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10 Key Digital Trends for 2021

What Marketers Need to Know in the Year Ahead

2020 was rife with uncertainty: a pandemic, social unrest, political division, and a changing digital landscape. For the ninth consecutive year, this eMarketer Report identifies the top developments that should be on marketers' radar.

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Dear eMarketer Reader,

eMarketer is pleased to make this report, **10 Key Digital Trends for 2021: What Marketers Need to Know in the Year Ahead,** available to our readers.

This report features eMarketer data and insights, and covers the top 10 digital trends that marketers need to track in 2021.

We invite you to learn more about **eMarketer's approach to research** and why we are considered the industry standard by the world's leading brands, media companies, and agencies.

We thank you for your interest in our report and Acxiom for making it possible to offer it to you today.

Best Regards,

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10 Key Digital Trends for 2021: What Marketers Need to Know in the Year Ahead

2020 was rife with uncertainty: a pandemic, social unrest, political division, and a changing digital landscape. For the ninth consecutive year, we have identified the top developments that should be on marketers' radar.

With the election behind us, will Washington impact the digital landscape?

Before the election, some may have predicted some bolder regulatory moves to come. Instead, expect to see no Big Tech breakups and the passing of some weaker privacy regulations.

Will Facebook and Google continue to dominate digital advertising?

The duopoly is alive and well, that much is certain. That said, its combined market share in the US will actually drop in 2021, fueled by the rise of a new retail media triopoly. You may guess two of these players, but which is the third?

Will the crumbling of the cookie have an impact?

Advertisers will need to evolve their advertising tactics and strategies to address general uncertainty. At the same time, owned channels will benefit from the phasing out of third-party cookies and will place greater focus on marketing efforts with high returns on investment (ROI).

Where will consumers go for their entertainment?

Increasingly, they will be flocking to social media primarily for short-form entertainment, not commerce—which is still not ready for primetime. Consumers will also turn to streamers, including Disney+, which has cemented itself as a power player.

What other long-standing effects has the pandemic and social unrest had on marketing?

Virtual events are expected to take a big step forward in the year ahead, as will brands' willingness to embrace social causes for motives both altruistic and financial.

WHAT'S IN THIS REPORT? This report covers the top 10 digital trends that marketers need to track in 2021.

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A Look Ahead to 2021

2021 is poised to be a wild card of a year, filled with uncertainty. That may not be music to most marketers' ears—if there's one thing they could use less of after 2020, it's uncertainty. While so much is up in the air, the past year has all but guaranteed one thing: 2021 will be a year of digital acceleration.

While the US presidential election is in the rearview mirror, there's still plenty of drama in the nation's capital that could impact the year to come. With the 2020 election not giving a clear mandate to either party, we do not anticipate any breakups of any of the Big Tech companies. On the privacy front, we do expect some federal legislation to pass—albeit something weak.

Although Google and Facebook will retain their relative dominance over the digital marketing industry, a trio of retail media firms—Amazon, Walmart, and Instacart—will impact the duopoly's stranglehold on the US market in 2021. That's good news for those companies, but advertisers themselves face a challenging year ahead: As cookies exit stage right, measurement and attribution will take a hit.

These advertising challenges will force marketers to reinvest in first-party data and their owned marketing channels in 2021. Two other trends to watch are borne directly out of 2020. First, virtual events will modernize after being unexpectedly thrust into the spotlight in the past year. Second, as a result of the social unrest of the past year, brands will reach an inflection point where taking a stand is seen as more beneficial than detracting.

Some of the trends worth predicting are "nontrends," where we don't expect major movement. Social commerce is one of those areas. 2019 wasn't the year where it hit big in the US, and 2020 saw substantial pandemic-fueled growth—but we expect this category to continue to lag behind global figures.

One other area of social media to watch is the entertainment realm: TikTok's impressive 2020 means that 2021 will see many brands focus on social as an entertainment vehicle. And lest we forget about other recreational platforms, we predict the year ahead will see Disney+ solidify its position as a leading streamer, crowding out many of the also-rans.

Buckle up; we're in for an interesting year.

Prediction No. 1: Big Tech May Be Reined in, but No Breakups in the Immediate Future

What it means for marketers: With the threat of such action hanging over the tech giants' heads, marketers could find them less aggressive and easier to deal with in 2021.

In a sharply divided country, there's a rare consensus view: Big Tech has become "Too-Big Tech." But while this sets the stage for antitrust efforts in 2021, action is more likely to involve constraining the big players than breaking them up.

