

# MEDIA IMPACT REPORT

Media Landscape: Long-Term Outlook for Planning

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Shoptalk: Omni-Channel Retail is Finally a Reality

Empowering Female Founders

# Media Landscape: Long-Term Outlook for Planning

By [Nate Becker](#), Director, Media Planning

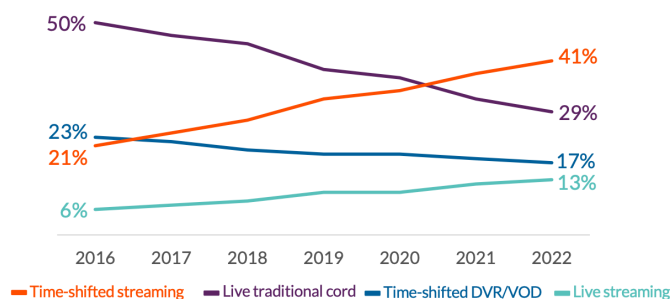
As an agency, we use marketplace data from partners and industry leaders such as MRI-Simmons, eMarketer, Morning Consult and Resonate to aggregate the trends most applicable to our client partners for both the near and long-term. We break down the key takeaways from our ongoing monitoring below.

## Executive Summary

1. Time-shifted streaming and live streaming will continue to increase as live traditional TV viewing decreases.
2. Video streaming services will need to differentiate themselves with live content and ad-supported streaming TV options.
3. U.S. social network spending will be hit hard by the digital advertising downturn.
4. Short-form digital video is critical as social media platforms struggle to keep up with TikTok.
5. Expect more content (movies, programming) geared toward gamers, and expect to make gaming a key avenue to reach younger consumers.
6. The Metaverse will not be a serious channel for consideration in 2023.

## Digital Video

Time-shifted streaming is now by far the biggest chunk of U.S. viewers' time. Time-shifted streaming specifically refers to watching programming that was aired live such as live sports, news, or television shows.



Source: [MRI-Simmons Cord Evolution Study](#)

## Digital video platforms will attract audiences of all ages to ad-supported streaming services.

- While more older customers are joining streaming services (+28% YoY), their adoption is still relatively low compared to younger demographics. 91% of Gen Z adults and 88% of Millennials subscribe to streaming services compared to 75% of Gen Xers and 60% of Baby Boomers.



- On the other hand, Free Ad-Supported TV (FAST) services rely on older audiences but have not penetrated younger audiences yet. This could change as Warner Bros. and Discovery launch their own FAST services in 2023.

## Demand for live sports will drive media companies' decisions.

- Major rights packages like the NFL and NBA will be locked up for years, which is why 36% of adult streamers in October 2022 said that lack of live sports was a problem with the streaming services they use.



- Media companies will look for ways to satisfy this demand, looking to secure cheaper rights for golf, motorsport and tennis.
- Expect tech giants to start securing rights packages for marquee sports (e.g. Google has secured the rights to distribute Sunday afternoon NFL games for seven years).

## Social Media

Advertiser spending on social media will be much lower than expected.

- The impact of Apple's and other privacy changes has shocked the system. Digital ad targeting and measurement have been changed permanently. Since the majority of time spent with social media occurs on mobile apps, app tracking transparency has been especially debilitating for social networks, which now have a lot less data to work with.
- Macroeconomic headwinds aren't easing. Some advertisers are pulling back on spending as they face inflation, a potential recession, ongoing supply chain disruption, and geopolitical instability. Meta, Snap, Pinterest, and Microsoft,

which owns LinkedIn, all cited difficult economic conditions in their most recent earnings calls.

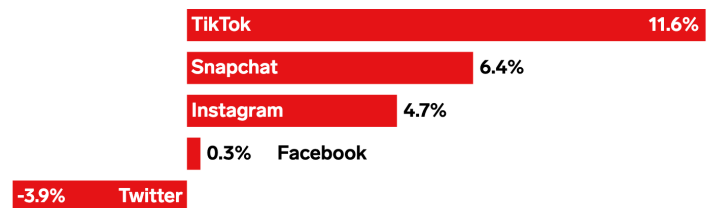
- Normalization is here after a radical rebound. Advertisers boosted spend big-time in 2021 as they recovered from the pandemic slump. But 2021 was an outlier, and ad spending has come back down to Earth.

## Social media platforms have a trust issue.

- In 2022, Facebook and Twitter saw the biggest drops in trust over the past two years, driven by the prevalence of fake news, the presence of objectionable content (posts featuring violence) and ads on those platforms.
- Loss in trust was the reason 48% of consumers stopped using a social media platform in the past year.
- Facebook's share will slip as TikTok explodes by 24.5% this year alone.

