementing important DEI initiatives, to battling supply chain issues and preparing for the prospect of an economic downturn, brands have been balancing a lot. But when there's immense change, there's immense opportunity.

2023 is sure to be a year where brands will find more measured ways to evolve and innovate—ways that will allow them to make a greater impact more efficiently and connect more authentically with their customers. To help set the stage for the year ahead, we've rounded up a handful of expert predictions for 2023. Our CX leaders are here to keep you one step ahead of the curve and on the side of growth and adaptability.

Social Commerce's explosive growth will force brands to re-assess their holistic eCommerce experience or be left behind.

With an estimated 35.3% of U.S. Instagram users and 37% of both Facebook and TikTok users making a purchase via the respective apps in 2023, well over 150 million social shoppers will be up for grabs. But it won't be enough for brands to simply offer products through these platforms in the same way they do via their ecommerce websites. While Instagram and Facebook were early innovators in the social commerce space offering the ability to discover, browse product catalogs and buy within the app—consumer preferences and habits are changing everything.

With the explosion of interest in short-form video content on apps like TikTok, and the ability to easily shop products featured in videos, brands must consider how to digitally merchandise their products in completely new ways. Gone are the days of simple product shots traditionally featured on a website—the future is all about motion, lifestyle, influencers, and being true to the channel. The good news is that these platforms offer robust portals with a variety of ways for brands to engage targeted audiences with in-platform relevancy. From Facebook's Catalogs, to Instagram's Checkout, to TikTok's LIVE offering, there are more ways than ever to merchandise and sell product through these valuable channels. The tools are in place, and now it's up to brands to focus on how to capture the attention of millions of social shoppers in 2023.

Successful brands will establish new data strategies and analytic benchmarks in 2023 in response to a rapidly changing measurement landscape.

Over the past twenty years, the tools and KPIs used to track and measure digital marketing effectiveness have remained relatively consistent. From open rates in email to web analytics based on cookies, core analytics methods and measurement approaches have shown immense durability. Marketing Mix Models (MMM), for example, have been in use for more than 60 years. During this same time, technology advancements—such as machine learning—that were widely expected to disrupt, have enhanced, not replaced, measurement tools.

Tech advancements gave rise to multi-touch attribution, which provides unique insight into the impact of an ad on conversion–in detail, and at a customer level. This fidelity was welcomed by marketing analytics and media strategists, but came at the cost of consumer privacy.

In the year ahead, we predict an inflection point in analytics resulting from data privacy regulation and governance, and its impact on behavioral data collection. The tech industry will continue to adjust to changes such as iOS Privacy features across mobile apps and email, brands migrating from Google's Universal Analytics to GA4, and a continuing conversation around the end of third-party cookies continues. A long-planned deprecation of Google's Universal Analytics (a.k.a. GA3) currently scheduled for July 1, 2023, will have immense and wide-reaching impact on how companies collect data on—and are able to understand the behavior of—their customers on their websites. The foundational change in this platform is that GA4 will no longer rely on cookies for tracking. Instead, it will leverage machine learning on top of millions or billions of unique user "events" to distill learnings around customer behavior across websites and mobile applications. Given the breadth of these sweeping changes within and around analytics software and data privacy, we expect a year of accelerated implementation migrations from UA to GA4, the associated re-tagging of websites in GTM for GA4, as well as re-benchmarking KPIs for brands.

It's important that brands look beyond their migration activities and keep their measurement goals front and center. Future-focused brands will work to understand step-changes in historical KPIs and re benchmark with advanced metrics that provide rich customer insights—informing powerful strategies in a rapidly changing landscape.

2023 will be the year that future-focused brands turn the corner on personalization at scale—prioritizing what was once a 'nice-to-have' as a 'must-have.'

For many years, people talked of 'the year of mobile' (take a fun trip back to 2014 on Forbes). It was always the next big thing until it wasn't. This year will be that turning point for personalization at scale. The early adopters and innovators have been delivering effective personalized experiences to both known and unknown users for years. What started as simple, rules-based product recommendations quickly evolved to more robust content personalization, such as a retailer personalizing their homepage experience based on current local weather data, or a travel company elevating relevant blog content related to destinations previously searched.