There's certainly sentiment across the political spectrum for reining in Big Tech. In October 2020 polling by Morning Consult and Politico, 58% of Democrats and 54% of Republicans said Congress should make regulating tech companies a priority. If lawmakers want to show they're capable of compromise to get something done, antitrust is a good candidate for action. (Another is privacy legislation, covered in our next trend.)

This won't be easy, though. Apart from interparty battles, we've already seen postelection infighting among Democrats about how broadly ambitious the government should be. An October 2020 report by the House Judiciary Committee's antitrust subcommittee advocated tougher enforcement tools and adoption of a broader definition of anticompetitive behavior. While this will inform debate, it's less likely to dictate the terms of legislation.

If this dims the likelihood of a new law sweeping enough to presage a breakup of big players, it won't preclude antitrust efforts to constrain them. The Trump administration's Justice Department has already filed an antitrust suit against Google, focused on ways in which the company maintains its search dominance. Whether it sustains this particular suit or not, the Biden administration's Justice Department will hardly choose to do less. Either way, such court battles run for years—as did the Microsoft antitrust case, which was filed in 1998 and finally ended in 2002. The same goes for December 2020 lawsuits aimed at Facebook by the Federal Trade Commission and most of the states' attorneys general, which call for the company to divest itself of Instagram and WhatsApp.

Still, if 2021 isn't the year something drastic happens in the realm of antitrust, there will nevertheless be some significant movement. The incoming administration will move to broaden the definition of what constitutes monopolistic behavior, and we'll see the federal government (joined by some state attorneys general) formulating legislation and regulation to target behavior that meets the new standard.

We'll also see the government devoting more resources to scrutiny of companies' behaviors. And with legal threats looming, Google and other tech behemoths (notably Facebook, Apple, and Amazon) will be more circumspect about any action—in ad-price negotiations, deals with other tech platforms, possible acquisitions, and so on—that may be characterized as anticompetitive. For instance, Apple could play less hardball with supplicants to its app store. Then again, Facebook's November announcement that it was acquiring customer service company Kustomer indicates that the big companies won't simply be sitting on their hands.

So, Big Tech won't be chopped up into "Not-So-Big Tech" in 2021. But it won't be throwing its weight around as it has in years past—potentially giving marketers at constituent companies more leeway in their dealings with these tech giants.

—Written by Mark Dolliver

Prediction No. 2: A Federal Privacy Law Will Pass

What it means for marketers: Whether through consumer consent for personalized advertising, or by investing in privacy-safe alternatives, marketers need to figure out new ways to reach their audiences.

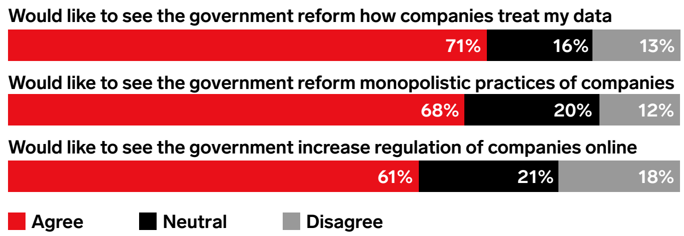
In the years since the EU enacted the General Data Protection Regulation (GDPR), analogous privacy bills have stalled in the US Congress. In 2021, thanks to an incoming Biden administration that is friendly to the idea, not to mention increasing pressure from consumers and advertisers, this will finally change.

Consumers clearly want more privacy controls. A March 2020 survey by Performics and Northwestern University's Intent Lab revealed that 71% of US adults favored some government regulation on how companies treat personal data. And in California, where the state legislature passed the California Consumer Privacy Act (CCPA) in 2018, voters just approved Proposition 24, the California Privacy Rights Act (CPRA), by a 12-point margin. This new law further strengthens consumer data laws and establishes a regulatory agency.

Other state laws, including the Illinois Biometric Information Privacy Act (BIPA) and Maine's internet privacy law, also established privacy protections, and more state legislatures have laws under consideration.

Attitudes Toward Government Control of Select Company Practices According to US Adults, March 2020

% of respondents



Note: n=1,500 ages 18-70
Source: Performics' and Northwestern University's Intent Lab, "Digital Satisfaction Index: Brand Trust Spotlight," Aug 20, 2020

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Many large advertisers are clamoring for action on the federal level to avoid the prospect of 50 different state-level consumer data protection regimes. According to findings from the Interactive Advertising Bureau's (IAB's) "CCPA Benchmark Survey" published in November 2020, approximately 60% of respondents were honoring consumers' CCPA rights regardless of geography, making the California ruling a de facto national law for now. But if more states pass their own laws, this approach becomes untenable.

