

CARAT

Designing for People

Carat Trends 2021

The Year of Emotionally Intelligent Marketing

a dentsu company



Table of contents

A Year of Emotionally Intelligent Marketing	3
Speed Read - Carat Trends 2021	5
Part 1 – Societal Trends Shaping the 2020s	7
1. From FOMO to FOGO	9
2. The Donut Problem	11
3. Connected Lives	13
4. Respecting Privacy	15
5. The Great Divide	17
Part 2 – Hottest Media Trends of 2021	19
6. The Camera's New Life	21
7. Screen-free Media	23
8. The Decade of Paid	25
9. Responsible Media	27
10. The Metaverse	29
11. Social Screening	31
12. Connecting the Dots	33
Part 3 – Intersections Between the Trends	35
Workshop tool – Map Your Own Intersections	36
Footnotes	41
About Carat	44



A Year of Emotionally Intelligent Marketing



Dan Calladine
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Fifty years ago in 1970, American writer and futurist Alvin Toffler wrote his best-selling book Future Shock. The book defined the phrase as a certain psychological state of individuals and entire societies brought about by a personal perception of "too much change in too short a period of time". 2020 has undoubtedly been that year.



Sean Healy
Chief Strategy Officer
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The world feels like a very different place to the end of the previous decade. For brands, the volatile times mean a greater need for emotional intelligence; listening and understanding how their consumers feel and helping people navigate the new world through their products, services and actions.

This year we have split our annual trends report into three sections.

Section one looks at five long term societal trends that are changing how we live our lives.

Section two looks at shorter-term patterns and innovations that we will see in the media landscape in 2021.

Section three looks at the connections and intersections between the different trends and patterns. It provides a starting point for you to think about ways that you can build smart, emotionally intelligent experiences for people in 2021.

So why this emphasis on using emotional intelligence to make trends actionable?

Earlier this year Carat fielded a study amongst 10,000 people in ten of

the biggest markets to apply Daniel Goleman's theory of EQ to the world of brands. We asked questions about forty-eight of the world's biggest brands and how the experiences they deliver meet the five criteria for high (or low) emotional intelligence. The comparison of the performance of the most emotionally intelligent brands' share prices with their lower scoring peers and stock market average indices was telling. Higher EQ is correlated with higher shareholder returns.

One of our key findings was that technology driven, innovative brands scored more highly in EQ than brands in categories that deploy more classical marketing techniques. This was particularly true amongst younger cohorts that typically adopt new trends and technology first.

So, this year our trends predictions focus on ways that societal and media developments can be brought together to create experiences that enable brands to create a meaningful value exchange with people and display emotionally intelligent traits more broadly in how they show up.

Lastly, we have set out to make the 2021 Trends as practically useful as possible. The team has mapped out some of the most exciting intersections between trends. This is where magic and innovation can really happen for your brand. We have even mapped out some templates to help you turn our starter thoughts into a highly productive workshop.

Here's to a year of innovative, emotionally intelligent brand building!



Speed Read – Carat Trends 2021



Societal Trends Shaping the 2020s

From FOMO to FOGO

We no longer have the Fear of Missing Out, we have the Fear of Going Out! We are living much more distanced lives, forcing brands to design 'remote-first' products and services.

The Donut Problem

Working from home means that fewer people are travelling into the centre of towns and cities, creating a donut shape with significant implications for media and retail.

Connected Lives

The number of devices in our homes (and on our bodies) is growing fast. Brands need to find ways into the new ecosystems and consumer habits.

Respecting Privacy

Consumers' need for privacy is growing. While some brands are actively marketing on their privacy credentials, all brands need to find ways to target without personal data.

The Great Divide

The world has never felt more divided. Brands need to know where they stand and how to communicate this.

Hottest Media Trends of 2021

The Camera's New Life

Distanced life has accelerated the use of both augmented reality and QR codes, which use the phone's camera. With usage rising, these technologies have become a lot more relevant.

Screen-free Media

Digital audio is also growing fast, and targeting can be similar to digital video. Brands' audio strategies are expanding from voice search and podcasting to advertising and audio identities.

Responsible Media

It's not just about brand safety; it's also about societal safety – ad spend should not fund bad people.

The Decade of Paid

More people are paying for content, which means that high-quality ad inventory is falling. It's time for brands to look for sponsorships, partnerships, and ways to integrate messages into the content.

The Metaverse

Gaming is evolving to a much more social place, with the potential to be the main social media for many. We're already shopping on social platforms, so why not in games?

Social screening

People are watching together online but separately, within Twitch, Facebook and elsewhere. Why have a long weekly call or a Zoom quiz when you could watch a new episode of The Simpsons together?

Connecting the Dots

The tech giants are consolidating their power by integrating their different businesses. Growing synergy makes them even more like 'frenemies', controlling many of the most valuable tools, and access to data.



PART 1 – Societal Trends Shaping the 2020s

1. From FOMO to FOGO

2. The Donut Problem

3. Connected Lives

4. Respecting Privacy

5. The Great Divide





Photo by Gabriel Benois on Unsplash

1. From FOMO to FOGO

If the 2010s saw the rise of FOMO the Fear Of Missing Out, the turn of the decade changed the feeling to FOGO (the fear of going out). Conspicuous consumption has been replaced by anxiety and sheltering in place, with many cautious about doing things that used to be 'normal' including shopping, using public transport, and being in crowded spaces.

By the summer of 2020, one third of the world's population had been in some form of lockdown, according to Business Insider.¹ Forced to stay at home, our lives have shifted online, resulting in considerable increases in the use of at-home media like Netflix, Zoom, or Twitch.

Commerce went digital at unprecedented levels, delivering what McKinsey described as ten years gains in three months². Online retailers have benefitted – Shopify's revenues doubled³ – but so have those that have mastered omnichannel, letting people buy online and collect in a local store (and easily return goods too.)

“There will be greater polarity to how people respond to the at-home life, depending on age and access to technology.”

Many of us started to work from home and found that they could be as productive as before using new productivity tools, and equipment letting them create home offices. We have also seen a significant shift to remote education⁴ and health⁵.

In a time of rapid change, there is lots of scope for creativity to shine through. Amazon has just introduced Amazon Explore to Prime members in America. It is essentially a mash-up of Airbnb's online experiences, with the Asian trend of shopping via live video streams. Explore lets people book a session with a local guide, who can take them for a sightseeing trip or to a shopping area (cookware in Tokyo, luxury shopping in Paris) where they can buy what they see.

What next?

As the pandemic continues into the 2020s, we are likely to see these effects remain, with people still spending far more time in their own homes. But as time goes on, we will see some critical changes. There will be greater polarity in how people respond, based on age (with younger people being more willing to socialise again) and use of technology (with households with multiple connected devices better able to cope with isolation). Also, people who have jobs based around using a screen will be able to work from home far more easily. We will also see many people, especially the more introverted, realise that they prefer spending more time at home. As a result, many new consumer segments will emerge that brands need to understand.

What should brands do?

Brands need to show a high level of empathy at these difficult times, to help customers and employees adjust as smoothly as possible. People are watching how brands behave like never before, and companies showing a lack of empathy are regularly shamed on social media. It's not business as usual; acknowledge this and explain how you are trying to make things better. Carat's research on emotional intelligence in 2020 discovered that clear and meaningful communication is the most critical driver of how people perceive a brand's emotional intelligence.⁶

Brands also need to ensure that they have a contactless path to purchase: help people browse and experience the brand just as easily from home as in-store. This includes content on social media, use of new technologies like AR, and simple ways to buy through multiple channels.





Photo by Anna Sullivan on Unsplash

2. The Donut Problem

We are living more local lives. More people are working remotely and not commuting, which leaves the world experiencing a dramatic shift in how people travel and move around.

