

The Future Laboratory and Microsoft:

# The Future of Digital Marketing



# Executive summary

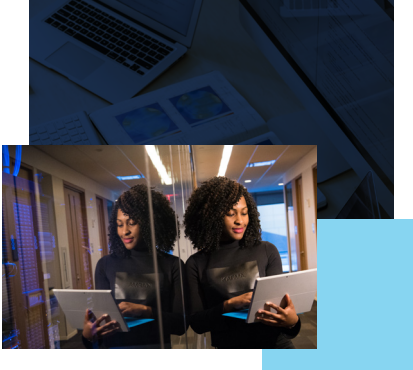
Some 30 years after the first website went live, a seismic shift in the way we use and interact with the digital space is taking hold—and for users and stakeholders alike, the changes are instrumental.

For the digital marketing industry, uniquely poised at the intersection of societal upheaval and technological acceleration, the "how," "what," and "why" of communication are about to be recalibrated—bringing with it new expectations, values, and opportunities for both marketers and the people they want to connect with.

"The digital marketing industry has been in full control for the past 10-15 years," says James Penfold, Strategy Director at Rehab, a digital innovation agency. "They've had the audience at their fingertips, data-on-demand, and a complete monopoly over new technologies. Now, the tide is shifting, and they're going to have to work harder to be creative, gain trust, hold our attention, and provide value."

As consumers begin to occupy new influential roles beyond that of "target audience," the digital marketing industry will become more crucial than ever. As symbiotic relationships emerge that bring us toward a more equitable and inclusive digital marketing landscape, marketers will evolve into holistic leaders and providers that offer the tools, assets, and services needed to guide and empower a new generation. From the early dawn of the metaverse to the sunset on tokenistic representation, this report will explore the global trends and value shifts that are reshaping the industry, uncovering the new horizons that represent the future of the digital marketing sector.

# New digital drivers

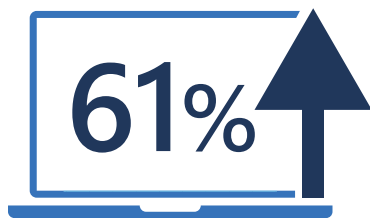


A series of shifts unfolding today are set to determine what the digital marketing industry will look like tomorrow, as unprecedented global change pushes the reset button on the tools, values, and expectations consumers hold close.

Beyond ushering in a new era of innovation, these changes are serving to restructure the way consumers interact with the digital marketing space, revealing a framework for marketers to transform the industry for the better.

## Technologies, embraced

COVID-19 has accelerated new digital behaviors, many of which will outlast the pandemic. In the early stages of the outbreak, McKinsey & Co noted that digital adoption among consumers and businesses had advanced by five years in as little as eight weeks, while for marketers, the upward trend was equally influential.<sup>1</sup> Research from the MarTech Alliance reveals that the technological marketing industries in North America and the UK reached \$149.7 billion in value in 2021, with almost two thirds (61%) of companies surveyed expected to increase their spending in 2022.<sup>2</sup>



Companies surveyed expected to increase their technological marketing spending in 2022.

With a number of countries across the globe forced to move online for both work and recreation, the digital boom is not only being realized through technological acceleration and innovation, but through the growing legitimization of the virtual space as a key tenet of our hybrid future.





For millennials and Gen Z, these spaces are more than a temporary substitution for real-life encounters and experiences; virtual spaces offer a valid, and often enhanced place to engage. Research by Konnect indicates that a quarter of millennials now make all of their friends online. Furthermore, while Gen Z has an average of six friends that they've never met face to face, this number rises to 11 for millennials.<sup>3</sup>

Beyond the personal, the digital space is also influencing how individuals evolve professionally. In 2021, data from App Ape revealed that almost half (49%) of LinkedIn app users in the US were active each month—totalling 89.73 million monthly active users (MAU).<sup>4</sup> In 2021, data from LinkedIn revealed that almost half (45%) of its 690 million users were active each month—making it the most widely used social media platform among the Fortune 500. With consumers increasingly embracing and embedding digital touchpoints in various aspects of their lives, marketers have the opportunity to diversify, naturalize, and "native-ize" their offerings for new digital inclinations, stealing a march on a future when the physical and digital spheres will be fused entirely.

## Influence, decentralized

People are waking up to the impacts of surveillance capitalism and expecting increased transparency and control over the platforms and media formats they interact with. Public concern has been raised over the extent to which a handful of companies have colonized the internet, setting the stage for consumers to fight back and gain a level of autonomy across the content they create and consume.

Several regulatory bodies are stepping up to ease these fears. In 2021, China amended anti-trust laws to increase regulators' discretionary powers, striving to curb the previously unchecked influence of major tech companies like Alibaba and Tencent, while the EU's General Data Protection Regulation (GDPR) is forcing increasing data reformation—calling on advertising regulators in particular to follow the rules they themselves have laid out.



Growing data literacy among consumers is also pushing people towards alternative networks, highlighting an opportunity for marketers to get one step ahead of consumer concerns by championing choice and transparency.

A backlash against WhatsApp's latest privacy policy update, for example, drove millions of users to competitors like Signal and Telegram in 2021, demonstrating the impact of collective user power when faced with unpopular data policies and monopolization. As author and brand strategist Olivia Yallop explains: "Consumers are increasingly fighting back against brands' uninvited over-extension into their social spaces."

Beyond their decentralized appeal, emerging platforms are also providing a safe space for increasingly digitally savvy subcultures. In a European study by Deutsche Telekom, 86% of Gen Z said that connected technology enables them to connect with online communities through shared passions—pointing to a future where marketers can gain trust by ensuring the safety and security of these sacred digital spaces.<sup>5</sup>



# Crypto, unlocked

Financial empowerment is climbing the consumer agenda, as new technologies empower fresh attitudes towards creation and consumption. Growing literacy around decentralized finance (DeFi) is emerging as a democratization of established payment structures and a quietly inclusive form of entrepreneurialism, prompting an unparalleled shift in the ways consumers access and exchange products and services online.