Still, it won't be easy to pass a privacy bill with a divided Congress. Although many Democrats and Republicans agree on the broad outlines of a bill, they will likely differ on two main sticking points: preemption of state laws (like California's) and a private right to action (which would allow individuals to sue for damages). At the same time, Congress and the Biden administration face urgent economic and healthcare issues surrounding the pandemic that will absorb their attention in the early months of 2021.

But by the end of 2021, Congress and the Biden administration will have passed a privacy bill that may be weaker than what privacy advocates want but strong enough to make federal preemption palatable for Democrats.

—Written by Yoram Wurmser

Prediction No. 3: A Retail Media Trio Rises Up to Challenge the Duopoly's Dominance

What it means for marketers: Amazon, Walmart, and Instacart will become new power players in the digital ad ecosystem.

The Facebook-Google digital advertising duopoly is encountering its biggest challenge yet, and the threat is about to accelerate. While the two dominant ad platforms are still posting strong revenue growth, No. 3 player Amazon's footsteps are getting louder. In fact, by the end of 2020, Amazon's US digital ad market share will jump 2.4 points to 10.2%, while the duopoly's combined market share will dip by nearly a percentage point.

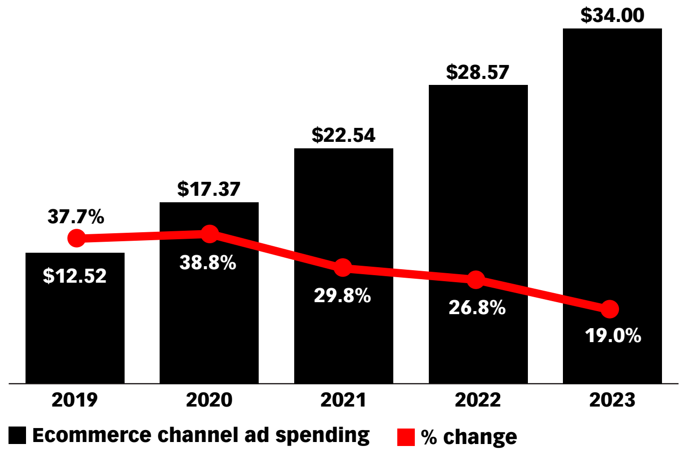
Amazon is the biggest player in an emerging segment of digital advertising—retail media platforms—that will eat into the duopoly's dominance over the next few years. The two big up-and-coming retail media platforms after Amazon are Walmart and Instacart. The next tier includes large digital marketplaces eBay and Etsy, along with multichannel retailers Kroger and Target.

Retailers have a key advantage over Facebook and Google as media sellers. Their platforms are powered by the combination of high-intent keyword searches and shopper data, giving them an even better ability than their duopoly counterparts to target the right customers with ads.

More significantly, Amazon, Walmart, and Instacart possess massive troves of online and offline purchase data to demonstrate the full impact of their advertising. Advertisers continue investing in these platforms because they provide a clean line of sight into high volumes of brand purchase activity that make it easy for advertisers to track ROI.

Retail media platforms' low-hanging fruits are search and display ads on their owned and operated digital properties—though they can also power advertising on the open web and other digital media. We forecast that US ecommerce channel ad spending will jump by 38.8% by the end of 2020, to $17.37 billion, and it will double to $34.00 billion by 2023.

US Ecommerce Channel Ad Spending, 2019-2023
billions and % change



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce; examples include advertising on Amazon, Walmart, and eBay; excludes advertising on social networks or search engines
Source: eMarketer, Oct 2020

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Amazon will drive most of this ad spend in 2021, as it has already proven its value to brands. But Walmart and Instacart are the real forces to watch with their huge footprints of in-store sales data. Walmart can gather information on cross-category purchase behavior in its nearly 5,000 US retail locations, and Instacart can collect insights from its partnerships with more than 400 grocery chains across 30,000 stores in the US and Canada. Amazon comes nowhere close to that level of visibility into offline purchase activity—at least not yet.

While Walmart is the current No. 2 player in ecommerce channel advertising, with an estimated $849 million in revenues in 2020, and is forecast to reach $1.32 billion in 2021, Instacart may be the one to watch. Former Amazon advertising executive Seth Dallaire is Instacart's new chief revenue officer, helping the company stand up a high-powered ad platform at lightning speed. It's only a matter of time before big consumer packaged goods (CPG) ad budgets start flowing in its direction.