These experiences delivered by market leaders have paved the way for a much broader adoption of AI-driven experience personalization in 2023. According to a recent Digital Trends Report, 85% of market leading organizations consider themselves effective/highly effective at personalization.

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Of the “mainstream” and “laggard” organizations, only 66% and 22% respectively consider themselves effective/highly effective. The leaders in the market have set a new standard for what’s expected of digital experiences in the minds of consumers, and mainstream brands will be forced to quickly adopt these strategies to compete.

Fortunately, the timing is right for many organizations to begin thinking more seriously about personalization at scale. The three key ingredients required to create these experiences have never been more available with the right execution strategy: (1) the behavioral and preference data being captured by brands to enable real-time decisioning, (2) the scope and scale of versioned content produced by brands to create a greater sense of relevancy and (3) the tools and technologies required to enable it in an automated way across the experience. Given the dynamics of the market, expectations of consumers, and the availability of the required inputs for effective personalization, 2023 will be a year of significant progress for future-focused brands who rise to the occasion.

Major retail brands will use 2023 to test into how to unlock the estimated $678 billion-dollar Metaverse market predicted by 2030.

In 2021, it was estimated that the global metaverse market size stood at over $38 billion. In 2022, the share rose to $47 billion, and now, as we kick off the new year, reports suggest that by 2030 the Metaverse market size will surge to $678 billion. Naturally, many brands are still skeptical of the Metaverse. They’re exercising caution and evaluating whether the hype behind the evolution of the modern internet is going to stick. Furthermore, they’re attempting to understand how they may better capitalize on the marketing opportunities available to them and what strategies will propel them to succeed. Brands are adopting their own ‘test and learn’ strategies to identify key opportunities to engage with customers in new and exciting ways while also developing their internal capabilities and brand innovation.

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Take Forever 21 as an example—the retail giant tested the sale of a beanie for less than a dollar on Roblox; not only generating revenue through Robux currency but increasing brand awareness within a demographic poised to take over as the leader in buying power. On the far side of the retail spectrum, Gucci sold a digital version of its Dionysus bag for 350,000 Robux (which equates to $4,115 dollars) – yes, more than the price for the bag in the real world. And other brands like Nike, Walmart, Gap and Chipotle have also found ways to test offline opportunities with their customers. Overall, over half (56%) of brands are poised to invest or plan to invest in Metaverse advertising in the upcoming year.

As is true with any good marketing strategy, you must meet your consumers where they are. And right now, they’re both exploring and becoming enthralled with what the Metaverse has to offer. These same consumers, however, are expecting to see innovation at its best here. Meaning the bar may be high, but the opportunities endless for brands who take the initiative in 2023 to test and discover their own path to success within the Metaverse.

Brands that shift acquisition budgets into programs that create better customer experiences will drive stronger retention and loyalty—a critical success factor in 2023.

Brands have lost tremendous loyalty over the past few years due to a multitude of factors. Changing consumer preferences, supply chain issues and lack of product availability, coupled with poor customer service experiences due to inadequate staffing, have caused customers to explore all options for their needs. Between decreasing brand loyalty and the economic uncertainty for the year ahead, brands will be focusing budgets and efforts on retaining the customers they have—because if brands learned anything through the 2007-2009 "Great Recession," they learned that it can be incredibly expensive to re-acquire customers after an economic downturn.

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Driving customer retention and loyalty starts and ends with the customer experience. Research from Qualtrics shows that brands with the strongest omnichannel customer engagement strategies retain an average of 89% of their customers, in comparison to 33% of companies with weaker strategies. Developing strong customer experiences that are rooted in insight and delivered in a seamless way requires strategic investment. In 2022, only 15% of companies spent more than 50% of their marketing budget on customer retention according to a recent study from Optimine. In the same study, marketers selected up-to four activities that would drive the highest growth in the next 12 months, and the #2 response was, "shifting resources towards customer marketing (retention/churn-prevention/activation/reactivation etc.)," following the #1 response of "delivering personalized customer experiences." As brands prioritize budgets and initiatives in 2023 in the context of the current market conditions, following the guidance of a time-tested truth which tells us that acquiring a customer is 5-7x more expensive than acquiring a new one, will separate the 'haves' from the 'have-nots.'

Pressure is mounting for companies who made public DEI commitments, yet never truly put them into action.