"Analysts say there are only 50-100 million people in the crypto space today—it's clear to me we're about to welcome the next 250 million people to the space, including large institutions and wealthy individuals," writes Ian Rogers, explaining his move from chief digital officer at luxury conglomerate LVMH to a senior role at cryptocurrency company Ledger.

Beyond sheer popularity, cryptocurrencies—previously the reserve of the tech stalwart—are becoming increasingly legitimized. In 2021, Anchorage Digital Bank made history when it became the first federally chartered digital asset bank, with its national bank charter giving the crypto-institution the same regulatory footing as other national banks in the US.



As consumer adoption booms and grassroots organizations pave the way for more equitable creator and customer experiences, marketers must understand the transformative possibilities of crypto. New ways to exchange value, for instance, could prompt a shift away from an engagement-based system (impression, clicks, views) toward something that exists outside of pure engagement. For marketers, this means that instead of the passive creation and consumption of content, creators and consumers alike may soon require an enhanced stake for their attention that is legitimized through new models of exchange.

# Integrity, actioned

As brands progress along their journeys to "do better," mission statement fatigue is setting in. Consumers are increasingly pushing back against purpose-washing and jumping on the bandwagon, instead demanding a realistic, honest, and iterative approach towards betterment.



Research from Business in the Community's Responsible Business Tracker highlights that while 86% of businesses have a purpose statement, only 83% have yet to consider what this means across departments or set clear targets—highlighting the mismatch between brand priorities of perceived perfection and consumer priorities of transparency and trust.<sup>6</sup> Edelman reveals that 88% of respondents rated trust as critically important when deciding which brands to buy, while research from SproutSocial indicates that 89% of people say brands can regain their trust if they admit to a mistake and take steps to resolve the issue.<sup>7</sup>

As Nick Asbury explains: "If we're serious about brands doing less harm and more good in the world, we need to drop the flawed idea of brand purpose—and retain the good intentions behind it." With consumers expecting brands to embody a more realistic, human, and holistic approach to ethical practices and initiatives, the industry has an opportunity to graduate from the desire to be the face of a single societal issue to bettering itself across the board.



# Digital marketing futures

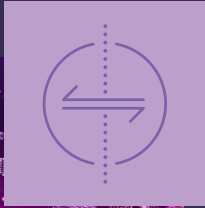


Occupying a space at the intersection of society, technology, and consumers, the digital marketing industry has been thrust into the spotlight in the past few years—as consumers look to brands and their marketing responses for escape, direction, and to appraise their trustworthiness.

As author and brand strategist Olivia Yallop explains: "There's an increasing blurring between on and offline, home and work, personal and professional identity. This blurring of categories and blurring of identities is part of a broader shift in the collapse of regimented start and end points for reaching consumers—the industry is just becoming an inextricable part of our lives."

Amid global upheaval and widespread lockdowns, the industry has done anything but stay still. Two years later, it's emerging with new technologies, structures, ownership models, currencies and a revitalized aim to match the betterment goals of the communities it's talking to.

Through our research, we have identified three core themes at the precipice of our ever-evolving industry. Here, we explore the shifts set to define the digital marketing industry—and the micro trends they will inspire.



Theme 1

# Cross Reality Discovery

A perspective on the evolution of worlds

The metaverse has the opportunity to transform how people engage with technology and each other, and represent the next evolution of the user experience. Just as web 1.0 was the first phase of the digital evolution with websites and social media, and web 2.0 brought mobile and interactive experiences—the metaverse will be the next evolution.

**Consumers are embracing emerging digital tools and platforms like augmented reality, virtual reality, and the metaverse, because blended phygital spaces now exist.**



While it remains early days, the maturation and proliferation of VR/AR capabilities will enable further digitization and replication of the physical world and user autonomy. With that, we think about avatars and online identities. Many organizations have been in the avatar world for a long time, including Microsoft through Xbox. The tech is starting to build against the future. Ensuring cross-channel identity integration and interoperability will require more collaboration than exists today.

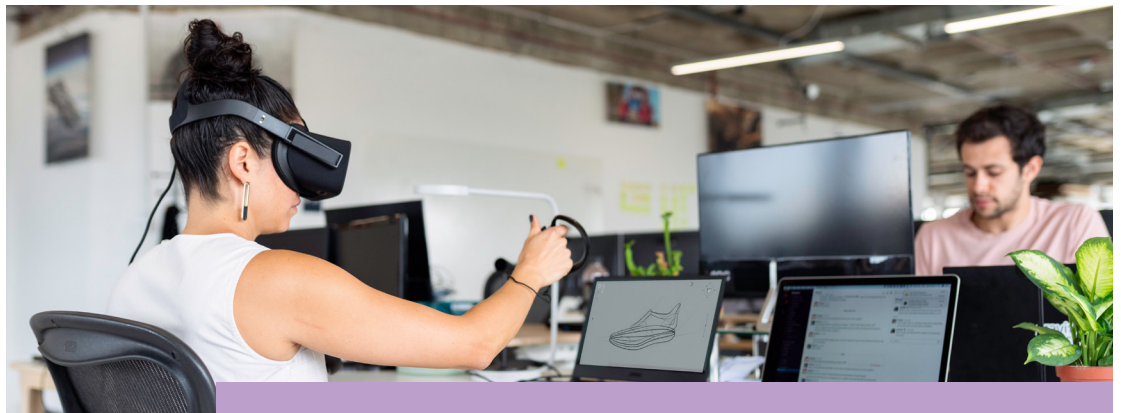
Marketers should ask their teams: “how will you reimagine the possibilities of your brand and the bi-directional ways that people can engage with you in an immersive, virtual world experience?”

# Adventuring into Cross-Reality Discovery

As the separation between the physical and virtual worlds becomes less pronounced, evolving digital tools will extend consumers' experience of the world, facilitating new ways to engage with products—and with each other.

For marketers, widespread digital adoption is ushering in a new wave of brand access, with engagement opportunities moving beyond the point of purchase or usage toward a 24/7 relationship of participation, discovery, and socialization.

According to James Penfold, Strategy Director at Rehab, virtual reality is emerging fast, but not everyone is equipped for the change.



"The opportunities provided by the metaverse are boundless, but it's not a one-size-fits-all model for success," Penfold said. "The industry has an opportunity to guide brands into the space, giving them the tools they need to understand their place within it."