The opportunity outside of ecommerce channel advertising is even more interesting. Through their respective demand-side platforms (DSPs), retail media platforms can deliver display and video ads across other digital media. That's primarily on the open web today but is destined to transition to ad-supported over-the-top (OTT) video, giving them a major opportunity to tap TV ad budgets. Eventually, these platforms will power digital in-store media as well.

Amazon, Walmart, and Instacart have the inside track on these massive opportunities, and in 2021 their formidable positions and momentum will become apparent. Large consumer brands, if they haven't already, need to allocate budget now so they can take full advantage as these platforms scale.

—Written by Andrew Lipsman

Prediction No. 4: Advertisers Will Test New Targeting and Measurement Techniques

What it means for marketers: Government regulation and private pseudo-regulation will fundamentally change how marketers target and measure digital ads.

Marketers have a little more than a year before the world's most popular browser deprecates third-party tracking cookies. The Chrome team's January 2020 announcement to that effect was just one in a long series of events making it more difficult for marketers to target and measure their digital ads, including the passage of regulations like the EU's GDPR and the CCPA in the US, but it felt official: The cookieless future is coming, and something must be done to prepare.

On one level, there's the search for a new universal identifier that would make it possible for marketers to do something like they've been doing but better, because consumers are consenting and authenticating themselves. Major independent ad tech providers are working together on Unified ID 2.0 (UID 2.0), a collaborative, open-source project led by DSP The Trade Desk. Those in charge of the effort recently announced Nielsen, LiveRamp, and Criteo will also participate, a positive signal for its viability as a universal identifier.

But the problem of consumer consent will remain. UID 2.0 is a single sign-on solution, meaning consumers will need to opt in and use it. That's part of what makes it better than the status quo, but it's also likely to limit advertisers' addressable audience. Meanwhile, changes like the one Apple announced regarding its new AppTrackingTransparency framework signal that user-level tracking of any sort will require consent in at least some environments.

Other ideas for post-cookie tech infrastructure, like Google's Federated Learning of Cohorts (FLoC) proposal and other iterations including Dovekey and Criteo's SPARROW, are based on the privacy-first principle of targeting groups of people—not individual users or devices.

Marketers should be prepared to test and learn in 2021:

- **Test cohort-based advertising in some form, and the sooner the better.** Testing new targeting and measurement techniques while the old ones are still available will make these new techniques easier to understand, plan for, and optimize.
- **The same goes for targeting programmatic display campaigns by context rather than audience,** for those who haven't already tested this approach. And think again if that sounds like going back in time; better artificial intelligence (AI) means semantic and contextual targeting is far more sophisticated than in the earlier days of the web.
- If you have a touchpoint where you collect consumer data—for example, if you have an app that collects or might want to collect Apple's Identifier for Advertisers (IDFA) in the future—**test messages that explain to consumers what information you want and why.**

—Written by Nicole Perrin

Prediction No. 5: First-Party Data Will Reign

What it means for marketers: Increasing restrictions on data collection and the death of the third-party cookie will mean that winning brands will place a greater focus on first-party data and owned channels. In short, more direct-to-consumer (D2C) marketing and less (though still plenty) advertising.

The year 2020 was all about survival. Marketers had a scant moment to take stock of what they were doing and reprioritize. For many brands, 2021 will be the year where that critical evaluation will occur, and as a result, brands will reinvest in anything that allows them to own and strengthen the direct customer relationship rather than going through intermediaries.

Here's how brands can double down on owned channels and first-party data in 2021:

- **Improve the purchasing experience.** Many brands and retailers have driven conversions with existing and fresh calls to action. Click and collect, in particular, will grow 60.4% year over year in the US by the end of 2020.

- **Invest in email marketing.** Email marketing was one of the success stories of 2020. Open rates soared during the early days of the pandemic. Acoustic, a marketing tech firm, found a 23.8% jump in open rates worldwide between February and March. In 2021, marketers will build on this growth in an intentional manner, improving in areas such as personalization, testing, measurement, and acquisition.

- **Launch SMS programs.** While email works, inboxes are crowded—which will lead to SMS marketing's rise in prominence in 2021. Some consumers aren't yet comfortable with receiving SMS messages from brands, but that is rapidly changing. A January 2020 study from business-texting software provider Zipwhip found that 43% of US consumers had proactively texted a business.