## Social Network User Growth Worldwide, by Platform, 2023

% change



Note: internet users of any age who use a social network via any device at least once per month

Source: eMarketer, Dec 2022

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eMarketer | InsiderIntelligence.com

Source: eMarketer Worldwide Social Media Outlook 2023

- Twitter will experience an exodus of users, as Elon Musk makes fundamental changes to the platform. Its worldwide monthly total will drop nearly 4% in 2023 and another 5% in 2024. There is little to indicate Twitter will be able to reverse this slide.
- Users have begun moving on to Mastadon, Reddit and LinkedIn as the Twitter audience fragments.

- TikTok will grow at almost double the rate of Snapchat and 2.5 times the rate of Instagram. TikTok will have double-digit growth for a final year in 2023 before dropping to single-digit increases.
- Facebook will add just 6.1 million worldwide users in 2023.

### Short-form video is king, but advertisers aren't ready.

- Video will account for 56% of time spent with social networks this year. Expect all platforms to focus on developing and monetizing short-form video products (e.g. Meta Reels, YouTube Shorts).
- But advertisers are not ready. Few have mastered short-form video strategies, requiring a new speedy, timely approach to content creation.
- Expect competitors to continue to compete for TikTok's territory as that platform faces increased government scrutiny. New Gen Z-appealing alternatives have begun popping up (BeReal, Poparazzi, Fizz, Gas).
- YouTube or Instagram may be the next best alternatives to fulfill Gen Z's demand for short-form video.



### Gaming and VR

Media companies will lean into appealing to gamers.

- Video game adaptations have been extremely successful. *Uncharted* grossed over \$400M globally, and Netflix's *Cyberpunk: Edgerunners* spent four weeks on the top 10 most-viewed non-English series list.



- Heavy gamers and Gen Z are regularly consuming livestreams and playthroughs. Only 31% of Gen Z adults did not watch replays or livestreams in December 2022.
- Expect game streaming platforms like Twitch and YouTube to offer more live sports broadcasts.
- However, esports has not developed in the U.S. 80% of U.S. adults say they are not a fan of esports (vs 40% for sports in general).

### VR is far from mainstream, and ad investment in the Metaverse is still experimental.

- Just 13% of U.S. adults said they owned a VR headset in December, but ownership is higher with Millennials (26%) and Gen Z (23%).
- The Metaverse is stuck in a paradox: Awareness will remain low until media companies invest in it, but media companies will not invest until there is higher consumer awareness with it.
- Meta has put the Metaverse on the backburner as it faces layoffs and shifts to developing AI.
- Fortnite or Roblox are probably better gaming investments.

Rain the Growth Agency will continue to monitor marketplace trends as the year progresses. Have questions on how these trends could affect your media strategy? Contact us at [GetInTouch@rainforgrowth.com](mailto:GetInTouch@rainforgrowth.com).



# Shoptalk: Omni-channel Retail is Finally a Reality

By **Kyle Eckhart**, SVP, Growth

Over the eight years that Shoptalk has held its annual trade show, Rain the Growth Agency has managed to have a presence at most of them. Personally, this was my first time on site in Las Vegas since the first two years of the show and I was really blown away by the staggering growth of the attendance, as well as the elevated sophistication of the production. While I wasn't at last year's event, it was clear that this 2023 conference had fully returned to form following the virtual and hybrid versions that were necessary during quarantine.

For those who are unfamiliar, Shoptalk bills itself as "an unprecedented gathering of individuals and companies reshaping how consumers discover, shop and buy." At our agency, we think of it as the most significant event for aligning with one of our key client audiences—a group we call "clicks and bricks." And after walking the show floor and attending keynotes and sessions, my biggest takeaway was that a lot of retailers have really made strides in digital and DTC marketing, to the result of finally realizing that objective of becoming truly omni-channel.

Certainly, much of this evolution was driven by the forces of COVID—where brands had to literally learn eCommerce or die. But as an agency with many DTC clients, it's exciting that not only does the retail

crowd no longer need convincing, but there are a few places where these marketers are now developing, or at least helping craft the narrative around, the future of digital marketing. Some topics that stood out:

## Partnerships are the New Primetime

From McDonald's to Estée Lauder, marketers at Shoptalk seemed to agree that the best way to grab consumers' attention is still aligning yourself with the largest attention pools for your target audience. However, those opportunities live less and less in major media events and TV programming. Instead, you're more likely to grow awareness or consideration through alignment with personalities and properties that live across multiple digital and offline media platforms and the general cultural ecosystem. Calling it endorsement or influencer marketing seems too simplistic—it's about putting your brand in the hands of someone or something you trust to represent and support it through their many-tentacled media network. Or alternatively bringing their brand into a carefully measured mixture with your own.

One good example highlighted on the Shoptalk stage was McDonald's Travis Scott meal. Morgan Flatley, McDonald's global CMO, explained how she used to



be so careful and meticulous about every detail of how the brand was articulated, but in a new world of working with creators, she has learned the lesson that good brands are surprisingly resilient and need to be given the freedom to stretch.