As consumer touchpoints move between the physical, digital, and beyond, cross-reality culture will lead to the expansion of three future trends:

**Elastic content**

**Metaverse makers**

**Programmable identities**





Future trend

# Elastic content

The content we consume used to follow a fixed course, but the rise of new Augmented Reality (AR) technologies is changing. AR is creating fresh media possibilities that respond to real-world environments in real-time.

Research from Fortune Business Insights valued the global AR market at \$4.16 billion in 2020, with the sector expected to reach a staggering \$97.76 billion by 2028.<sup>8</sup> As users explore this new digital realm across gaming and social media, the digital marketing industry itself is increasingly making use of its capabilities to cater for digital consumers and their expectations for personalization.



**94%** of consumers are more likely to purchase a product when viewed in AR.

In 2021 GetApp reported that 35% of small and mid-sized businesses planned to adopt AR. In the future, digital designers will be able to harness contextual AR capabilities to convey real-time messages and personalized user experiences seamlessly in an individual's surroundings.<sup>9</sup>

It's a development that makes clear business sense. A study by Shopify revealed that 94% of consumers are more likely to purchase a product when viewed in AR—highlighting the push toward personalization that could see static ads evolve into on-demand phygital (physical and digital) activations for individual users.<sup>10</sup>

Much of today's AR activations and experimentations are functioning as enhanced add-ons to existing user interfaces—using current hardware (smartphone cameras) or gaming realms (Roblox) to drive consumer interest and excitement. In the future, however, opportunities will abound for marketers to think more holistically about how such initiatives will form a vital aspect of their entire customer experience strategy from the outset.

Designer Clara Ormières' project Unreal Plots is already unlocking this future. Demonstrating how physical and digital realities can merge to create on-demand and changeable content, Unreal Plots enables users to hover their phone over a seemingly blank newspaper to receive a personalized version of a noteworthy story in AR.

Running Stories by BBH is another example that uses AR to guide its users' entire experience. The data-led fitness and audio app turn runners' surroundings into audio entertainment, using real-time data to integrate landmarks and geographical features into a motivational audio reality story.



MobiDev is enabling businesses to improve customer experience through simplification. For example, AR can be used with complicated machines like a car dashboard or high end coffee machine, so that people can learn to use them easily, instead of flipping through a 100 page instruction manual. Imagine how this can be applied to maintenance and services, where detailed procedures could be highlighted and provided to parts that need fixing.

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Future trend

# Metaverse makers

As brands and consumers engage with the metaverse, the industry has an opportunity to create its own cross-platform architecture that acts as a crucial starting point for virtual exploration.

People are becoming metaverse-curious, discovering new forms of entertainment, retail, and a sense of belonging within virtual realms.

For example, we've seen Facebook make major investments in this space, including changing their name to Meta to reflect their ambition. Microsoft's vision is that there will be many metaverses and no one company will own the metaverse. The most important investment in the metaverses' future is the foundational belief in open ecosystems, where identities and content easily flow between experiences, regardless of platform. This way, people, places, and things can be brought together in a digital world for consumers and organizations. To support this, Microsoft is investing in the Microsoft Cloud which provides the most comprehensive set of capabilities to bridge between the physical and digital worlds - building IoT and digital twin solutions at scale, broad AI deployments. This investment is also reflected in products such as reinventing the future of meetings with Teams, as well as mixed reality products like Mesh and HoloLens. At the Microsoft Build event in 2022, CEO Satya Nadella discussed Microsoft's continued investments in the industrial metaverse. Kawasaki Heavy Industries was highlighted as a company using Microsoft's cloud technology such as Azure Stack to unlock the benefits of bridging digital and physical worlds in the metaverse.



But despite its burgeoning appeal and the growing presence of brands, users are only just experiencing the tip of the metaverse iceberg. There's still a huge need for digital marketers to create a ready-to-go metaverse infrastructure that allows brands to realize this new "virtual" reality.

"Many brands aren't ready or equipped for the metaverse," said Penfold. "This is where big tech companies have a real opportunity to act as guides into the space—not steering or creating the movement but acting as custodians of different directions the community can take."

Online gaming platform Roblox is already beginning to unlock this opportunity, with plans for its consumer-generated world to provide a ready-to-go architecture for brands that will solidify its place as one of the many metaverses of our future. In February 2022, it announced brand partnerships with the NFL, McLaren Racing, Alo Yoga, and The Brit Awards. Activations ranged from a Super Bowl-centered gaming world, a virtual car showroom with F1 drivers Lando Norris and Daniel Ricciardo avatars, a digital yoga studio, and a virtual VIP party for the Brit Awards with a performance from musician PinkPantheress' avatar.

The platform is a leading contender in the expansion of the metaverse. Beyond exponential adoption—the number of daily active users increased from 32.6 million in 2020 to nearly 50 million in November 2021—Roblox is already illustrating a path toward new-realm revenues, creating more than 25 million virtual items and acquiring over 5.8 billion.<sup>11</sup>

For younger generations, especially, gaming is replacing traditional advertising channels.



**"A lot of the traditional ways of marketing to young people are gone forever,"**

said Keith Stuart, Games Editor at The Guardian.

**"Gaming is where they are."**



Tapping into demands for phygital experiences, PlayStation worked with Australian restaurants and Deliveroo to bring virtual dishes to gamers' doors. Drawing from game titles such as Uncharted and Ratchet & Clank, the PlayStation to Plate campaign features in-game restaurants Mary's, The Italian Bowl, and Bistro Morga, recreating virtual foods on real-life menus for people to order at home. Led by creative experience agency Amplify, the campaign recognizes the opportunity to align real-life products with new media and entertainment avenues.

Digital marketing heavyweights in the metaverse space will play an integral role in the growth of this new experiential era. They need to foster and curate tech talent that closes the gap between Web2 engineers and our emerging Web3 realities and to facilitate ready-to-go metaverse world infrastructure. Alone, brands are tasked only with applying their creative assets.