- **Integrate customer data platforms (CDPs).** For brands that have put off this step, 2021 will be the year they can no longer afford to do so. CDPs enable brands to create a single view of their customers and employ that data to improve customer experience through marketing orchestration, on-site personalization, and audience segmentation. In an August 2020 Advertiser Perceptions study, 89% of US marketing tech decision-makers said that CDPs have significant or some improvement on online sales, with 92% stating that CDPs had significant or some improvement on ROI.

Top Benefits of Using a Customer Data Platform (CDP) to Manage Customer Data According to US Marketing Technology Decision-Makers, Aug 2020
% of respondents

Note: n=101; top 3 responses
Source: Advertiser Perceptions, "The State of CDPs: Data Unification, Activation & Analytics Q3 2020" commissioned by Treasure Data, Oct 7, 2020
259478 www.eMarketer.com

- **Create virtual event experiences.** Before the necessitated pivot to virtual events, the costs of throwing an in-person extravaganza were too much for most brands to consider. In 2021, brands will realize the power of building strong customer relationships through owned events, which will put the brands in the driver's seat to increase their reach. In fact, in August 2020, 80.2% of marketers who organize virtual events said reach was a benefit compared with in-person events, per a study fielded by Bizzabo in Asia-Pacific, Europe, and North America.

Of course, advertising will not be going away in 2021, but these developments will put marketing and owned channels in the spotlight in the year ahead.

—Written by Jeremy Goldman

Prediction No. 6: Virtual Event Shortcomings Will Drive Marketers to Accelerate Event Transformation

What it means for marketers: Hard lessons have been learned, best practices have been established, and there is much transformation and opportunity ahead for marketers sticking with virtual events.

Prior to the pandemic, virtual events were uncommon—72.1% of event and meeting professionals worldwide surveyed by software company Aventri in April 2020 did not have a virtual event strategy before the coronavirus hit. This year forced most marketers to reconceptualize how to execute an in-person event in an online forum.

And that pivot is here to stay. May–July 2020 polling from The 614 Group found that 56.7% of US ad and marketing professionals believed that all future live events will have a virtual dimension. And more than six in 10 event marketers in Asia-Pacific, Europe, and North America won't resume in-person events until spring 2021 or later, according to the August 2020 data from Bizzabo.

Next year's virtual events will reflect an awareness that the quick improvisations that many companies implemented early in the pandemic actually left much to be desired—for organizers, sponsors, and attendees. This accelerated transformation will require marketers to leverage the developments we saw this past year: a reallocation of marketing dollars to virtual; greater event accessibility without physical, geographic, or venue limitations; and adoption of the right virtual event platforms. They will also be able to leverage these with a more informed understanding of what does and doesn't translate to a virtual space.

Here are some of the innovations we expect:

- **The digital "tradeshow floor" and event sponsor "booths" will feature more than just a standard demo.** Interactivity and creating a positive experience for attendees will be key. In some cases, B2B transactions will be conducted through these event portals.
- **Marketers will need skills akin to broadcast production** to ensure speakers are primed to deliver their content virtually and that the viewing experience is engaging for attendees.
- **Event venues will want in on this transformation.** Even though it's unlikely that they will be able to host large-scale events until a vaccine is widely distributed, venues will transform their offerings for event organizers by creating their own content studios and technology to support hybrid executions in the future.
- **Small will be impactful.** Marketers will begin to create more bespoke virtual event experiences to target specific audience segments, making for a more intimate and personalized gathering.
- **Follow-up engagement will be more customized.** The data derived from virtual events will give marketers more of an understanding into attendee behavior than ever before and create new opportunities to engage with their audience postevent.

We predict rapid transformation for event marketing in these areas and others, as marketers create more streamlined virtual events and pave the way for hybrid executions in a post-pandemic world.

—*Written by Jillian Ryan*

Prediction No. 7: 'Brandstanding' Will Become the New Normal

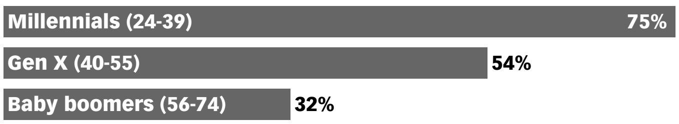
What it means for marketers: Many brands remain skittish about taking a stand on controversial sociopolitical issues. But in 2021, they'll face pressure to weigh in.

The tumultuous events of 2020—including the global pandemic, recession, and Black Lives Matter protests—have exposed deep flaws in US society and disillusioned many consumers, especially younger ones. Facing a lack of confidence in government and traditional institutions, these consumers now expect the private sector to confront today's pressing crises and advocate for change.

