Designing for the Now and Next: 2023

Mid-Year Update by Carat

Introduction

We are halfway through 2023. At the beginning of the year, we found ourselves in the midst of a Vibecession. Amidst economic uncertainty, **the vibe felt off**.

Events that played out across our nation in the first half of this year have caused a shift from economic uncertainty to social uncertainty. From the roll-back of Affirmative Action to widespread backlash from a beer brand's Pride campaign, America seems to be in the midst of an **identity crisis** as core values are called into question.

Perhaps this dynamic is why we are seeing an evolution of some of the media trends we predicted at the beginning of the year -

- Consumers we predicted would be dopamine chasing in media are leaning into a wider range of content to process their emotions.

- Advancements in, and adoption of, tech like AI and AR are revolutionizing personalized solutions.

- A growing prioritization on wellness and mental health is shifting sources of influence.

- As consumers use media to express their own identities, they are increasingly turning to niche communities and genres for connection.

A shift in focus from economic to social concerns has consumers flocking to media as a playground where they can **manage, express and play with their own identities**.

- Joanna Hawkes, EVP, Head of Strategy, Carat US

How our predictions for 2023 have evolved halfway through the year

1 From dopamine chasing to processing complex emotions

At the beginning of the year, we predicted that as tensions rise, people would turn to media for quick hits of joy. What we are now seeing is the use of **media as an outlet to manage a range of complex feelings** – content and experiences around **darkness & horror, joy & pleasure, and awe-inspiring magic** are offering a meaningful place for people to **release, control, and escape**.

2 From innovation driving simplicity to **innovation driving personalization**

At the beginning of the year we predicted that consumers would seek practical innovations that make life simpler. Now we are seeing innovation in service of personalization. **From generative AI, to AR, to shoppable content on their terms,** the retail landscape is being transformed, engaging people in personalized ways and **changing their expectations** around shopping.

3 From wellness prioritization to shifting sources of influence

The digitization of wellness opened a new world of access, **renewing focus on health and well-being**. But as mental health rises to the foreground of media conversations, it is shifting who consumers trust and consider influential. We are seeing a shift from social networks and traditional influencers to like-minded people who are perceived as **more credible and authentic – podcasters, nano-influencers, even gamers.**

4 From Identity shaping interactions to **media 'niching down'**

As consumers increasingly **express their identify through the media they consume**, we are seeing media influencers, platforms and properties "niching down" – forging deeper connections around **more focused and specific passion areas and genres.**

Media helps process complex emotions

Beyond quick fixes of joy, people are turning to media to experience and manage a wide range of emotions

Safety in the scary

Horror is one of the deepest emotions and people want to shocked more than ever. The weird, bizarre and dark are psychologically **bringing comfort to people** in troves because of the sense of control it brings in a chaotic world (media allows us to view from the outside). Earlier this year, 'M3gan' opened big, resonating deeply with Gen Z and LGBTQ+ community.[1] Videos games like Resident Evil 4, Diablo or Dark Souls are undergoing a resurgent boom as these classics are re-made with more powerful, modern tech. [2] People are also re-creating horror, exemplified by the viral takes on 'Ocean Gate' to supernatural ways Gen Z jokes about suffering a dark fate after drinking the McDonald "Grimace Shake."[3] With Gen Z claiming horror as their favorite genre,[4] **people are leaning into fear** instead turning of away from it.
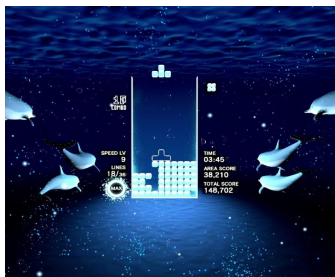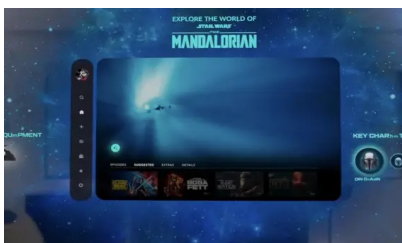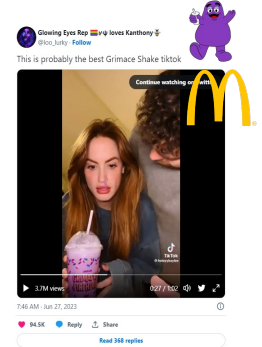
Evolved euphoric escapes