Leading brands are already striding confidently into this future—with Microsoft's 2022 acquisition of gaming heavyweight Activision Blizzard key. The move illustrates the organization's plan to harness digital capabilities to build many metaverse worlds - each with its own purpose, set of principles, and addressing a unique need.

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# MetaOD

Metaverse On Demand

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The emergence of the metaverse means that

there will be a whole new virtual world where we can express ourselves

and potentially introduce a different version of who we are,”

Yonatan Raz-Fridman,  
Founder and CEO  
of Supersocial.

In 2025, phygital fashion brand FaXe is looking to acquire its own metaverse holding after a sold-out collaboration with a luxury French fashion house crashed its Web2 platform for the fifth time. Having lost its best CTO to the seven-figure sale of a non-fungible token (NFT) and fighting against the clock to have crypto-transactions in place by the next virtual fashion week, FaXe is encouraged to start a subscription with metaverse creation platform, MetaOD. After completing a 10-minute AR survey, FaXe is matched with a MetaOD advisor and expert who customizes the standard 'brand' template to FaXe's specific requirements and with its own digital assets, paying close attention to the needs and values of FaXe's established digital community.

## Programmable identities

With consumers using new technologies to extend their own identities, industry offerings are expanding to target people's physical and virtual selves.

The omnipresent nature of virtual spaces is transforming how people connect with others and how they define themselves. Advancing technologies are giving rise to new modes of self-expression and the creation of digital identities that embrace fluidity and which are unrestricted by physical limitations.

Key demographics in the virtual space are already making the most of this identity-expanding reality. A recent study by Snapchat and JWT Intelligence found that one in five UK and US 13-22-year-olds use social media to develop a personal brand. At the same time, research from VICE revealed that one-third (33%) of Gen Z believe their digital identity is their most authentic self.<sup>12</sup>

Digitally savvy brands are already creating purposeful digital avatars and assets that allow users to represent their true identities and core beliefs. CryptoAvatars, for example, are unique personal avatars that give an individual's digital identity a visual representation in virtual worlds. The aim is to create an open standard where people can move between different spaces with their virtual identities.

As consumers begin to regard their virtual identities in the same way as their physical selves, perception of value and ownership is also evolving. Immaterial commerce is moving from the fringes of gaming to a certified mode of self-expression and investment. Grayscale research revealed that all-time value spent on Web3 metaverse item sales such as virtual land, goods, and services has topped \$200 million, while the early dawn of non-fungible tokens (NFTs) imbues virtual assets with mainstream and cross-sector appeal.<sup>13</sup>

## Digital marketing to-dos

As the digital and physical realms merge to become one and the same, future marketers will respond by treating these new spaces as an extension of reality, free from the limitations that exist in the physical world. Embracing creative and merged approaches that unlock infinite possibilities, the digital marketing industry will:

Make the most of this new frontier by considering how to interact and engage with audiences in ways that phygitally respond and react to them.

Innovate to build the metaverse into your marketing strategies from the outset, rather than as an afterthought.

Embrace the untold possibilities of the metaverse by creating its architecture, making use of new forms of engagement, and providing the most relevant experiences that consumers want—when they want them.







Theme 2

# Equitable Media

How to make media more equitable

Creating environments online where everyone is seen, heard, and included has taken time, and the work is ongoing, but we're making great strides in recognizing its importance and creating solutions.

Consumers are advocating for the inclusion of all people, and the ethical stewardship of the planet, by voting with their wallets, and engaging brands that reflect their values.



Seeing how brands sometimes struggle to build trust, promote their values and be inclusive, we knew we could do something to help. It wasn't that they didn't want to; they just didn't know what they didn't know.

There's an opportunity for businesses to think about all types of equality every time they begin the creative process. We created a [Marketing with Purpose](#) playbook, course, and other tools to make it easier and empower all marketers by outlining actions to take across the role of responsibility, values, and inclusion in advertising.

Simple tools like website accessibility checkers and Marketing with Purpose Business Attributes are now democratizing the ability of marketers to demonstrate their representation and be more accessible for everyone. It can make the difference between being a brand or company people trust now and in the future.

# Equitable media starts with accessibility and inclusivity



Dissatisfied with outdated campaigns that push stereotypical identity tropes, consumers are looking for brands to provide change and drive new directions in diversity and inclusion.

As global demographics evolve, brands and the media must respond to demands for representation by creating an inclusive and equitable industry across new intersections such as spirituality, neurodiversity, ability, and disability.

In this new age of brand accountability beyond the mission statement, people want to see media that represents and understands the experiences of marginalized groups.

This new frontier will drive changes across two key trends:

Accessible UX

End-to-end inclusivity

## Accessible UX



Users are increasingly highlighting the inequalities embedded in digital interfaces, prompting inclusive brands to fuel the development of new assistive technologies and solutions centered on inclusive design and usability.

As the digital marketing industry begins to acknowledge the needs of people with disabilities and neurodiverse people, mainstream platforms are stepping up to provide users with the ease they deserve. In 2021, Twitter, Medium, YouTube, Instagram and Facebook encouraged alt text descriptions for images and captions, with podcasts, Zoom, WebEx and others following suit with auto-transcript capabilities.

The global disability and adaptive market is set to reach

**32 billion dollars**

by 2026



—Global Industry Analytics

Company collaborations and compatible technologies promote streamlined solutions, as innovative initiatives partner with established platforms to embed adaptive technologies into existing offerings. The Braille Institute is one example. Its easy-to-read Atkinson Hyperlegible font was made available on Google Fonts in 2021. It enables people with low vision to access digital information and create content across the entire Google suite.

Similarly, tech company Akari has teamed up with Microsoft to offer Akari Virtual Assistant, Ava, an accessibility-minded chatbot built on Microsoft Teams. It uses AI to automate tasks, using skills and language modelling to aid brands and the lives of users with hidden or situational disabilities.

Independent initiatives also empower users to personalize their interfaces to their own needs. Web extension Focus Ex, for example, is a digital reading aid for people with ADHD. The platform is wholly responsive and unique to the user, allowing them to alter letterforms' space, width, weight, and focus.

