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ISBA Partner Predictions For 2023

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Marketing in 2023: Views from the experts

Fourteen of ISBA's Partners from our Partnership Programme reflect on what they think marketing will look like in 2023.

Scenario planning and robust measurement is the key

measure .monks

Mike Cross, Global Senior Vice President, Media.Monks

2022 brought about significant turbulence in the marketing world, with the war in Europe causing an energy crisis and some of the worst inflation we have seen for years. Toward the end of 2022 we started to see nervousness and contraction in marketing spend, although more recently we have seen this loosen up.

For 2023 we are expecting low growth in H1 as companies survey the general atmosphere, and then towards H2 a realisation that the reduction in marketing hits growth, and the need to bring back investment. Plus if there is, as expected, a recession, media prices fall which tends to help ROI stay high for those who can afford (and are brave enough) to keep spending.

Scenario planning on a robust and accurate marketing measurement base will be key to navigate the rapidly changing media costs, as well as managing price of products effectively. Around the world we are expecting the Middle East to be robust , APAC and the Americas to perform ok with EMEA lagging behind until the war is resolved.

Striking the balance between internal and external capabilities

tag.

Helen Weisinger, CMO, Tag EMEA

With marketing budgets under heavy scrutiny and marketers having to justify investment, a key focus for 2023 will be around how brands can increase efficiencies and do more with less. At times like these the argument for inhousing creative services becomes a hot topic again. This has been accelerated by the growth in tech and automation combined with shifts in consumer attitudes and behaviour.

Clients will be asking themselves: In a world that is flexible, everchanging and complex, what is the right model? Many will come to the conclusion that a hybrid solution works best: we will see brands looking to combine onshore expertise and capability for more complex or specialist tasks with offshore resource for speed and scale. The clients who get it right will be the ones who can strike a balance between internal and external capabilities.

Optimisation and innovation will be more critical than ever

Ekimetrics. **Matt Andrew, UK GM & Partner, Ekimetrics**

With so many different pressures from an economic downturn that will impact consumer spending to media inflation, market volatility and tighter budgets means marketing effectiveness will be scrutinised more closely than ever.

Agility and optimisation will be the watch words of 2023. That means tackling the organisational transition from attribution to econometrics, to drive value by using holistic frameworks that support decision-making at every level, from strategic budget direction to intra-campaign optimisations. With more frequent, more agile decision points throughout the year.

What's more, as consumers will need strong reasons to part with money on discretionary spending or perceived luxuries, brands will need to go further still to stand out. Developing their understanding of creative performance at an objective level could be an important addition to their arsenal. That's not an abandonment of 'creative magic', but more enhancing their knowledge with more insight into which levers drive greater consideration.

Importance of insight to deliver accountable media investment

ID COMMS **Matt Gill, Senior Consultant, ID Comms**

With global financial uncertainty and decreased consumer spending fuelling an economic downturn, ever greater scrutiny will be placed on media and marketing investments, with advertisers looking to further reduce waste and optimise media value return.

This will lead to increased caution over external discretionary spending and a continued drive to develop more sophisticated internal media capabilities and operating models in order to deliver greater transparency and governance across all areas of media management, in particular within the digital supply chain.

It will also ensure greater than ever reliance on evidence-based insights to drive more intelligent media decision making, as advertisers look to optimise (and in many cases rebalance) brand and performance activity through better-integrated approaches to media deployment.

Central to this ambition will be the development of comprehensive KPI frameworks underpinned by consistent application of robust measurement protocols that deliver greater accountability of media investments, aligning stakeholders across the business and allowing advertisers to clearly prioritise KPIs across the funnel in order leverage media as a source of long term business growth.

Less wastage and more precision

Christine Downton, Associate Partner, The Observatory International

Economic and socio-political forces are conspiring to make the outlook for 2023 to be more of the same, just more acute. Cost pressures from multiple directions – inflation, supply chain pressures and significantly increased third-party costs are all combining with resultant comms budgets shrinking. Add to that talent shortages both client and agency-wise, and it's a perfect storm. This inevitably results in a need for renewed focus on efficiency and effectiveness – trying to do at least as much, but with less. We are seeing an increasing trend towards centralisation in agency rosters with the majority working with fewer, highly focussed agencies. On the plus side this razor-sharp focus on efficiency will have positive outcomes for sustainability – less wastage, more precision. It's not going to be easy – particularly for newer businesses and younger marketers that have not experienced a recession before.