For years there have been movements to get people to shop more locally to support local businesses and economies. Now it is actually happening, forced upon us by the pandemic.

Data from multiple cities and sources⁷ show that we are seeing what we call 'The Donut Problem': lots of activity on the outside, but a big hole in the middle. We see this in both footfall, but also other proxy measures like mobile data usage. Usage has fallen in the middle of cities but risen in the outskirts. Marketing technology company CACI reports that in cities like London footfall only returned to 25% of normal levels in the centre after spring lockdown was lifted, but returned in full in residential areas⁸. In a way, it's the idea of the 'fifteen-minute city' brought to life. In Sorbonne University professor Carlos Moreno's model, people would be able to access everything they need for everyday living within a 15-minute walk and have everything else delivered.⁹

Local living is leading to local media use. CNN reported that Nextdoor, the most popular 'local' network, saw its user engagement in the US up 80% in March 2020¹⁰ as people went into lockdown and tried to find (and offer) local support and connections. One feature it introduced was a local 'Help Map' that people could use to volunteer their services like shopping or dog walking to others. According to TechCrunch, Facebook is now trialling its own version called Neighborhoods.¹¹

Snapchat has also increased its local feel, with more emphasis placed on maps and location. Its maps were once about seeing where your friends were, but now they are more about local discovery, including persistent AR layers that allow people to create art or tips that other users can see if they visit the same places. Snapchat is also doubling down on local search and local advertising, letting businesses reach people near to them, according to local marketing site Street Fight.¹²

What next?

Local living is likely to continue as office workers continue to operate from home, and as people get used to living a more local life, re-discovering their neighbourhoods. Even when more people return to the office, it is unlikely that many will be commuting five days a week as they did before.

As we move into 2021, we will see more creative use of local spaces like outdoor markets and more action within communities, such as volunteering and the sharing of skills and equipment locally. We are likely to see lots of 'local heroes' doing small things and quick wins to make their neighbourhoods better, including lots of digital projects like local maps and directories using free tools like Google Maps, and WhatsApp. Local living could also be a big moment for digital out of home. People are still exposed to OOH media, and savvy marketers could use these screens in a similar way to other digital campaigns, giving regular updates based on local factors.

What should brands do?

Local living has many implications for brands. We have always used transport and travel patterns as cues for media (evening newspapers, drivetime radio), but what do you do if these habits change. If someone is at home at 5 pm, are they working? If someone's commute is just walking from their bedroom to their desk, how does their media consumption change? Listen to people and find out how their lives have changed.

Retailers also need to think about how to serve their customers if they are not coming into city centres in the same numbers. Should they open short term stores where their customers are more likely to be? Is there a way you can make the stores feel more 'local' given that people are developing a stronger relationship with their neighbourhoods? It would be an excellent time to bring out local differences and explain ties to the local community.





Photo by Klím Musalimov on Unsplash

3. Connected Lives

For several years people have been living increasingly connected lives, with more devices in their homes and on their bodies. Research by Deloitte claims that people in the UK now own an average of six connected devices, including phones, laptops, connected TVs and activity trackers. Just five years ago, the number was 3.5. The pandemic has accelerated this trend. During the spring lockdown alone, Britons bought 21 million smart devices as we adjusted to spending more time at home.¹³

Our ideas of the smart home often revolve around the kitchen. Every year devices like smart fridges and cookers are heralded at the Consumer Electronics Show CES in Las Vegas. In fact, the breakthrough of the smart home and connected devices is happening around health and fitness, where people can see a real benefit for new devices – they are both useful and easy to install.

“Just as paying a subscription for video on demand and music now feels normal, many people will also have a subscription to services that keep them healthy.

The Apple Watch was seen as a misstep by Apple when it was introduced in 2014. The blog Above Avalon, which analyses Apple, estimates that it now has an over 80 million users globally, and in the US, an estimated 1/3 of iPhone users also own a Watch.¹⁴ One of the Watch's main selling points is as a health tracker, and we now see a vast range of devices in this space. In 2020, Amazon introduced Halo, a screenless wrist band which can measure vital signs and report back to an app. The Oura ring fits on a finger and contains sensors monitoring body temperature and other vital signs. According to research at the University of California, it may be able to spot early signals of a Covid-19 infection.¹⁵ These rings are now worn by players in the NBA, to try to reduce disruption to teams from players getting the virus.¹⁶

Peloton has had a very strong year, hitting one million paying subscribers for the first time, and seeing average use rise from twelve times per month in 2019 to 25 times per month in 2020.¹⁷ Other competitors are joining the in-home smart fitness market, including Lululemon, whose smart mirror lets you work out at home as part of a virtual group¹⁸.

The models for many of these devices follow Apple's 'services' strategy: buy a device, and sign up to a service for a few dollars a month. The phone is still the hub, and these other pieces of kit do very specific jobs, to a very high specification. We are expecting many more new devices in the next years, including the return of smart glasses. By 2023, Google, Facebook, and Apple are all preparing to launch their goggles.

What next?

As connectivity increases through the introduction of 5G, we expect the adoption of connected devices and subscriptions to rise even further through the 2020s. If the number of smart devices that we use has nearly doubled in five years, it is reasonable to expect a growth of 30–50% in the next five years, given more time spent at home, falling device prices, and the emergence of genuinely desired products. We will see lots of new pieces of hardware, particularly around health, fitness, and entertainment, but also more specific items like activity monitors that work as peripherals to our phones. Just as paying a subscription for video on demand and music now feels normal, many people will also have a subscription to services that keep them healthy.

What should brands do?

Emotionally intelligent brands need to understand that technology and hardware do not need to be cold and faceless. Many people have an emotional bond with their Pelotons and Apple Watches, and the combination of products and services gives some great opportunities to engage in fun ways. Guitar manufacturer Fender is a great example. During the 2020 lockdowns, they bundled in online lessons and tutorials with the guitars they sold, to keep their customers challenged and entertained when they had time on their hands.





4. Respecting Privacy

People are taking back control of their data. While the pandemic has forced us to accelerate the digital transformation of nearly all walks of life, it is also raising many people's cyber awareness and digital sovereignty.

According to dentsu's Digital Society Index, 40% of people have reduced the amount of data they share online, compared to the time before the pandemic¹⁹.

High profile hacks of user data drive the growing concerns about what is happening to our data. So do news stories like Cambridge Analytica, accounts from friends who have been victims of identity theft, and even the phenomenon of ads seeming to follow you around the web. According to the Digital Society Index, one in four internet users have installed an adblocker.

Recent research by The Harris Poll for NortonLifeLock identified three main fears. Firstly, that personal data could be accessed and sold to criminals. Secondly, it could be sold to 3rd parties and used for decision-making outside the user's control – for example, for marketing. Thirdly, and more generally, that people didn't know what companies will do with personal data²⁰.

One proxy for the interest in privacy is the use of services like DuckDuckGo, the search engine that does not leverage its users' personal data for advertising. All users get shown the same results, rather than ones based on their previous search history. Usage of DuckDuckGo rose by nearly 50% in 2020, and while the number of searches is currently only 1% of Google's it is growing much more quickly²¹.

These concerns have led to action from both governments and private companies. Companies like Apple, Mozilla and Brave Browser are choosing to actively position themselves as privacy first, with slogans like 'What happens on the iPhone stays on the iPhone'.

However, the pandemic is leading to a privacy trade-off, where people are agreeing to use their devices and details to check into places when they go out to benefit from being able to live a more normal life. As time goes on, this may develop to having to have a 'health passport' to prove that you have had a vaccination before entering certain places or taking part in some close-contact activities.

What all of this shows is that people need more control of their data, so that they can give permission when they want to, and deny it when they don't, based on a clearly understood value exchange.