Global Industry Analytics reports that the global disability and adaptive market is set to reach \$32 billion by 2026 as accessible interfaces graduate from “nice to have” to necessity.<sup>14</sup>

Platforms will enhance these initiatives with the accelerated technologies on offer, pointing to a future when haptic functions and audio-spatial developments will be built into standard interfaces and platforms.

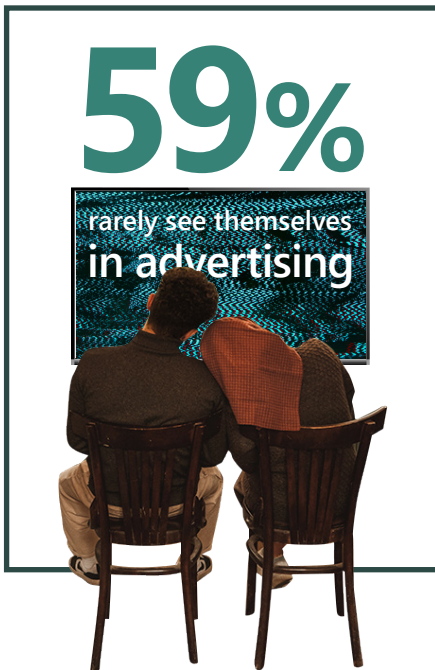
# End-to-end inclusivity

Calls for inclusivity are extending beyond the camera lens to creators and the established industry, as consumers demand a digital marketing future that is fully representative and inclusive.

Industries may be taking steps in the right direction. However, when it comes to genuinely representing diversity, consumers are clear that efforts are still falling behind their expectations. Research from UK broadcaster Channel 4 revealed that just 4% of TV adverts in the UK featured individuals with disabilities, dropping to 1% in lead roles, despite 22% of the UK population being disabled.<sup>15</sup>

A study by Ipsos paints an equally disappointing picture. It found more than half (59%) of British consumers rarely see themselves in advertising, with that figure rising to almost three quarters for those who identify as a minority (72% minority women, 71% minority men], as LGBTQ+ men (73%), those living with a disability (72%), non-white men (65%) and non-white women (68%).<sup>16</sup>

While marketing may not yet meet expectations on representation, consumers recognize the value of inclusive initiatives that diversify imagery and accessibility. Beauty brand Dove's call to action is one example. In its campaign, "It's On Us," Dove offered to pay other brands' modeling costs to improve diversity in their advertising for global advertising.





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The value in adopting an intersectional lens is twofold...

**it benefits advertisers by leading under-represented individuals to feel closer to the advertised brands, and it benefits society**

by providing psychological benefits to traditionally excluded audiences.”

—Rhonda Hadi,  
Associate  
Professor of  
Marketing, Saïd  
Business School,  
University of Oxford



The case for inclusivity makes more than ethical sense. The Unstereotype Alliance's report *Beyond Gender 2* revealed that advertising which represented people across various social categorizations resonated with all consumers. This was true regardless of their individual identity—prompting feelings of brand closeness and deepening consumer ties.

Beyond the benefits of visibility, media organizations are increasingly amplifying unheard voices through demographic-specific content and channels. In 2022, Netflix added Asian Pacific Islander-focused vertical “Golden” to its host of demographic communities, joining the LatinX-focused “Con Todo,” the LGBTQ+-focused “Most,” and the Black-focused “Strong Black Lead.”

Netflix is revolutionary in its approach. The channel demonstrates a deep understanding of cultural nuances and sensitivities while promoting media spaces that are celebratory, not siphoned. This approach will be realized by strategies that allow marginalized communities to work on the assets representing them, allowing for a proper understanding of their audience or category.

Future scenario

# Cultural sensitivity coaches (CSC)



CSC is the hub of the inclusive marketing agenda—acting as a marketplace and meeting point between marketers and the audiences they intend to reach. The digital platform acts as a talent agency for leading D&I practitioners, consisting of publishers, producers, directors, writers and creators. Freelancers and marketers can purchase a subscription to CSC's vast roster and uncover profiles of a practitioner's credentials and job history—sorting talent by demographic and market expertise.

## Digital marketing to-dos

Diversity and inclusion have firmly graduated from being nice to having to be necessities—forcing digital marketers to implement tangible strategies that move beyond mere representation. As widespread consumer understanding of accessibility and inclusivity grows, marketers will:

Ensure accessible infrastructure is embedded into user interfaces from the outset, and work with innovative adaptive technologies to elevate platforms from universally usable to enhanced and holistically considerate.

Consider the diversity of people in the advertising image with the same importance as the people behind it—acknowledging that true inclusivity goes beyond visibility to include leadership, cultural understanding and accessibility to the industry, in every sense of the word.



# How to explore the power of platforms for good

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Consumers are now expecting brands to influence real structural change.

People want brands to use their power and platforms for the betterment of the world, incentivizing action beyond consumerism.



There is a renewed understanding that brands have the power—and the capital—to enact and implement real structural change that people alone cannot. Consumers are wary of false sentiment from brands and businesses and spend their money with those that prove their authenticity.

At Microsoft, we understand and embrace our leadership role in authentically promoting inclusion, accessibility, sustainability, and social justice issues and enabling our customers to do the same.

We've developed products like Marketing with Purpose Business Attributes that improve our platforms and help advertisers be and showcase their inclusion and diversity. At the same time, we're minimizing our environmental impact and making bigger bets on several projects to lower our carbon footprint. We're working with other companies and governments to drive the investment and policies needed to support betterment.

This is the work of every brand today, and each marketing and business leader should be asking tough questions about how your platforms and products can make a profit and how they are helping the world.

## What's good about betterment platforms

Ethical consumerism is no longer about feeling good about purchasing decisions but buying into brands' committed to continual betterment.

As consumers embark on their own ethical journeys, they look beyond immaculate ethics and expect continual improvement. With the events of the past two years thrusting socio-environmental and social justice issues to the fore, consumers are acutely aware of the need for a more equitable society. They're celebrating brands focused on building better institutional structures rather than constructing PR-approved statements of intent.

"I think the digital marketing industry should really question its communication when it comes to speaking out," said Olivia Yallop, author and brand strategist. "Namely, should we be saying anything at all? The best thing digital advertising can do is communicate its stance in its processes."