While it was previously taboo to weigh in on polarizing topics, many brands are at a tipping point. Not only are consumers increasingly loyal to brands that support causes they care about, they're less likely to buy from those that don't. In June 2020, Mindshare found that 68% of US adults believed brands should speak out against racial inequality and injustice, while Visa found that 75% of millennials would support businesses and causes in response to social justice protests.

US Adults Who Would Support Businesses/Causes in Response to Social Justice Protests, by Generation, June 2020

% of respondents in each group



Source: Visa, "The Visa Back to Business Study" conducted by Wakefield Research, Aug 4, 2020

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Brandstanding will intensify in 2021, as competition for values-driven customers ratchets up. However, in an era of polarized media, "cancel culture," and social media shade, companies must also understand the risks.

Here's what marketers should do:

- **Be authentic.** Don't jump on the bandwagon to support a cause because competitors are doing it, or because it might look good in the moment. Whether it's climate change, immigration, equality, or another purpose-driven stand, it should organically flow from a brand's mission and align with core values.
- **Back up words with actions.** Consumers want brands to speak out but are quick to spot lip service and inauthenticity. The 2019 Edelman Trust Barometer found that 56% of consumers in eight countries including the US believed brands used societal issues as a marketing ploy—and 60% of respondents to Mindshare's June 2020 survey thought brands who spoke out were being opportunistic. Brands that back up their words with concrete actions are more likely to win support.

US Adults Who Are More vs. Less Likely to Support/Purchase From Brands Based on Select Racial Inequality Actions and the Black Lives Matter Movement, June 2020

% of respondents

	More likely	Less likely
Make changes within their organization	43%	11%
Provide resources to help educate	42%	12%
Promote Black-owned businesses	41%	11%
Make commitments to foster change within society	40%	13%
Make commitments to foster change within their industry	40%	11%
Donate funds to organizations to support the cause	39%	14%
Hire Black influencers in advertising or social media campaigns	35%	15%
Address issues in their ads	33%	14%
Support protestors on social media	33%	17%
Start or continue a social challenge	32%	17%
Voice their solidarity on social media	32%	15%

Note: ages 18+
Source: Mindshare, "Coronavirus: US Insights," June 12, 2020

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- **Know your audience.** Brands that understand their core audiences have more confidence to take bold risks. For example, when Nike unveiled its "Dream Crazy" campaign featuring Colin Kaepernick, it anticipated criticism. But it also correctly predicted that its core customer base—racially diverse consumers ages 35 and younger—would heap praise on the campaign and flock to buy the merchandise.
- **Expect backlash, but stay the course.** Brands that take stands will likely face criticism from critics, trolls, and contrarians. Support for issues perceived as too liberal will repel conservatives, while proclamations that ring disingenuous may prompt progressives to call "woke washing." But even brands that stumble or initially miss the mark will ultimately be in a better position than those that stay silent.

—Written by Victoria Petrock

Prediction No. 8: Social Commerce Will Stall at Checkout

What it means for marketers: Despite the hype, most US consumers won't make a purchase via social media in 2021. Discovery and consideration, rather than direct transactions within social apps, will remain the key social commerce opportunity for brands in 2021.

The major social platforms worked hard in 2020 to make social checkout happen. While there was already plenty of commerce-related activity on social media before 2020, it was mostly upper-funnel. As the pandemic elevated ecommerce adoption (and temporarily slowed social ad spending), Facebook, Instagram, and others quickly expanded their social commerce offerings to help drive conversions within their apps.

That said, we don't expect most users to check out on social in 2021, at least not on a regular basis. In our June 2020 "Facebook Flash Survey" conducted by Bizrate Insights, only 18.7% of US social buyers said they paid for their most recent social purchase directly through a social app's checkout process vs. 57.8% who completed the transaction on the retailer's website. Those figures aren't likely to change much in 2021 without the pandemic-related conditions that spurred much of the growth to begin with.

Where social media will continue to shine (and grow), however, is in product discovery, browsing, and consideration. New features like livestreaming shopping and shoppable ad formats from creators and brands will also help increase the number of customer touchpoints in 2021.