Resetting data and technology

Robert Webster, VP Strategy at CvE

Automation and Efficiency. Tough economic times mean the pressure is on. This was happening when there was already a talent crunch in marketing. Expect more focus on automating media buying and optimisation.

Resetting Data and Technology. Many advertisers have not yet rebuilt their marketing data and technology setups for the privacy first world. This debt must be repaid to deliver marketing efficiency and automation, which is vital to compete in the new world.

Apple to the fore. Advertisers will realise the changes Apple made with IOS 14 and ITP (internet tracking prevention) have massively impacted their data reach and ability to measure on Apple devices – the audience with the most disposable income. Steps to overcome this gap and probably new advertising products (an Apple DSP?) will be a big part of 2023.

New Advertising Ecosystems. Retail media networks have been one of the trends of 2022 and this will grow into 2023. Yet the impact goes beyond retail as brands realise that in a data-first world being able to maximise the value of it is key and that their new customers are other brands' current customers. Expect to see data-rich advertisers in all sectors start to act like publishers.

More for less

Claire Randall, CEO & Founder of Claire Randall Consulting

Given the impact of both inflation and a recession on production, 2023 is likely to be the year of advertisers wanting more for less, with a greater emphasis on speed to market.

Budgets are shrinking but deliverable lists are not, so we need to be more innovative than ever when it comes to creating quality content at scale. Initiatives like virtual production, which really took off during the pandemic, will continue to be deployed, in order to optimise shoot budgets and address sustainability goals.

Advertisers will continue to examine their production models to ensure maximum efficiency. Centralised asset management and automation will help address the content at scale challenge. Unlike during the recession of 2008, the tech is now available to help Brands focus their reduced budgets in the right place and react quickly to competitor activity.

We expect to see an increase in audio production, as a newer way to reach audiences, as well as enhanced use of stock footage, CGI and content creation platforms.

It's a fine balance between optimising every shoot, by covering off all the material you might need and over-producing, which results in huge asset wastage.

There are many options open to advertisers to 'do things differently' when it comes to production but they all have pros and cons, risks and benefits and need to be considered carefully. In times of recession however, Advertisers may need to take some risks and challenge the status quo.

Resetting data and technology

Sam Tomlinson, UK Media and Entertainment Leader, PwC

It's clear that 2023 will be a year of political and economic challenges, and history says this will inevitably lead to CFO scrutiny of marketing budgets, particularly of brand advertising. But those CMOs that have the right arguments, data, language, and courage to withstand that scrutiny will be able to protect that brand spend - and history also says that the brands that continue to invest through a downturn emerge the strongest on the other side.

The year of marketing procurement

Kate Lewis, Senior Community & Partnerships Manager, Ingenuity

As important strategic players in forward-thinking brand and agency matchmaking, we've seen first-hand the evolution of the modern-day pitch.

Nowadays it's incredibly rare that we run a pitch process that doesn't involve a marketing procurement team. For this reason, we're predicting the continued growth, and evolution, of the role of marketing procurement and sustainable supplier relationships.

When it comes to social responsibility, any savvy marketer can predict that the great brands will continue to lean into clever and authentic customer activations to drive the sustainability agenda. But the brands with an advantage will look at sustainability on an operational level too.

Procurement professionals will continue to influence stakeholder decision making to meet brand and business objectives. They'll also exert influence on who's ultimately chosen as the agency partner to bring the brief to life.

Further acceleration of Advanced TV

Emmanuel Josserand, Sr Director, Agency, Brand & Industry Relations, FreeWheel

"The linear and digital convergence is in full swing and next year will we expect to witness further acceleration and adoption in Advanced TV. On a backdrop of geo-political uncertainties, rising inflation and slow economic growth, Advanced TV, which encompasses channels such as connected TV, addressable linear TV, over-the-top, and all forms of video-on-demand, will continue to attract significant spend due to its ability to unite an immersive and high-impact environment with data-driven capabilities.

In fact, the ability to access data-driven audience targeting techniques was ranked as the biggest growth driver for Advanced TV (28%), according to the latest marketer survey from AudienceXpress. With buyers planning to raise their Advanced TV budgets in the year ahead, we can expect the optimism around these channels to fuel further progress and innovation, particularly around programmatic trading. One key attribute that makes Advanced TV exceptional is trust — marketers know it enables them to reach engaged audiences and achieve quantifiable results, while viewers value the premium video experience and are receptive to quality advertising being a part of that."