There is a renewed understanding that brands have the power—and the capital—to enact and enforce real structural change that people alone cannot. Consumers are becoming weary of "woke washing" and expect brands and businesses to join them in authentically taking on an activist mantle. This applies to both individual personalities and corporate behemoths. People wish to strive for a better world and advocate for long-term progress over short-term conversations about purpose.

This new horizon of collective and sustained betterment will lead to the expansion of two key trends:

Low-impact interfaces

Conscious advertising





# Low-impact interfaces

Future-facing designers are rethinking how digital interactions can be more environmentally conscious, transparent, and energy-efficient. They're finding ways that UX and UI design can cut the carbon emissions of our online consumption.

The internet needs an efficiency overhaul. Adding to the vast number of daily digital communications, users have become accustomed to an energy-intensive online landscape of data-heavy, dynamic websites. Research from ServingGreen illustrates that the average single web page size is now 3.48Mb - more than 24 times its size in 2003, while 100m websites account for 9% of total electricity consumption in the US.<sup>17</sup>

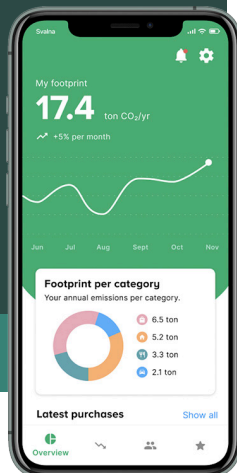
Even though Sustainable Data Centers are now harnessing the heat and energy created by storing, processing, and distributing our data, while Ad Net Zero reports that 71% of UK marketers are worried about the industry's impact, most consumers remain oblivious. Still, a complex infrastructure of cables, computers, routers, servers, satellites, and energy is needed to power our internet habits.<sup>18</sup> Recognizing this, a generation of green programmers are rising to the challenge by radically reducing the impact of everyday interfaces, from social media to e-commerce.

Several brands are stepping up to offer eco-conscious online experiences, recoding their platforms to use less energy. Leading the way, Danish brand Organic Basics' low-energy version of its online store reduces the amount of data transfer by up to 70%.

Smart initiatives encourage brands and media agencies to face the realities of their own environmental impact—providing tangible steps toward improvement. Good-Loop's carbon calculator enables brands and media agencies to calculate the carbon footprint of their online ads, helping to limit CO2 emissions across the industry. At the same time, the pioneering web app, Dimpact is used by the BBC, Sky, and Netflix to assess the impact of digital streaming, publishing and advertising services.

Good-Loop's carbon calculator enables brands and media agencies to calculate the carbon footprint of their online ads, helping limit CO2 emissions across the industry.

 GOOD-LOOP



Beyond aiding existing brands, eco-conscious designers are carving out a blueprint for the future of low-impact platforms. Russian agency RedME has created the first website that fully complies with the principles of sustainable web design. At Instagram, designer Tom Jarret explores how to reconfigure the platform to be more energy efficient. The project replaces the automatic image- and video-loading preset with text, giving users the option to load only those they're genuinely interested in seeing.

With consumer sustainability concerns and their desire to have increased choice, platforms will increasingly enable users to opt-in or out of these low-impact iterations.

## Future scenario

# Lo-impact users

Marketing assistant Jay is compiling user reports for his company's monthly roundtable. Working within the sustainability vertical at AI-enhanced newsfeed app Views, he is tasked with reviewing the brand's growing number of Lo-impact users.

Allowing readers to adjust for energy-efficient interfaces in the app settings, the number of Lo-impact Views has grown. And, with last month's global sustainability summit, Lo-impact adoption is on the rise—with Views able to skim 15% of its carbon emissions output in the past few weeks alone. Jay says company-matched sustainability donations to Views' sister publications and subscriptions are among the most upvoted suggestions on the Lo-impact community page at this month's roundtable. He suggests those as additional ways consumers can spend their Lo-impact perks or Eco-coins.



# Conscious advertising

Conscious advertising is emerging in the form of forward-thinking initiatives that promote honesty, transparency, and sacrificial sales tactics by pointing to the realities of over-consumption.

New holistic approaches to sustainability are replacing outmoded promises and virtue signalling, creating a future when initiatives will be built into the core of digital marketing practices.

Consumers are expecting sustainable transparency, not perfection. Data from the EY Consumer Index reveals that **80% of global consumers believe brands must be honest about their environmental impact in producing goods and services**. A growing majority indicates they're prepared to make sacrifices for ethical gains. A study by Depop and Bain & Co found that 90% of Gen Z in the UK, US, and Australia have made changes to be more sustainable—with 70% reducing their fashion consumption. They expect the same of brands and their output.<sup>19</sup>

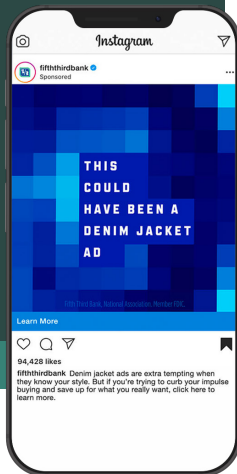
Savvy marketers are heeding consumer desires and subverting traditional channels to guide consumers toward more ethical purchasing behaviors. SafeAuto's "We are the Rest of Us" campaign is one example. Ridiculing hollow brands that try to create artificially progressive movements, the ad circumvents the purpose-led marketing spiel by providing affordable coverage to those on a low income, rather than paying lip service to the notion of purpose.

Banking company Fifth Third created ads mimicking traditional ad-blockers. It replaces shopping ads in users' feeds to make consumers rethink purchasing unnecessary items via social media. The ads link to Dobot, a free money management app that offers readers financial tips to prevent unnecessary spending.

To help consumers reconsider buying unnecessary items via social media,

banking company Fifth Third is mimicking traditional ad-blockers, replacing shopping ads in users' feeds

that link to Dobot—a free money management app offering financial tips to prevent unnecessary spending.



Platforms also take a stand to eliminate sustainable misinformation and provide fact-checking capabilities on ethical brand claims. In 2020, Google offered an optional browser extension, Climate Block, that enabled users to block all news content linked to climate change denial. ShADe, meanwhile, is an AI-driven anti-greenwashing web plugin that uses data from Good On You to vet brands' sustainability and ethical scoring. It blocks digital marketing ads from companies with poor scores and suggests items and services from brands that have the data to back up their environmental claims.