What next?

A clear value exchange is expected, although not yet a reality. In dentsu's Digital Society Index, nearly half of people expected to receive financial benefits in exchange for organisations using their data in the next 2-3 years, while only 1 in 10 people today had sold their data online in the last 12 months.

The next few years will see the rise of new services like Tim Berners Lee's Solid, which lets people choose what data they share with which organisations. New technology by companies like Google will create alternatives to the cookie, allowing people to maintain their anonymity online while giving advertisers more ways to target them based on data that is not personally identifiable.

What should brands do?

Brands must be fully compliant with the latest regulations and respect their customers need for privacy. However, data is essential for customer understanding and being able to provide the best messages, products, and services. Therefore, we are seeing many more brands collecting their own data so that they have a direct relationship with their customers rather than rely on third parties. Emotionally intelligent brands need to explain why they are collecting data and only collect as much as they need. As Carat's research on Brand EQ showed in 2020, clear and meaningful communication is the biggest driver for brands' emotional intelligence.



Photo by James Eades on Unsplash

5. The Great Divide

We're all in this together. Or are we? Society has never felt more polarised and divided. Disputes rage in the media, particularly on social media between different sides arguing seemingly irreconcilable differences on a broad range of topics including race and gender issues, the environment, and religions. According to US think tank CSIS, the number of public protests has grown by more than 10% each year since 2009²².

Some argue these differences were created by the fall of communism in the early 1990s. When the Soviet Union collapsed, the need to redefine the battles between those who want tradition and those who want change did not go anywhere. Others say that the root cause is the much greater percentage of the population in education after the age of 18 than before. This gives younger people a different life experience and different perspectives to the older generations, leading to a greater generational divide.

It is also clear that social media has shone a light on these differences and amplified them.

According to technology think tank Dot Everyone, 81% of Americans claim that the internet has made life better for them, but only 58% think that it has made life better for society²³. The internet allows self-expression, but it also means that anyone can set up a news service on channels like Facebook and YouTube. Research by Pew Research Center suggests that one in five Americans get their political news primarily through social media, second only to those who get it from a news website or app at 25%. Pew claims that these people are less engaged and less well informed about current issues²⁴.

Concerns about 'fake news' on these sites and the ability for misinformation to go viral has surfaced around the world, with all major social platforms taking actions against users and stepping in to limit the ability to spread some stories, or even delete posts. In 2020, Facebook and Twitter deleted hundreds of accounts, pages and groups relating to the conspiracy theory QAnon.

Covid-19 initially looked like it might act as a unifier, giving a common experience and increase empathy between different groups. But with the different experience of different groups in the pandemic, University of Cambridge researchers believe that it will instead increase the divisions²⁵.

What next?

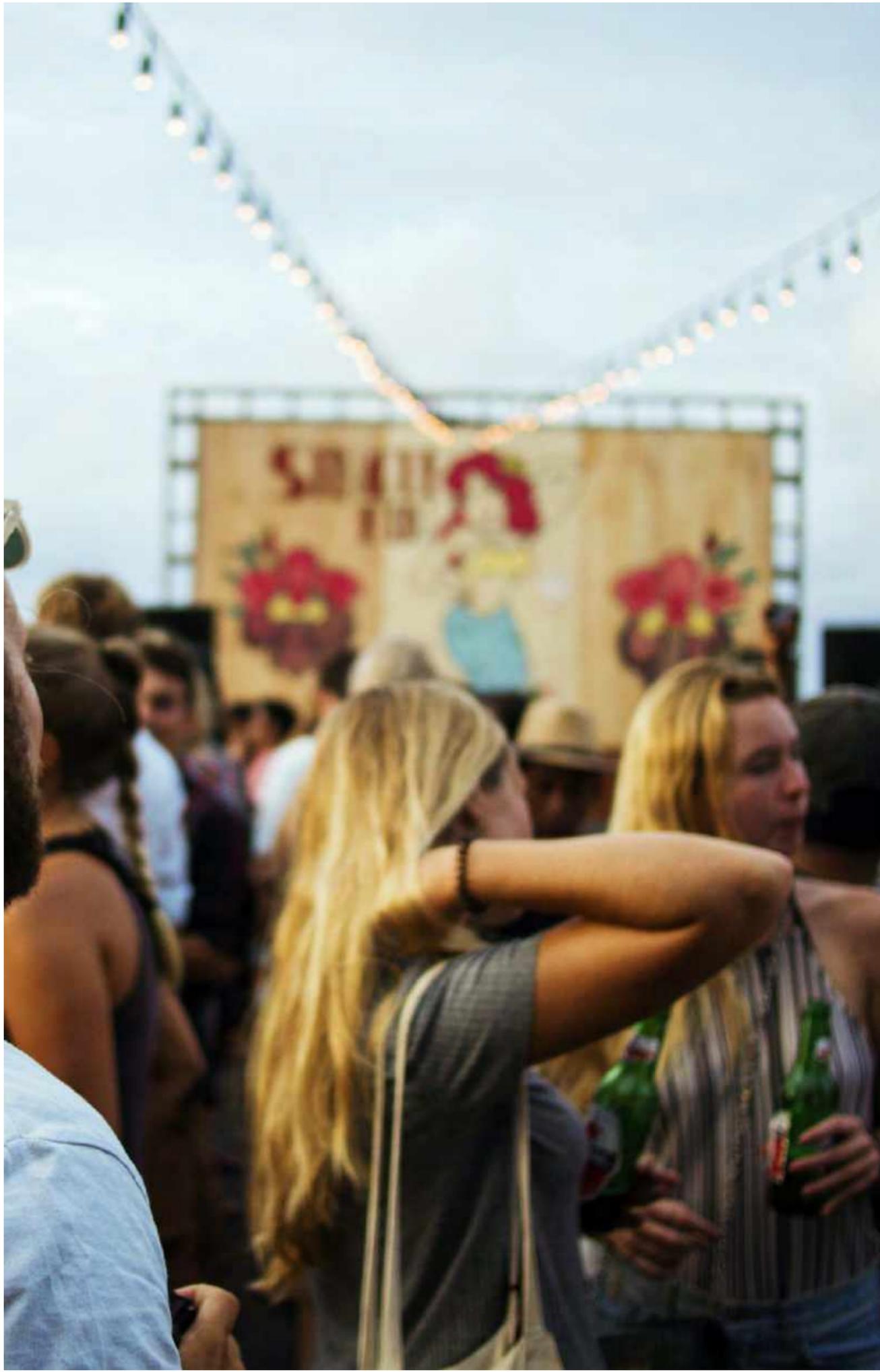
As we go through the next decade, we are likely to see greater levels of compromise and harmony. Joe Biden's victory in the American presidential election gives us hope that a new leader in the White House will try to be more inclusive and understanding of different points of view. Given that Covid-19 requires more international cooperation from governments (and a broad consensus over how to fight it), we may be entering a period of centrism in a number of these contentious issues.

What should brands do?

More and more brands feel a need to make a stand and publicly declare a position on issues like Black Lives Matter and LBGQ+ issues, ranging from work with employees and local groups to national and international advertising campaigns.

Emotionally intelligent brands need to decide which of these debates are something that they need to participate in, and which sides they should be on. Many brands have diversity in their stories - many start-ups are founded by first- or second-generation immigrants, for example. Tell these stories. Taking a point of view may put some consumers off a brand, and even lead to boycotts; if this were to happen, which group of consumers would you be happiest to lose?