By now, most companies and brands have announced the creation of an internal DEI committee, or at the very least, made it known publicly where they stand on the issue of diversity and inclusion. The idea of DEI however, seems to have become somewhat of a checkbox for some despite good intentions to bring about actionable change within their organization. If you scroll through any given brand's social pages you may see rainbow colored logos in the month of June, photos from their DEI committee meetings, and the occasional shareout of content and educational resources in months like February for Black History month.

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But these efforts are falling short. Still, about half (49%) of job seekers feel discriminated against during the hiring process and 55% continue to experience discrimination after being in the job. And disappointingly, a report from *Elevating Equity: The Real Story of Diversity and Inclusion* states that nearly 80% of companies are just going through the motions and not holding themselves accountable.

What does this all mean? In 2023, consumers and employees will say enough is enough and they'll stop giving their favorite brands a pass for not publicly announcing their support and efforts to make DEI a top priority. Additionally, employees will push back on employers who fail to create a space that actively welcomes and supports people of all races, sexual orientation, gender identity and neurological capabilities. Consumers will find new brands that align with their beliefs, and employees will do the same with their employers.

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Brands who focus on leveraging more of their existing MarTech stack will see double the ROI on their investments as compared to those adding to it.

In 2022 we predicted that marketers would spend more on MarTech optimization and cleanup than new platform implementations. Admittedly, we were wrong. After MarTech budgets were pummeled in 2021 at 6.4% of revenue (typically 10-12%), the hot economic environment of late-2021 and early-2022 carried with it a jump in MarTech spending, at roughly 9.5% of revenue in 2022.

But the under-utilization of marketing technology remains a critical opportunity for nearly every organization. In Salesforce's latest *State of Marketing* report, they noted that "Improving the use of tools and technologies" and "Ineffective use of tools and technologies" were both the number one priority and the number one challenge, respectively, for marketers. And Gartner recently reported that marketers are only using 42% of their existing MarTech stacks capabilities—mainly due to overlap in functionality across platforms, challenges boils down in finding talent, and the complexity of their ecosystem.

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The opportunity to maximizing the value from what you have, instead of consistently seeking out the latest and greatest. Chances are, the marketing technology you already possess can deliver against your business objectives, it just requires a little bit of time to immerse yourself and learn the ins and outs of the platform(s). When you consider new platform licenses, talent, and time (opportunity cost), the investment required to better understand, more fully utilize, and better optimize the technology you have is a fraction of the cost of replacing and implementing anew.

So, while time will tell what the impact of this economic environment will have on brands' MarTech investments in 2023, we predict that those who focus on better leveraging the technology they have will see double the ROI on their overall MarTech spend as compared to those who mainly focus on adding new tools to their stack.

→ Effective recruiters will favor soft-skills over hard-skills to nurture high-potential talent and grow employee loyalty.

Since the great resignation, employees and those looking for work have continued to demand more from their current and future employers. As a result, finding passionate talent has become somewhat of a needle in a haystack for hiring managers.

So, they are beginning to take a step back—thinking about candidates in a broader sense and placing a greater emphasis on personal traits and behaviors that—alongside great technical skills—make a great leader and strong team member. Although these intangible traits (communication, leadership, teamwork, problem-solving, critical thinking and time management) can be subtle, companies are beginning to recognize their value when putting together efficient and diverse teams—which is especially important during a time when remote work has become normalized, and our means of cooperation and innovation have evolved.

It's no surprise then that a recent LinkedIn Learning Survey found 57% of senior leaders find soft skills more important than technical skills. Within specific sectors, the numbers were even higher. Soft skills were found to be the most desirable qualities for 91% of management professions, 86% of business-operations roles and 81% of engineering jobs.

Companies aren't just saying these skills are desirable, they're publicly announcing it. Education non-profit America Succeeds found that of more than 80 million job postings across 22 industry sectors, almost two-thirds of positions listed soft skills among their qualifications. In 2023, we'll see even more brands list, but more importantly evaluate and hire candidates based on strong soft skills over more technical ones. In doing so, they'll not only find talent that's hungry for a new opportunity but can develop and shape their new employees into loyalists, reducing turnover.

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Cheers to an inspiring and purposeful year ahead.

Stay bold,
Margaret Murphy, CEO & Founder

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