# Digital marketing to-dos

With consumers remaining value-driven but tired of greenwashing, the industry must shift to promote what's actively being done and achieved to contribute to change for the better. With reach and influence that can change our course for the better, marketers will:

Rethink the impact of interfaces by working with sustainably-minded UX and UI designers to transform the carbon emissions of their platforms and reward users willing to do the same.

Move away from purchase coercion toward more responsible ambitions, using its powers of persuasion for good rather than greed by nudging and inspiring better from brands and consumers.



## Theme 3



# Feedback Frontiers

## Exploring the next frontier of data

Consumers want a world where they own their data across experiences—and decide what happens with it. The problem has been that a standard ID hasn't been interoperable yet, plus there's no governance. But that's changing.

Consumers are now more aware of the value of their own data—and they are claiming boundaries around it.



Consumers are now expecting brands to have personalized interactions without exploiting their data— while being transparent about data privacy practices.

Recently, Microsoft and more than 30 companies and organizations have formed the Metaverse Standards Forum to foster open, interoperable standards for augmented and virtual reality (AR/VR) and 3D technology. This is the start of developing standards and interoperability that would allow better user data management potential.

Changes like these will provide more security and a sense of trust as we begin to embrace synthetic interactions in more immersive environments. Having data policies that allow people to understand someone is who they say they are online will help us develop ethical AI and engagements that will open future possibilities.

Having users understand and buy into the value exchange over data is another area the industry is still figuring out. Data is currently given freely or exchanged for content. In the future, we may see a focus on portable data, where users would have the ability to export their data, and not have it centralized and stored within walled gardens.



Although online IDs may be administered centrally (like state-issued drivers licenses), people would be in control of their data and have the ability to permission levels of their data in and out of systems through blockchain and encryption. To address the security risks, static IDs would be replaced with resettable encrypted identifiers. For example, people may decide to share with a brand their unique ID in order to verify their loyalty program, that they can easily take back or remove access at any time.

## What the new feedback frontiers might hold



The rise of convenience culture and the ubiquity of data collection are driving new demands for hyper-personalization as users enter symbiotic relationships with brands, swapping data for responsiveness.

Rather than wanting purely transactional experiences, consumers seek conversational encounters with the brands they interact with, creating a value exchange where both parties benefit.

But with in-depth personal data increasingly fueling these interactions, there is growing tension around data privacy issues. Consumers demand transparency and control and want to be rewarded for their time, engagement, and loyalty.

“It’s important for brands to understand what is valuable to consumers within whatever experience they’re creating,” said James Penfold, Director of Strategy at Rehab. “Whether it’s a loyalty experience, a CRM experience, or a responsive experience—it’s important that value is transparent to them. The moment it becomes opaque, that’s when they will jump ship to another island or another commercial space.”

This newly symbiotic brand and consumer era are leading to the expansion of three key trends:

Data wellbeing

Intuitive design

Synthetic interactions

## Data wellbeing

**Smart tech initiatives empower consumers to take full control of the data they share.**

Consumers are increasingly protective of how brands collect and use their data. A survey from McKinsey & Co reported that one in 10 internet users worldwide—rising to three in 10 in the US—deploy ad-blocking software to prevent companies from tracking their online activities.<sup>20</sup> Meanwhile, research from Wunderman Thompson Intelligence reveals that the privacy and security of personal online data is the second biggest concern (at 58%) for US consumers.<sup>21</sup>

For Stanford University professor Monica Lam, consumers are increasingly looking for tools that help them gain control. "What we really want to do is create a new infrastructure," Lam notes. "Systems that allow users to say: 'you can do this to my data.'"

Several data transparency initiatives are helping users realize this future by promoting education and access to their own digital citizenship. For example, desktop and mobile app Mine allows citizens to understand their data footprint by seeing what brands are holding and using their personal information. The platform also lets people unsubscribe from those brands—to ultimately claim ownership of their data.

The privacy and security of personal online data is the second biggest concern—at

58%

for US consumers



- Wunderman Thompson Intelligence



Moving away from promoting privacy awareness to implementing privacy changes, DuckDuckGo is an internet search engine that emphasizes the protection of users' data, shutting out content farms and avoiding trade-offs for more personalized search results. As of November 2021, the platform reported 101m daily searches and was the second most popular mobile search engine behind Google.<sup>22</sup>

Beyond autonomous data wallets and alternative platforms, users are increasingly calling on big tech and the daily platforms they interact with to implement ethical data standards.

"In a new world where we extend and defy reality, a world where data fuels the progress we make in the metaverse, we have to hold big tech accountable for transparency and ethical use of data being collected," said Kavya Pearlman, Founder and CEO of XR Safety Initiative.

While tech platforms are beginning to acknowledge the importance of data wellbeing—including Facebook's creation of a certified digital safety curriculum—brands are also striving to demystify tech-focused data solutions.



In January 2022, Microsoft held a series of events and hackathons to introduce consumers, brands, and developers to Decentralized ID (DiD). The concept replaces identifiers such as usernames with IDs that are self-owned, independent, and protect privacy. As well as permitting individuals highly secure user experiences, DiD enables brands to boost transparency and auditability within their consumer base and allows developers to build truly serverless interfaces that store data with users only.

As we move through the next decade, these types of data transparency initiatives and tech-enhanced solutions will embed transparency and control into the infrastructure of user platforms. with consumers set to reward brands with engagement for ushering in a culture of transparency and trust.

# Data detox day

June 25, 2023 is the annual Data Detox Day, when brands encourage consumers to practice digital and data mindfulness through key signposting on platforms and applications. More than simply switching on ad-blockers or rejecting cookies, every user is urged to reconsider their settings on regularly used devices. This ranges from altering device names and tidying apps to clearing location footprints, resetting passwords, enabling two-step verification, and deleting sensitive documents from the cloud. The goal of Data Detox Day is to empower people to feel confident, assured, and clear about how their data is being used.