Part 2 – Hottest Media Trends of 2021

6. The Camera's New Life

7. Screen-free Media

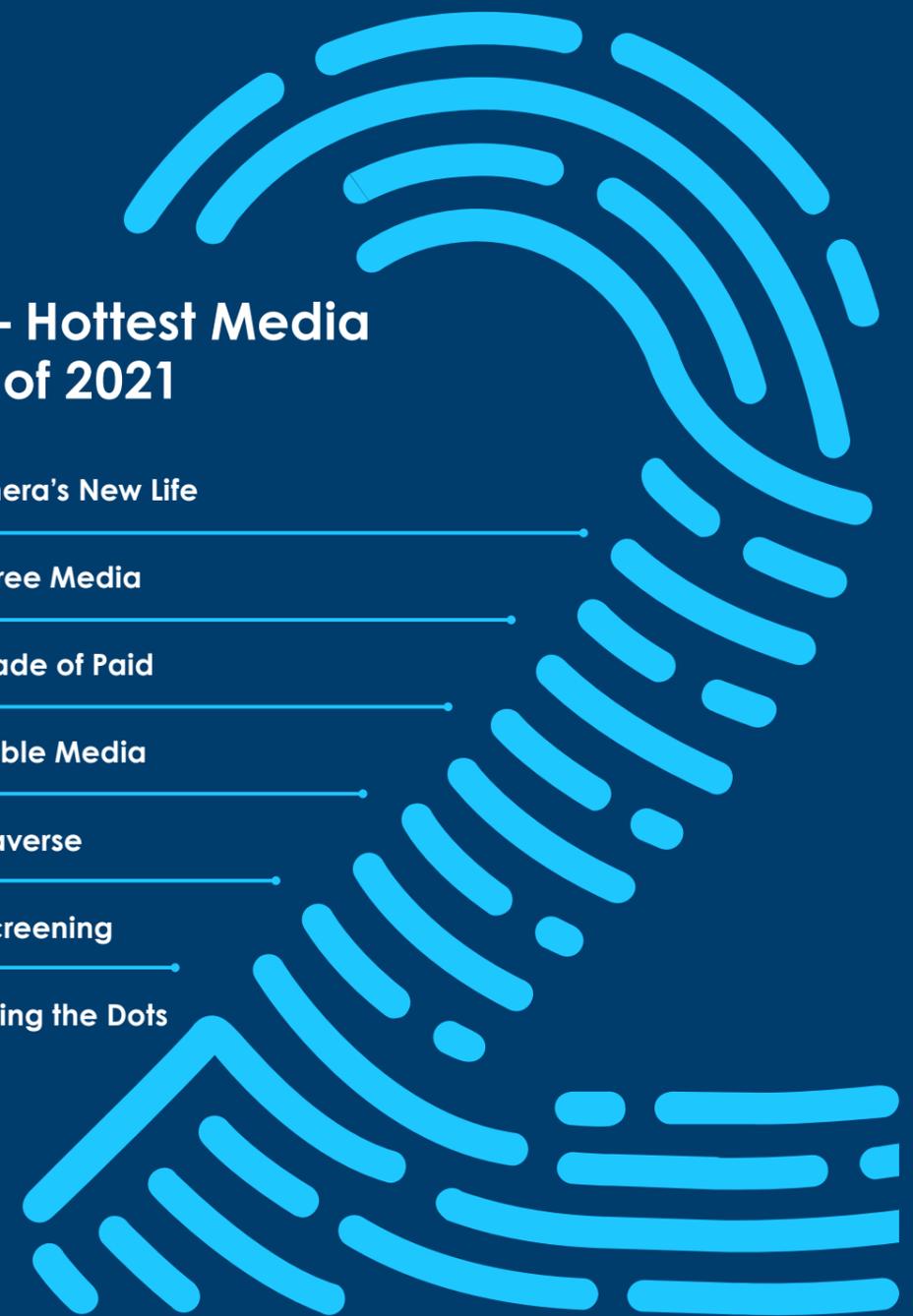
8. The Decade of Paid

9. Responsible Media

10. The Metaverse

11. Social Screening

12. Connecting the Dots



6. The Camera's New Life

The pandemic has given us new ways and new reasons to use our cameras. Instead of technological forward steps, last year gave a new life to nearly forgotten technologies that proved out useful in the FOGO world.

Not only did we discover cameras on our laptops. (According to Ofcom, the proportion of UK online adults making video calls doubled during the lockdown, with more than seven in 10 doing so at least weekly²⁶.) Both augmented reality and QR codes use the phone's camera to trigger a command. While both features have been possible for more than ten years, people have never had more reasons to do this with their devices.

Snapchat recently revealed that 75% of their daily active users use AR daily - which equates to over 180 million people²⁷. If we add the people using it on other apps, including Instagram, we can probably say that between a quarter and half a billion people use AR each day.

AR has evolved from being something that people could only use if they had a dedicated app, to something that is built into much bigger apps like Instagram and Facebook as an integrated feature. Uses by brands abound, including virtual try-ons for cosmetics, sunglasses and sneakers, virtually placing furniture in situ, for virtual walking tours, and even in packaging. Last Halloween, Amazon printed the outlines of pumpkins on its boxes in the US. When people looked at them through their phones and the Amazon AR app, the pumpkins came to life²⁸. Not to be outdone, Snapchat made it possible to scan your whole body, allowing people to virtually dress up in a choice of spooky outfits.

QR codes are also having a moment. Already popular in Asia, but long derided in the West, people now have to use them through necessity as part of the test and trace check-ins. Research conducted by software company MobileIron in August 2020 claims that over 35% of consumers in the US and the EU scanned one in the past week, and 10% in the last day.²⁹

As with AR, you don't need to download a particular app anymore. QR readers are now built into phones, and cameras recognise QR codes automatically, making them easier to use.

A champion for QR codes, China has pushed for a global QR-based travel system to open up international travel³⁰. Under the scheme that China has employed domestically since early 2020, users are issued a traffic-light style health code, with a green code allowing citizens to travel freely, and an orange or red code indicating that they need to quarantine for up to two weeks.

QR codes are also being used for distanced mobile payments. PayPal and others are letting merchants enable payment in their shops. Just scan a code within PayPal, input the price, and payment is made.³¹

The evolution of the camera is likely to accelerate, as we are expecting a new generation of smart glasses from Facebook, Google, Apple, and others. Instead of having to open up a phone to activate AR and QR codes, the smart glasses will automatically take the wearer into the experience, making the process even simpler and friction-free.