Here's what marketers should do:

- **Focus further up the funnel.** Social media's role in generating brand awareness and demand for products isn't going away. In fact, it's going to become only more important as media, entertainment, and marketing continue to merge.
- **Experiment.** New tools mean new opportunities. Social checkout may not be a mainstream activity in 2021, but that doesn't mean it won't be later on. It's part of providing a frictionless checkout experience, whether on social or elsewhere—another important trend for 2021.
- **Learn from abroad.** Social commerce (including checkout) is already big business in China, thanks mainly to the popularity of catch-all app WeChat. Our latest forecast, completed in May 2020, shows that China will generate $315.50 billion (RMB2.180 trillion) in retail social commerce sales in 2021 vs. $31.35 billion in the US.
- **Learn from the experts.** Some categories, like fashion and beauty, have already been successful at driving conversions on social, particularly for limited-edition product launches that shorten the path to purchase.

—*Written by Jasmine Enberg*

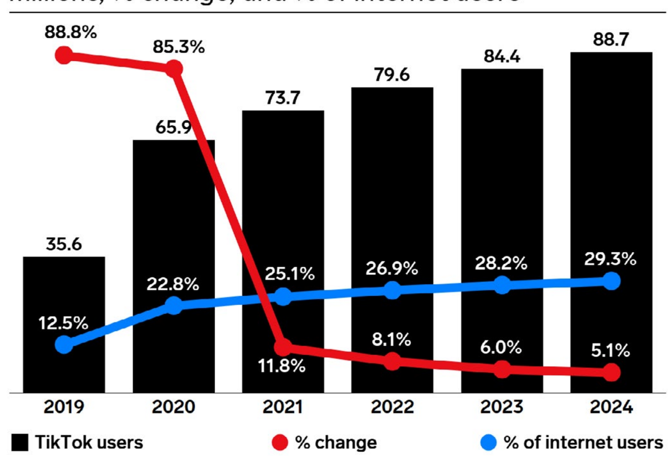
Prediction No. 9: Social Entertainment Is Here to Stay

What it means for marketers: A multiplatform social strategy focused on short videos will be essential for brands looking to maintain relevance.

In December 2019, we wrote about how TikTok represented a new type of social media, calling it "social entertainment." We could not have predicted the ownership drama that would envelop TikTok in 2020, but we did say that whether or not it succeeded, the popularity of watching user-generated short videos would grow. Given the huge growth of TikTok this year, as well as the launch of Instagram's Reels, YouTube's Shorts, Snapchat's Sounds, Triller, and other apps that mimic TikTok, we can now say that social entertainment has not only stuck around, it is the future of social content and communication.

TikTok Users in the US, 2019-2024

millions, % change, and % of internet users



Note: internet users of any age who access their TikTok account via any device at least once per month
Source: eMarketer, August 2020

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In 2020, the traditional use cases for social media—reading or writing status updates and sharing news and information—have been plagued by misinformation and disinformation, resulting in increasingly negative sentiment toward social platforms. According to a July 2020 study by the Pew Research Center, 63% of US adult social media users said they believe social media has a mostly negative impact on the way things are going in the country today.

Social entertainment provides a different proposition: It has the potential to make social media fun again. While apps like TikTok aren't completely immune from inaccurate or false information, they also have enormous power to bring people together (witness Ocean Spray-wielding Nathan Apodaca's skateboard ride on TikTok). These apps are also highly engaging, driving up time spent metrics.

Here are three things marketers should do:

- **Create a short-video strategy, stat.** We think TikTok will not end up being banned in the US. But even if we're wrong, there are enough other venues for user-generated short videos that marketers now need to make this format a priority.
- **Get comfortable with the ad opportunities.** Ads on apps like TikTok are different from what marketers are used to on Facebook or Instagram. Hashtag Challenges involve working directly with creators, so having a solid influencer marketing video strategy is necessary. And even a format like the in-feed video ad still necessitates that marketers adopt the unique TikTok video aesthetic to be successful.
- **Try out several platforms.** There are a lot of companies trying to enter this space, and not all of them will survive. We think most of the larger companies will struggle to gain traction, and smaller startups (such as Triller or the various Indian apps that came on the scene when TikTok was banned there) won't have automatic success either.

—Written by Debra Aho Williamson

Prediction No. 10: Disney Will Become a Streaming Heavyweight

What it means for marketers: As viewers spend more time with ad-free services, marketers will have to get craftier with their media plans.

In 2021, the biggest US beneficiary of the streaming bonanza will be Disney.

After a plethora of streaming competitors launched in 2020, Netflix still added a substantial number of subscribers. Equally as impressive as Netflix's sustained dominance was Disney+'s ability to quickly gain viewers. These developments show there's room for multiple services to thrive in this fast-growing market.