## Intuitive design



With consumers in control of their own data, transparent marketers will forgo third-party data in the future to harness the power of AI-enhanced, consumer-generated data profiles.

Aware of the power of their own data profiles, consumers are increasingly demanding an equitable value exchange. They want personalization, individualization, and adaptability at the top of the agenda. Research from Accenture confirms this emerging mindset, revealing that a vast majority (83%) of consumers are willing to share their data to enable a personalized experience if businesses are transparent, and customers have control.<sup>23</sup>

This conscious personalization is felt beyond the necessity of data rewards. A Salesforce study shows that while 66% of consumers expect businesses to understand their unique needs and expectations, the exact figure (66%) says they are generally treated like anonymous numbers by brands.<sup>24</sup>

AI-powered shopping platform The Yes, acquired by Pinterest in 2022, is striving to bridge this gap. Working directly with fashion brands to deliver a customized and curated shopping experience, The Yes resists third-party data instead of learning from users' "yes" or "no" answers about products they are shown. The platform can then adapt the user's overall shopping experience - building feeds, search results and shopping lists relevant to the individual.



Beyond responsive user interfaces, algorithmic social platforms, and established user-enhanced recommendation platforms such as Spotify and Netflix, next-level marketers are building personalization into traditional formats, too.

In 2022, native advertising leader Taboola announced an AI extension to its publisher platform that would power personalized editorial recommendations on publications' front pages. Homepage For You will enable editors to harness the power of AI to curate a publication's homepage without sacrificing integrity or brand voice. Leading global publishers including McClatchy, The Independent, and Estado de Minas are among early partners using Homepage For You to improve homepage click-through rates, page views and bounce rates.

Cloud providers are increasingly building such accessible tools—allowing businesses to seamlessly extend the power of AI into their products without the need for data scientists or developers.



# Synthetic interactions

Advances in AI technologies are enabling brands and creators to develop responsive, hyper-individualized, and intimate communications with consumers.

AI is pushing the boundaries of brand and consumer interactions, with tools like deepfakes enabling marketing that more than metaphorically speaks to users' values and expectations. These hyper-interactive technologies are prompting more successful paths to engagement and purchase. A report by Harvard Business Review confirms that consumers are willing to buy more, pay a higher price and promote to friends when they can see products as extensions of themselves.

Brands are already exploring this hyper-personalized, deepfake future, creating playfully immersive environments that bridge the gap between marketing and entertainment. In 2020, Reface AI collaborated with Gucci to enable users to try on clothes virtually, resulting in one million swaps in a single day. At the same time, a deepfake Messages concept by Lay's with soccer star Lionel Messi saw users provide key personal details in exchange for personalized video messages—an activation that garnered 38m hits across the globe in 24 hours.



The sophisticated nature of synthetic technologies will allow brands to create this type of highly targeted and personalized marketing activations with less, for more people and with greater ease.

“Imagine a new kind of deal, where an influencer provides a brand with a sample of 15 minutes of audio content and a few video shots,” said Vogue Business Marketing Editor Kati Chitrakorn. “Using deepfake technology, a brand can transform that content into thousands of hyper-targeted ads.”

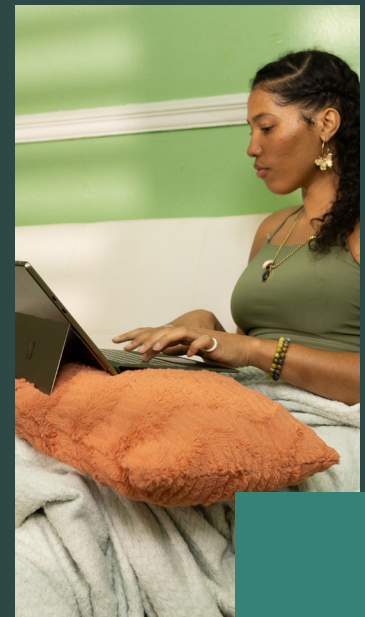
In addition, where brands can acquire the usage rights of the deepfake content produced, they will be able to retrofit messaging to match desired languages and styles or even create different edits that work across multiple social formats. Of course, the flip side of deepfakes is that there are security risks associated with it. Words may be taken out of context, and the original intent may be hijacked. We are thinking about how to get ahead of this, so marketers can get most out of deepfakes. For example, the deepfake may have verified credentials associated with it—so people can discern whether it's a real, well, fake.

# Digital marketing to-dos

With audiences cynical and suspicious of business intentions with their data—future marketers will take a more reciprocal approach to restore and reward users' trust. To focus on building symbiotic and personalized relationships over empty transactions, the digital marketing industry must:

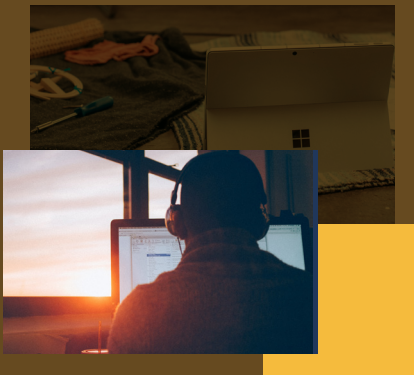
Push for data literacy among its user base by giving consumers back control of their data, providing the ability to see its worth, and the value they should expect to receive in return.

Harness the power of the data-conscious consumer to create enhanced user experiences, working with AI and cloud technology to ensure they are rewarded with highly personalized digital products.



Part four:

# Conclusion



The digital marketing industry is emerging from the past few years forever transformed. The effects of a global pandemic haven't only served to alter the world we live in, but what we expect from it, the way we engage with it, and the technologies we use to do so.

It wasn't only a global crisis that triggered this point of reckoning. Consumers—once only engaged via a handful of touchpoints—are not only increasingly accessible, but increasingly influential in transforming the paths to communication.

From blurring the boundaries between creator and consumer to unlocking new ways to share and coordinate value, and demanding unflinching transparency, the power dynamic is undoubtedly changing, and marketers have an exciting, albeit necessary, opportunity to accelerate in order to keep up.

In the next few years, a monumental digitally infused shift in the structures, processes, and apparatus of the industry will take hold.

Looking ahead, now is the chance for marketers to pioneer a new, transformative future.

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