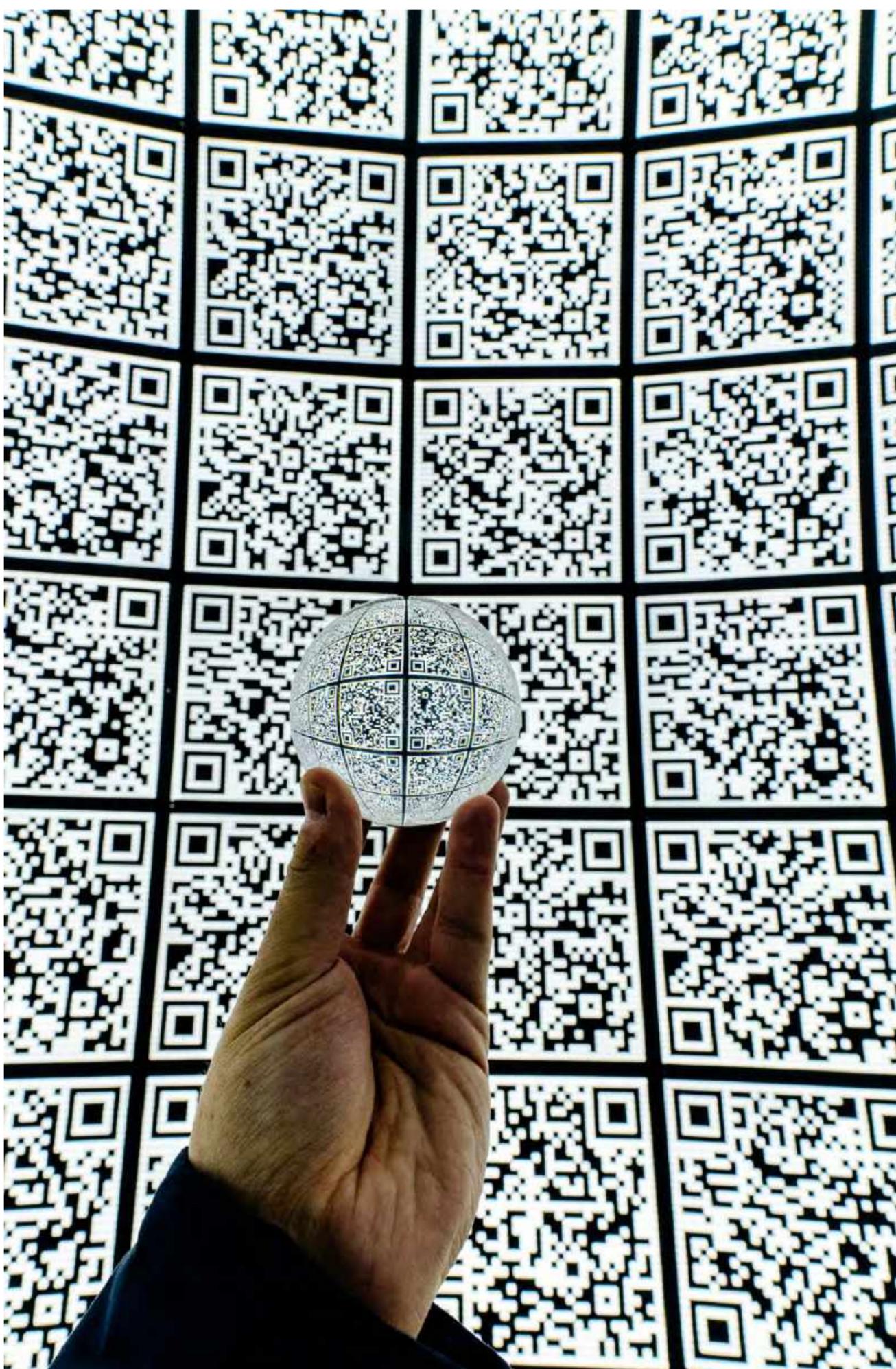
One consequence of the pandemic is that these technologies become mainstream and capable of being used by brands beyond millennials and generation Z. Taking Snapchat's figure of 75% using AR, the technology still has a long way to grow as it becomes more mainstream.

What next?

As we move into 2021, we expect to see far more brands use AR and QR codes for a broader range of activities. Both allow brands to take people to defined places, rather than letting customers search and hope that they arrive in the right place. We will see more examples in commerce, content and experiences, letting people experience increasingly sophisticated scenarios through their phones without leaving their homes.

What should brands do?

Brands should look for strategic opportunities to use these technologies, for example in try-ons or providing more product information. If we will need to socially distance for another year, is there a way that we can bring people closer through their devices, like Snapchat and Amazon did at Halloween?



7. Screen-free Media

Voice and audio have gotten an unexpected boost from the pandemic. Like augmented reality and QR codes, voice is a contactless way of engaging; no buttons to press.

Usage of both smart speakers and voice-controlled smart assistants within phones are both rising around the world. Parks Associates reports that over 30% of American households have a smart speaker, many incorporated with other voice-controlled technology like lighting³². Strategy Analytics data shows nearly 30 million smart speaker sales in Q1 2020, up almost 10% year on year³³. New uses are being found for the technology; including in cars, where it is often more convenient to speak to a device than type commands into it.

While voice is mainly used for search or for what is essentially voice-controlled music, over the past year, we have started to see real technological advances in advertising within the platforms. For example, both Spotify and Pandora are experimenting with ads that you can interact with by speaking³⁴. Pandora has tested this with several advertisers, including Acura. At the same time, Spotify ran a campaign for the cosmetics brand NARS that allowed listeners to talk back to the ad when they heard it on a smart speaker and ask for a free sample.³⁵

Digital audio is a growing area for advertising because of creativity like this, but also because it is getting easier to target more creatively. There is also so much more content now with the boom in podcasting.

Podcasts' popularity has increased with the influx of new shows featuring celebrities from other media, including documentary filmmaker Louis Theroux, and Michelle Obama. We have also seen big-money deals to get exclusive access to proven hits, like Spotify's reported \$100m deal to host Joe Rogan's podcast³⁶. Spotify has an increased focus on speech because it knows that its subscribers don't only listen to music. Over 20% now also listen to podcasts³⁷, and the fact that Spotify can put ads into the shows means that they are valuable for both retention and revenue. You could argue that the podcasts you listen to say as much about you as your musical taste!

Finally, more brands are developing audio logos, small musical stings that they own uniquely and can use in ads and elsewhere to reinforce their identity. Mastercard has created one that can be used as a confirmation when people complete a payment, as well as in their advertising.³⁸

What next?

In 2021 we expect there to be a significant increase in audio advertising as both brands and platforms realise its value and power. YouTube has just announced audio-only advertising as an option on YouTube in recognition of the number of people who use it to listen and not watch (both music and speech-based content). We are likely to see lots of fresh inventory coming to audio and lots of new ways to target. Speech will continue to gain popularity, and Amazon will incorporate Alexa into more and more devices and services.

What should brands do?

Emotionally intelligent brands should develop an audio strategy to cover all these areas, literally giving themselves a distinctive voice and sound (while remembering to listen too). Make sure that the brand is easy to pronounce if people use voice search. Find ways to reach key audiences with new advertising and content channels. There's never been a better time to investigate the opportunities within the latest creative technologies like voice-response advertising.

“In 2021 we expect there to be a significant increase in audio advertising as both brands and platforms realise its value and power.”



8. The Decade of Paid

If the 2010s was the decade of 'Free', heralded by Wired editor-in-chief Chris Anderson's book in 2009, the 2020s are shaping up to be the decade of Paid.³⁹

More and more content is becoming paid for or partially paid for, as publishers and content creators and distributors look for alternatives to the ad-funded model. According to a study by mobile ad company Adjust US, internet users spend more than \$20 a month on in-app subscriptions, including VOD, music, and news⁴⁰. Flurry, the in-app analytics service, reports that the number of apps relying purely on ads for monetisation is falling.⁴¹

We see this in the evolution of the business model for newspapers like the New York Times to being 'subscription first' rather than advertising first⁴². Equally the trend is demonstrated by Spotify's 144m paying subscribers⁴³ and Netflix's steady progress towards 200m paying households⁴⁴ (not to mention Disney+'s 60m in less than a year, four years ahead of schedule⁴⁵). We also see this in the millions being given to content producers on an ongoing basis on platforms like Patreon and Substack, paying independent producers for anything from regular videos or newsletters.

The main reason for this is that it is harder to monetise through advertising than it used to be. Regulations like Europe's GDPR and California's CCPA make it harder for companies to target advertising, meaning that sites find it harder to persuade advertisers that their audience is worth paying a premium to reach. At the same time, some technology companies, notably Apple, are making privacy a selling point. In late 2020, Apple introduced its new operating system, iOS14, which makes it harder to track people on their devices.

Facebook predicts this will lead to a loss of 50% of the advertising income for partners within its Audience Network⁴⁶. Google has also said that Chrome will stop accepting 3rd party cookies within the next two years⁴⁷. Finally, ad blocking is still an issue for many sites, with millions of people opting to not see any ads on the sites they visit.