### Retail Marketers are Teaching Personalization

Across all conference stages, there was certainly no shortage of conversation about leveraging data to provide personalized customer engagement. One particular session featuring two product marketers and a retailer was focused on providing personalization at scale. This wasn't an elementary discussion of first-party data, privacy, legal compliance and tools and platforms (though all those things were mentioned). Instead, the conversation revealed that everyone has the tools to make personalization a reality, but they are challenged with hiring enough talent and creating enough content to feed their personalization system. No doubt, efficiency of content development was a pain point expressed over and over again across the many stages of the seminar—something that is increasingly going to be helped by generative AI... which leads to the last point.

### Generative AI is Already Hard at Work

Of course we've all seen at least 500 headlines about ChatGPT since the start of the new year. And many of the headlines in the advertising trades have circled around how marketers are using generative AI. For me, this had all felt very Web3/Metaverse 2021, so as usual, I was playing the wait-until-it's-serious game.

But it was clear that AI use is already serious and well beyond Web3/Metaverse in terms of practical application. Almost every presenter gave examples of how generative AI was already being used in a meaningful way in their marketing. And maybe I shouldn't have been surprised to learn that many teams at Rain the Growth Agency have already been using ChatGPT and other generative AI tools to assist marketing efforts for our clients and our agency. That sent me down a path of exploration that concluded with a robot finishing this article for me:

**Generative AI is already here, and it's already being used in marketing. And if you think about it, this makes sense. Generative AI is the natural progression from the tools we use today to create content. Tools like Word2Vec, which uses deep learning algorithms to help computers understand human language; or natural language generation (NLG), which allows computers to generate text based on a set of rules and data inputs; or machine learning (ML), which uses algorithms to learn from data and make predictions. So, what does that mean for marketers? It means the days of having to manually create content are coming to an end. In the past, marketers had to create content by hand. It was a laborious process that could take hours, days or even weeks. Today's marketers are already using technology to automate some of their tasks and speed up their workflows. Generative AI is just another tool in your marketing toolbox; one that can help you create more compelling content faster than ever before.**

(Source: [copy.ai](https://www.copy.ai))

# Empowering Female Founders

By **Beatrice Livio**, Director of Marketing

March was Women's History Month and Rain the Growth Agency is fortunate enough to be supporting women's history today with the SheScales program. SheScales was founded by co-founder Michelle Cardinal as a way to provide marketing advisory services to the next generation of female entrepreneurs and improve gender equality in the U.S. business landscape. SheScales is powered by Rain the Growth Agency volunteers – a cross-functional group of experts from across the agency specializing in all aspects of marketing and advertising. This year's program has been revamped with support provided for a full calendar year.

For the 2022-2023 program, the SheScales program selected three companies with a strong potential to scale:

**Adoratherapy**—Led by founder Laura McCann, Adoratherapy manufactures and offers "scent with intent" through aromatherapy, body care and candles. Adoratherapy provides healing products using essential oils as functional ingredients. Her retail store in Asheville, NC, has become extremely popular for their custom aura readings, and their products are also available online and through wholesale. Their aroma perfumes lift and shift your mood in the moment, allowing you to tap into your best self.



**AuditMate**—AuditMate was founded by Ashleigh Wilson, who was raised in the elevator industry, and technology expert Andrea Arceneaux.

The company offers a first-of-its-kind elevator auditing and management SaaS platform that helps property owners and managers navigate complicated elevator maintenance contracts.



**Little Postage House**—Founded by former attorney Mariloly "Loly" Orozco, Little Postage House is a design studio specializing in custom wedding invitations, paper products and curated vintage postage stamps. The company provides curated



products designed to tell a client's unique story and/or represent an event theme.

Through monthly meetings and ongoing communication, marketing priorities are identified for

each organization and each designated SheScales team will provide tailored coaching, mentorship and guidance on topics such as branding, messaging, email marketing and website strategy. In addition to dedicated marketing coaching, the program aims to share resources and best practices, help connect business owners to other experts, peers and investors, elevate funding conversations for female-led businesses and amplify awareness of female-led founders and their companies.

This year's cohort presented their offerings and solutions during our 2023 Demo Day Webinar. To view the webinar recording, click [here](#).



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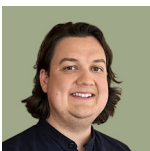
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## Need More Guidance?



**Steve Miller**  
Client Development Director  
[steve.miller@rainforgrowth.com](mailto:steve.miller@rainforgrowth.com)



**Robin Cohen**  
EVP, Integrated Media Investment & Planning  
[robin.cohen@rainforgrowth.com](mailto:robin.cohen@rainforgrowth.com)

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