But no other new US streaming service had a debut like Disney+ did—we estimate that it will reach 72.4 million US monthly viewers in 2020, its first full year in service. We forecast that more than one-fifth of the US population already uses Disney+, and in a few years, more than one-third will. So far, other streaming entrants suffered from distribution limitations, confusing branding, or a lack of quality programming. None of these problems hampered Disney+, which will become the third most popular US streaming service by 2024.

US Subscription OTT Video Viewers, by Service, 2018-2024
millions

	2018	2019	2020	2021	2022	2023	2024
Netflix	147.4	154.4	168.9	171.7	175.5	179.0	182.2
Amazon Video	93.3	106.6	130.1	136.9	143.2	148.8	154.2
Hulu*	57.0	76.3	94.5	99.7	106.1	111.5	115.6
Disney+	-	-	72.4	84.9	98.5	110.5	123.4
Apple TV+	-	-	18.8	26.4	31.6	36.4	40.9
ESPN+	3.4	12.6	15.9	19.8	22.5	24.4	25.8
Total	**170.5**	**183.4**	**207.5**	**209.9**	**214.3**	**218.3**	**222.0**

*Note: individuals of any age who watch each service via app or website at least once per month; OTT video services are not mutually exclusive; there is overlap between groups; *excludes content viewed on non-Hulu properties (e.g., Yahoo View); includes access via streaming services such as Amazon Channels and DirecTV Now*
Source: eMarketer, Aug 2020

258327 www.eMarketer.com

There is still plenty of time for other streamers to gain adoption. But other recent entrants in the streaming wars will struggle to make an immediate dent in the market.

During the pandemic, streaming has been one of few successes for The Walt Disney Company, which has suffered with theme parks and theaters sidelined. The company reorganized its media division to further emphasize streaming. While other media conglomerates are also restructuring their businesses to focus more on streaming, Disney's pivot is particularly consequential because it operates numerous streamers like Hulu, ESPN+, and its upcoming Star service, named after the Indian media company that Disney acquired. This move will further solidify Disney as a streaming leader alongside stalwarts Netflix and Amazon.

Disney+'s success matters to marketers because it represents streaming services becoming more reliant on subscriptions than advertising. A massive and growing audience is unreachable with standard video ads, which bolsters other avenues for awareness campaigns such as outstream video and digital outdoor ads. Of course, there is room for both monetization strategies; digital video ad spending is growing, and Disney-controlled Hulu monetizes through ads.

Still, most time spent streaming happens devoid of advertising. The ad-free services Netflix, Amazon Prime Video, and Disney+ account for about half of all time spent with streaming, according to separate studies from Nielsen and Comscore. The other half is split between ad-free services (like Apple TV+), ad-reliant services (like Pluto TV), and hybrid services (like Hulu). When added together, there is a tremendous amount of streaming happening without ads, which is how many users like it. As Disney+ becomes more popular, the share of time spent with ad-supported streaming services will decline further. Marketers will need to take this into account when planning campaigns.

—*Written by Ross Benes*

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ACXIOM POINT OF VIEW

FIRST-PARTY IDENTITY WILL SAVE ONLINE MARKETING

Advertising technology is experiencing a transformation. Having far-reaching effects on consumers, advertisers, publishers and everyone in between, a new baseline is being set, one that will forever change the way these entities connect and exchange value. On center stage is consumer privacy. People have willingly handed over personally identifiable information (PII), like name, email address, physical address, and phone number, in exchange for connectivity with the greater world. Innovation, convenience, and relevant products and services should offer adequate value exchange from publishers and advertisers to “know” or “own” a customer’s identity – right? Could it be that the digital transformation happened so fast that the entire ecosystem (including regulators) couldn’t keep up?

- What can or should an advertiser or publisher know about you (the consumer) when you haven’t explicitly offered consent?
- What “identification” practices should be allowed as brands are looking to reach new customers or provide some form of personalized engagement?

Marketing and advertising technologies have finally reached a pivotal crossroad. Data (specifically PII) has become the new currency, and brands with the most computational power and scalable customer intelligence win. Artificial Intelligence and advancements in device-to-person “resolution” has made possible what once was impossible, scalable identification across the open internet. Yet, major enabling technologies like third-party cookies are under fire and soon are going away. (Some already have.) Rampant fraud and data hacking are driving a backlash of privacy legislation that threatens how brands manage their customers, interact with prospects and analyze their business. All of this is fostering a growing sentiment to own your own data, identity and assets. How did we get here, and where do we go from here?

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