These developments mean that more and more media organisations are looking for new ways to monetise. Direct payment is a viable option, given that many have become used to paying directly for high-quality content and getting an ad-free experience as part of the value exchange. Our devices make it easier to pay for content than before, with payment built into phones, so that it is far quicker to sign up than before.

However, not everyone will be able to succeed with a paid model. The NYT has spent years developing the strategy that has got them to 6m paying readers, including investments in content and technology, and many other organisations simply won't be able to do this. This year's launch and closure of the short-form video service Quibi is proof that people will only pay for something that they really want.⁴⁸

What next?

In the next decade, this shift to paid and away from ad funding is likely to make many organisations struggle, based on how willing and able their audience is to pay in sufficient numbers. We will likely see a centralisation towards well-funded and strong-branded publishers. We may also see a move to blander content, that is unlikely to offend any subscribers or encourage boycotts and cancellations. We may well be in 'the decade of paid', but this could become derailed by economic shocks forcing people to cancel subscriptions. There will also be competition from new services, especially health and fitness, that will reduce the amount of money that people have to spend each month on content.

What should brands do?

The more there are paywalls, the more there are opportunities for sponsorships. Emotionally intelligent brands can help their customers by enabling them to enjoy this content, even if they don't think they can afford it. There may be opportunities to bring free content as part of an experience. Many publishers and media organisations may now be more open to deeper paid partnerships as ways of replacing their lost ad revenues.



Photo by Jon Tyson on Unsplash

9. Responsible Media

Advertisers are showing increasing interest in not just where their ads are appearing – brand safety – but also in what their ads are funding – societal safety.

It has become very hard to know where your ads are appearing. Firstly, in programmatic advertising, you buy the audience, not the page. Secondly, a greater amount of advertising is going onto user-generated platforms like Facebook and YouTube. And thirdly, the amount of video content is growing, making it harder to check for unsafe content than text and pictures.

Responsible advertisers and agencies are trying to get more transparency into the media ecosystem and get assurances from the platforms that they will do more to minimise risks to brands. In September 2020, Facebook, YouTube and Twitter made an agreement with brands through the World Federation of Advertisers to set common definitions of content such as hate speech and aggression. They will create consistent reporting standards across platforms and allow external auditors to oversee the system, which will launch in the second half of 2021⁴⁹.

Universal standards should bring more clarity towards brand safety. Some brands are also becoming very concerned over issues of societal safety. We live in a more divided world, with many contentious issues like race, gender, climate change and equality. Brands do not operate in isolation. They need to make sure that they are not – accidentally or otherwise – funding or associating themselves with views that they and their consumers find problematic. That requires agreeing on policies with stakeholders and finding ways to reduce risks.

Attempts to decrease risks may mean that many brands will gravitate to bigger, better-resourced media owners, who produce and stand by their own content, and have the resources to moderate any user-generated elements like comments. However, if companies are afraid of alienating their partners by publishing contrarian views, there is a danger that Responsible Media can become bland media.

What next?

In this decade, we are likely to see a greater level of scrutiny for the media and technology giants, making them take legal responsibility for the content that their users create and share. There will need to be a shift in the value exchange on these services away from simply 'it's free, post what you want, but we will monetise your data' to 'it's free, take responsibility for what you post, and share in the monetisation', which could eliminate some of the 'bad actors'.

We also expect to see a greater appreciation of the value of content that services niche interest groups, on independent sites, for example, a craft beer forum. While the level of views and reach may be low, a greater understanding of context and less ability to target simply based on identity should allow more brands to advertise to high-quality micro-audiences.

What should brands do?

We argue that part of a responsible media strategy should be to support a wide variety of partners, big and small, covering a breadth of views and interests. Brands with budgets to spend should be actively looking out for relevant, ethical, and unusual content that they can support, across the spectrum.

Emotionally intelligent brands need to listen to their customers and use this to help decide whether or not to express views on different topics, and if they do how to ensure that their media spend reflects this. It may be easier for a new brand, still controlled by its founders, to take a strong position on issues. But that does not mean that others should not do so too.

10. The Metaverse

Gaming is evolving from an activity to a destination. We are starting to see a merging of gaming and social media, which will lead to the creation of a concept known as The Metaverse; an online world where people go to play games but also meet and hang out with their friends, similar to the world imagined in the Steven Spielberg film Ready Player One.⁵⁰

Gaming has never been more popular. It is already a default leisure activity for many groups – Global Web Index argues that it is now so mainstream that we should stop talking about ‘gamers’ as a category altogether⁵¹. The numbers in gaming have always been big, and now even more so. Gaming platform Roblox recently declared a usership of over 150 million monthly players⁵². The pandemic has boosted gaming both online and on mobile. EA Games had their biggest ever quarter in their 40-year history⁵³, and charts from analytics company Flurry show that during lockdown time spent on mobile games levelled up to weekend levels on weekdays.⁵⁴

Just as apps like Snapchat and Instagram included ‘gamified’ elements to increase their popularity (follower numbers, likes etc.), so games are increasing their social elements to keep players coming back and to see their gameplay as much a part of their identity as their social media profile.

The idea of gaming as a default leisure activity can also be seen in the increasing popularity of eSports, where people watch others play either to learn tips for their own gameplay or just to relax in a game-style environment.

“Commerce will become a big part of gaming, just as it has been integrated into social apps like Instagram over the past two years.”

The idea of The Metaverse is that games cease to be ‘games’ but instead become spaces and places - locations that people go to hang out and see their friends. Games like Fortnite are playing on this idea with recent features and events. For example, they created a ‘no combat’ mode last summer so that players don’t need to actually play the main game when they log on; they can just explore and play casual games.⁵⁵

Games have also started to host high-profile events for their members, for example, concerts by the rapper Travis Scott on Fortnite⁵⁶ or Lil Nas X in Roblox⁵⁷. Singer Ava Max even had her album release party in Roblox. According to Digital Music News, 1.2 million users attended⁵⁷. None of these events had anything to do with the games. Instead, they were there as attractions for their players to enjoy.

As games become more like social spaces, they also include more opportunities for brands to get involved. We are starting to see more in-game ads, particularly in the free, streamed online games. Companies like Bidstack allow advertisers to target audiences through the same programmatic exchanges that they use with other campaigns.

What next?

As we progress through this decade, we expect to see much more commerce within both gaming and eSports. There have always been in-game sales in the most popular games (pay money to get a cooler ‘skin’ for your character, or a better set of weapons). Now we are starting to see appropriate ‘real world’ commerce coming in, for example, food deliveries. Just as commerce is becoming a big part of apps like Instagram, we would expect it to become more integrated into gaming. With more lockdowns and a continued move of gaming to the mainstream, these virtual worlds could grow at 10-20% per year for the next five years.

What should brands do?

Ad spend within gaming will rise at an even greater rate. If we look at gaming as a branch of social media, it is easy to see how budgets could move from one to the other. Opportunities for targeting are similar, but there are more possibilities in creative and integration with influencers.

Emotionally intelligent brands need to understand how gaming is changing and how they can be part of it. It is a much warmer and more emotional space than it used to be, and it is only going to get more ‘human’.



11. Social Screening

Virtual watch parties are events where people watch content together in different locations as if they were all in the same cinema, but watching on their own screens, with built-in channels of communication like voice or text. People have unofficially done this for years – ringing friends during sports matches or tweeting along to reality TV shows – but we now see the emergence of dedicated services for VOD. Data from Market research firm Maru/Matchbox reports that 19% of US internet users have tried a watch party, rising to 33% among 18-34s.⁵⁹

It is part of a trend to make everything social and everything 'live'. When live streaming video apps like Periscope and Meerkat first appeared in 2015, it became possible for people to let others see what they were doing as it happened. Soon these apps were being used for pirating live sports events like boxer Floyd Mayweather's fight against Manny Pacquiao; one user would subscribe to the pay per view fight and then stream it for others to watch for free.