Communication will be key in 2023

Beth Lewis, Head of client services, Aprais

What has become clear this year is that the challenging business environment has the potential to derail client and agency relationships.

Briefing the agency just on a project basis or on a full year budget that is likely to change can result in disjointed campaigns that don't meet either party's KPIs. Delaying agreement on the agency scope of work in case things change is also not the solution.

Clarity enables agencies to assign the right teams to work on the business at the right time and develop strategies that consider potential staged budget release or cuts.

Clients need to agree a scope of work at the beginning of the year which allows for any necessary changes or budgetary deadlines.

The most positive relationships we see are when both parties have honest, transparent budgetary discussions and regular updates on both the business and competitive marketplace.

2023 is a year when Communication between clients and their agencies will be key.

Despite the current digital advertising disruption, the industry will rebound.

Martin Kelly, CEO EMEA & APAC, Kepler

Back in 2008-2009, when the ad businesses of Yahoo, Microsoft and AOL were declining, and the industry was reeling - Google and Facebook, amongst a whole swathe of supply and demand side platforms, started to penetrate the display market as automated trading took off.

Fast forward to now, and we are once again seeing another inflection point for the industry with parallels to back then.

Where the Covid pandemic created an artificially induced high for digital, now many of the winners of the pandemic are struggling. Even the biggest platforms like Meta are feeling the pinch, as digital advertising revenues decline. But while this 'digital correction' was inevitable, it will allow a fresh wave of opportunities just as we saw at the height of the 2008/9 recession.

But the difference is advertisers now need to rethink the foundations of their digital advertising strategy to embrace the opportunities this disruption presents.

A year of action

Ryan Kangisser, Managing Partner at MediaSense

If 2022 was about talk, 2023 will be a year action as brands are forced to break from conventional approaches to mitigate the impact of rising inflation, economic uncertainty and shifting consumer preference.

Brands will be forced to accelerate their shift towards omnichannel or omnicommerce as they seek more flexibility, fluidity and efficiency in the way they reach their consumers. With the cookie-apocalypse growing closer, they will also look to accelerate their data and insight capabilities, with more initiatives and partnerships to scale audience data, while also adopting more bespoke ways of measuring (and balancing) efficiency & effective-ness. The rise of streaming and retail platforms (from an advertising perspective) will also force brands to experiment more with technology who can no longer rely on a one stop shop for all their buying needs. This is a welcome sign in a market otherwise dominated by fewer and fewer players.

Finally, advances in measurement solutions and the awareness achieved in 2022 will trigger a more meaningful push by brands looking to minimise the environmental impact of their marketing activities, and societal impact of the partners they invest in.

The UK seems set for a recession in 2023

Adrian Jenkins, Director, Financial Progression

Many brands reducing their marketing budgets to shore up the bottom line, which in turn will impact adversely on agency revenue and headcount

Brands that are in a strong financial position entering the recession will look to increase their advertising and media activity to gain market share. Such brands will exit the recession in a stronger overall position than their competitors

Brands looking to do more with less. For some this will mean working their agencies harder; for others it will encourage innovation and considered risk taking

Reduced M&A activity in general, depressing the market value of companies and therefore making a sale of Channel 4 less likely

Agency consolidation as weaker agencies seek the comfort of a merger with a larger or more prominent player

Brands seeking deeper relationships with their agencies, including identifying operational efficiencies through enhanced ways of working that drive cost out of both businesses

With focus on costs and profitability from Board level down, more brands will conduct contract compliance audits of their agencies to ensure they are receiving all the benefits arising from their investments in marketing services.

Ad spend will hold firm

ebiquity **Nick Waters, Group CEO, Ebiquity**

From conversations with our clients – some of the world's biggest advertisers – as well as from research we've done in partnership with ISBA, I foresee three, critical trends for what promises to be a turbulent year ahead.

First, total ad spend will hold firm. Advertisers have learned the lessons of previous recessions – where those that sustain investment do better both during and after periods of economic downturn.

Second, short term flexibility will take priority for marketers. With global recession looming, many brands are planning to spend more on lower-funnel, performance marketing, digital media channels while cutting spend in higher-funnel, brand building media.

And third, investment decisions will be shaped increasingly by the Environment, Sustainability, and Governance (ESG) agenda. It is now possible to put real numbers against carbon emissions associated with advertising, and that is starting to drive real change across the industry.

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