Integrated video watch parties were first introduced by Facebook in 2018⁶⁰, and the feature has recently been added to the video offerings of major players like YouTube and Amazon Prime. We know that streaming hits attract big audiences - millions watch popular shows like Stranger Things in the opening weekends - so why not let people watch 'together'?

There are many similarities to what Twitch has done to make gaming a collective viewing experience – one person shares his screen, while others click on the link to watch, seeing all the action as it happens live. Research commissioned by Intel reports that 4m people in the UK now watch eSports regularly⁶¹. It is no surprise that Amazon is combining Twitch with Prime to offer watch parties as a service so that people can also watch movies and TV shows together on the platform⁶².

What next?

Over the next few years, we expect these watch parties to grow in popularity around the world. These could well become alternative activities for separated families and groups of friends. Why have a long weekly call or a Zoom quiz when you could watch a new episode of The Simpsons together? The demographics quote earlier suggest that as it becomes more mainstream, we could see other demographics seeing 1/3 of users experiment. It could fan out in usership in the same way that SVOD has.

What should brands do?

Emotionally intelligent brands should find out if this is something that their customers are already doing, or interested in doing, and then try to enable some experiences, if it is relevant. For example, the brand could host a free screening of a popular movie one evening that different groups could watch together. It also offers a new opportunity for curation. Many people want to know what their favourite celebrities and influencers like, so we could see the rise of watch parties as global events for groups of fans. Imagine being able to watch a rare 1970s movie with Quentin Tarantino or watch a live catwalk with Rihanna!

“Watch parties could well become alternative activities to ‘traditional’ video calls for separated families and groups of friends.”



Photo by Alex Ware on Unsplash

12. Connecting the Dots

As the tech giants grow in size and power, they are starting to join up their various services to create more internal synergies within their walled gardens. The past few years have seen them all add new offerings in areas like streaming video, gaming, payments, and commerce. Now they are joining them together into more unified 'one-stop shops'.

They are taking advantage of the network effects their millions (and sometimes billions) of regular users create, bringing their best technologies and extending them to other parts of their empires.

A few examples:

Google bought navigation start-up Waze in 2013 and has recently started to integrate payment into the mapping app, letting motorists pay for fuel within the app with Google Pay.⁶³

Amazon bought Twitch in 2014 and has just started to integrate the features of the game-streaming service into other parts of its business, for example, letting artists on Prime Music use it for live-streaming their performances.⁶⁴

Facebook bought WhatsApp in 2014 and has just added shopping features to the messaging platform, to bring it in line with both Facebook and Instagram, which are both starting to focus on eCommerce features.⁶⁵

Apple's play in integration is to bundle all its services together in one convenient subscription⁶⁶ (and comparatively low price).

Usually, it is the technology providing the synergy, and sometimes it is extending a well-known brand name into a new area. Amazon is planning to launch IMDb TV as an ad-funded VOD service in Europe, taking the name of its popular movies and TV site.⁶⁷

What next?

These developments are likely to continue through the next decade to make all of the giants' offerings more robust and able to compete. Before too long, we are likely to see payments in all of Google's services, while all Amazon's offerings are likely to be both shoppable and streamable.

However – we also see significant obstacles to these ecosystems in the form of legal challenges around the world, questioning the consumer and competition benefit of so much power in a handful of platforms. Other trends that we have covered, like greater concerns over privacy, and the responsibility of media to make society better will be used by lawmakers to insist that these companies spend much more time and money to protect their users.

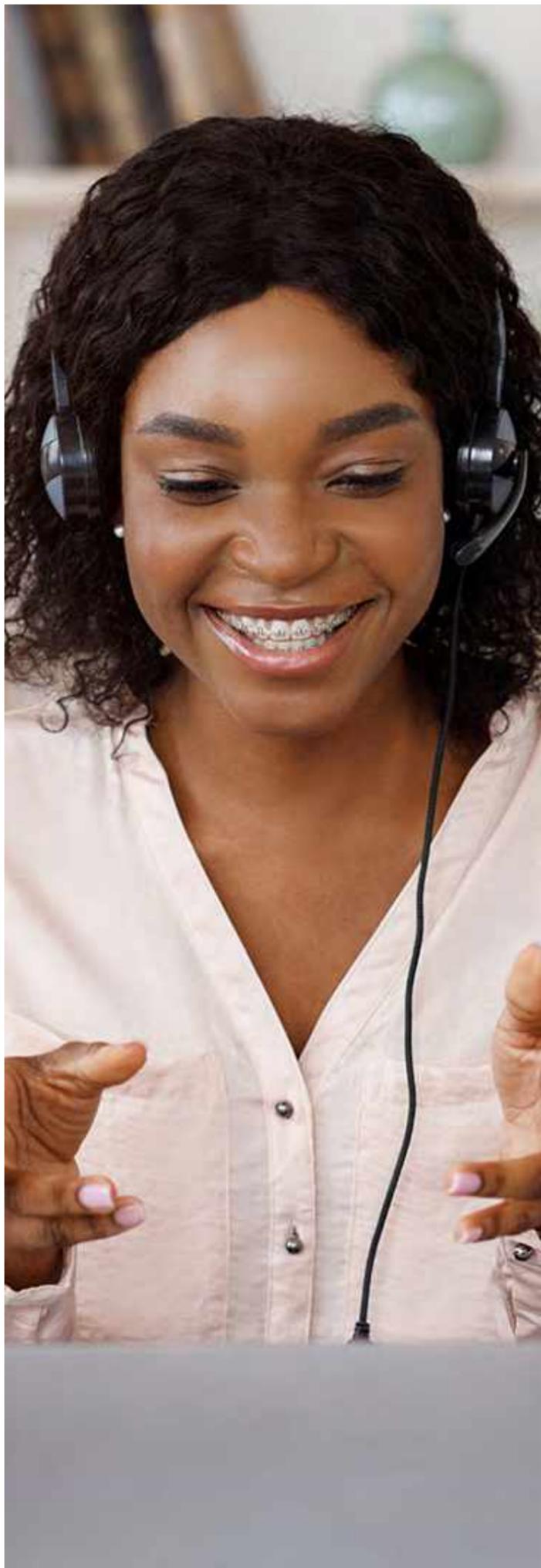
What should brands do?

Brands need to be aware of this latest development. While it is very threatening to independent services like Spotify (which doesn't let bands do live streaming, and doesn't have other services it can bundle in with subscription), it is potentially good news for advertisers. The tools they use in campaigns could only become more integrated, but always being mindful to support a broad range of media and technology providers.



Part 3 – Intersections Between the Trends





The trends in this year's report are linked to each other. The pandemic has had an effect on accelerating many of the developments that we have described, and no trends exist in isolation. There are overlaps and intersections between almost all of them.

For inspiration, we have mapped out a few selected intersections, but we urge our readers to think about what the different crossroads mean for your business. How will the touchpoints of the fast and slow developments help – or prevent – your brand to build more emotionally intelligence bonds with your customers?

	From FOMO to FOGO	The Donut Problem	Connected Lives	Respecting Privacy	The Great Divide
Camera's New Life	Contactless Media	AR app Hipster Bait combines music discovery and a Pokémon GO style location-based AR experience	Why print installation instructions for products if you can access online tutorials with a QR code?	Cyber security experts warn about QR codes' data privacy hazards. Is your QR experience safe for users?	AR can be a great tool for illustrating issues like diversity. Google used AR to replace the faces on dollar bills with notable women
Screen-free Media	Google is testing voice biometrics for payment. How does voice shopping affect brand names?		Talk to the Ad	Google assistant has introduced guest mode so that your questions aren't saved. What is your brand's version of the incognito mode?	
The Decade of Paid	Disney reached 70 million subscribers in less than a year. Can even a vaccine stop the streaming boom spreading?	Lucrative Local Niches	Several new devices now work on a paid service model. What could you learn from Peloton?	With paid content, there is less need to have ads, so less incentive to sell customers' data. The secret behind the rise of Netflix?	Is it true that paid content is predominantly left/centre leaning?
Responsible Media	Quashing Conspiracies	How can your brand support local communities?	More devices can now carry programmatic advertising. How do your brand's ads fit smartwatches or games consoles?		Is Spotify responsible for what Joe Rogan's guests say on his podcast, as the pod is hosted on Spotify's platform?
The Metaverse	Nintendo's profits tripled in 2020. Which games best align with your brand?		Smart Sweat	While people have identities in games, they generally don't use their real names	Political Battlegrounds
Social Screening	Amazon introduced the virtual watch party feature to game streaming platform Twitch, letting people watch movies from Prime	Virtual Gigs	Watch parties rely on people being able to watch on multiple devices, like phones, laptops, consoles and connected TV's	By taking part in virtual watch parties, you are creating a data footprint, including linking you with interests and friends	
Connecting the Dots	Big Tech's domination of business reaches new heights in the pandemic. What does your brand have that they cannot copy?	Facebook talks about helping small local businesses in its introduction of shopping services	Google, Facebook and Apple will soon launch their smart glasses. How could they enhance the user experience with your brand?	Contextual Identity	Google and Facebook have had to take proactive steps to stop content spreading on their platforms





FOMO to FOGO X Camera's New Life = **Contactless Media**

The most obvious trend being driven by FOMO to FOGO is the rise of more distanced, contactless media, seen with the growing popularity of augmented reality and QR codes. Both technologies have been possible, and present on smartphones for over ten years, but the pandemic makes them more relevant. Many venues like bars make it mandatory to scan a code before entering, leading to nearly 50% of phone users scanning a code every week, according to MobileIron.⁶⁸

Brands are also choosing to experiment more with the technologies. When we can't go to shops, AR is an excellent technology for letting people experience products at home. For example, Gucci and Snap have created a Snapchat lens that let people see what their new sneakers would look like if they were wearing them.⁶⁹



FOMO to FOGO X Responsible Media = **Quashing Conspiracies**

'FOGO' is also a driver of the move towards responsible media. Misinformation is not just politically motivated; it is also malicious and a threat to public health. Some of the fear of going out is heightened by what people read online and in dark social, for example, WhatsApp groups. Services like Facebook and YouTube have been very proactive in finding and removing posts that give inaccurate medical advice and share false stories like the connection between new 5G installations and the virus.⁷⁰



The Donut Problem X Decade of Paid = **Lucrative Local Niches**

People are willing to pay for valuable information in key niches, and 'local' is one of those niches. One example is the local interest newsletters and activities that are found in KidPass. This subscription service that gives paying members a list of great local events for their kids to attend. It is active in 10 American cities or areas.⁷¹ Another great example is The Athletic. The sports site serves local communities in aggregate, employing expert journalists for several local sports teams, for example, all of the teams in the English Premier League, and charging a monthly subscription for the content. No single city would support this business model, but aggregating the best local writing creates a big enough niche.



The Donut Problem X Social Screening = **Virtual Gigs**

One area heavily hit by the pandemic is local music scenes. Some venues, like The Listening Room in Grand Rapids, Michigan, are organising gigs that people can watch live, online.⁷² Watch parties can potentially replace local events like this when people cannot meet in person. A very innovative example of this was the Geffen Playhouse's production of The Present, a magic show. Attendees paid an average of \$95 per household to watch, which included a mystery box, mailed to them before the performance, containing items they needed to use at various moments while they were watching. The show was streamed 13 times a week to 25 viewers each, up to a grand finale with 6,000 viewers.⁷³



Connected Lives X Screen-free Media = **Talk to the Ad**

One key intersection around the connected home is the rise of voice technology. Park Associates reports that an estimated of American households has a smart speaker,⁷⁴ and these are being used in more creative ways. In Europe, NARS Cosmetics used smart speakers for an innovative campaign with Spotify. The ads targeted young women listening on a smart speaker and gave the option to speak back to the ad, to request a free sample of either lipstick, mascara, or blush to be sent to them.



Connected Lives X The Metaverse = **Smart Sweat**

With more connected devices and the Metaverse trend, gaming is becoming ubiquitous. Clearly, you need devices to play, but what is interesting about new games is that they will work on a variety of devices – phones, tablets, consoles, and PCs – with the gameplay adapting to whichever device is being used at that time. Simultaneously, the boundaries are blurring between gaming and connected fitness services like exercise bike Peloton and fitness app Zwift. You compete with others, have leader boards and so on. Zwift even has a number of 'games' for sports like cycling where you get to choose what sort of environment you want to play in.



Respecting Privacy X Connecting the Dots = **Contextual Identity**

As a major beneficiary of advertising spend, Google is at the forefront in trying to develop a replacement for cookie ad technology that would both respect privacy, but still allow advertisers some of the same capabilities like re-targeting, frequency capping, measurement and fraud prevention. Its latest idea is to use big, random groups of users across Google's different services to try to let advertisers understand how ad targeting is working, but without using any personalised data. It's called the 'Federated Learning of Cohorts,' or FLOC method, is intended to build interest and conversion profiles for personalized ad targeting and measurement and is still in development.⁷⁵ Of course, whatever they create still has to be approved by Apple's Safari Browser.



The Great Divide X The Metaverse = **Political Battlegrounds**

Politicians are the latest 'celebrities' to try to gain an audience through gaming, treating it as a new branch of social media. Just before the last election American Democrat politician Alexandria Ocasio-Cortez joined the eSports site Twitch and played the game Among Us with fellow politician Ilhan Omar. They attracted an audience of over 400,000 concurrent streamers, and around 5m overall.⁷⁶ It seems likely that these gaming worlds will become a new 'battleground' in the attempts to reach younger voters, just as social media has been a critical area over the past decade.



Build out your own Trends Sprint

We now want to inspire you to think about how you can use these trends in your own planning. The matrix we have built out can form the perfect tool for a 2021 Trends Sprint or workshop for you to prototype ideas to test in Q1. The background reading in this document will give your team the overall background to prepare for a session. Then the structure we are working with will help your facilitators get the most from everyone's creativity.

Step 1

Download from the team on which individual trends feel most relevant to your consumers, category, and brand. Rank the trends in priority order.

First, which of the long-term trends are likely to have the most impact in the future, creating both challenges and opportunities?

Then, which of the shorter-term media and technology trends could be used to bring advantage or create innovative work?

Please note you also need to think about geography.

You will need to take into account an understanding of the audience and the local market conditions to ensure that the ranking is based upon where the trends are likely to be applied.

Step 2

Build out your matrix and plot summaries of what you find exciting about each trend in the matrix we have built out for you. Highlight your priority hotspots based on your scoring.

Step 3

Break the team into Creative Pairs or Trios to generate five quick applications/use cases of the trends in combination. Then bring the whole team back to share their ideas and vote on those to be taken forward to prototyping and building out ideas to test.

Each team should present their use cases via a common format. For example:

- **The name:**
- **The specific application of the trends:**
- **Scalability:**
- **Our right to play:**

Step 4

Final vote on the most exciting ideas and assignment of ownership of next steps.

	From FOMO to FOGO	The Donut Problem	Connected Lives	Respecting Privacy	The Great Divide
Camera's New Life					
Screen-free Media					
The Decade of Paid					
Responsible Media					
The Metaverse					
Social Screening					
Connecting the Dots					



Footnotes

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