Beyond the quick hits of stimulation, media is looking to bring a **deeper sense of joy** to people through more **immersive media**. For instance, Disney+ announced that on Day 1 their content will be available on Apple Vision to be closer to the characters you love. [5/6] Meta Quest announced a partnership with the NBA earlier this year to launch a new VR platform to experience the games like never before (and is in talks with Apple to extend to Vision Pro)[7] Beyond the elevation of our biggest passions, immersive media is also expanding into 'mindfulness games' that calm people through traditional methods like mediation, puzzles and creativity. [8] **Slipping into forms of virtual reality allow people to fully slip out of the real world** for greater relaxation and disconnection.
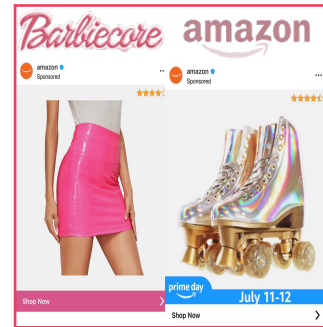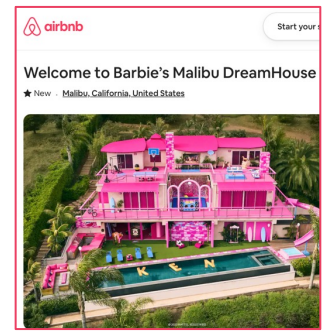
Media helps process complex emotions

Magic in the Muggle World

In the back half of this year, movies are continuing to create (and re-create) **beloved magical worlds** like 'Barbie'[9], 'Wonka', 'Spider-man' and 'The Marvels' ('Wicked' coming in 2024!). [10] While people's obsession with magic isn't new, what is interesting is the notion of people specifically looking for ways to **embrace the extraordinary in their real, everyday world**. Escapism is not just about seeing it on screen, but wearing ('Barbiecore'[11]), playing (Harry Potter x Tamagotchi[12]) or making those worlds your actual home (Airbnb Barbie Dream House, Booking.com's Little Mermaid stay[13]). It's not enough to just dream about the surreal as people want to **tangibly turn the imaginary into reality**.

Media helps process complex emotions: how brands can get involved

- Don't be scared of the scary; embrace horror and the weird in a unique, positive, and brand safe way to differentiate and win over consumers

- Test integrations into new immersive media to understand performance and how your brand can build love through these entrancing, uncluttered environments

- Brainstorm creative ways to bring captivating experiences into people's every day; how can branded media campaigns be taken to the next level?

Tech enables personalized commerce

The retail landscape is being transformed by technology that lets consumers discover, experience, and shop brands in personalized ways

AI personalizes – and revolutionizes – commerce

AI is revolutionizing commerce by enhancing and streamlining shopping experiences. Brands and retailers can now utilize **powerful algorithms to analyze shopping history, behavior, and social media activity**. This enables companies to personalize product recommendations, generate tailored product reviews, and create curated experiences for their customers.

Microsoft has **rolled out AI-powered shopping tools** in Bing and Edge. These tools not only help summarize thousands of reviews but also create 'buying guides' that aggregate items from multiple stores so shoppers can find what they want more easily.[1]

Klarna is also adopting AI by partnering with ChatGPT to develop an **AI-powered**

personalized shopping feed and enable consumers to chat with shopping assistants. Research Klarna fielded in partnership with WWD cites that 60% of Gen Z & Millennials believe that personalized experiences are vital to purchase intent; 34% want virtual personal shoppers to provide recommendations.[2]

Amazon is also testing generative AI for reviews, enabling consumers to quickly see what other users like or dislike about the product without having to sift through hundreds of reviews.[3]

This will be just the tip of the iceberg for AI, as **shopping is poised to become more personalized** and seamless.
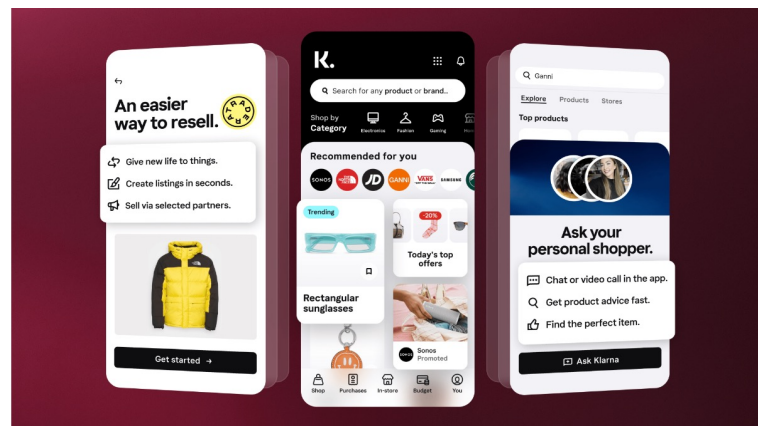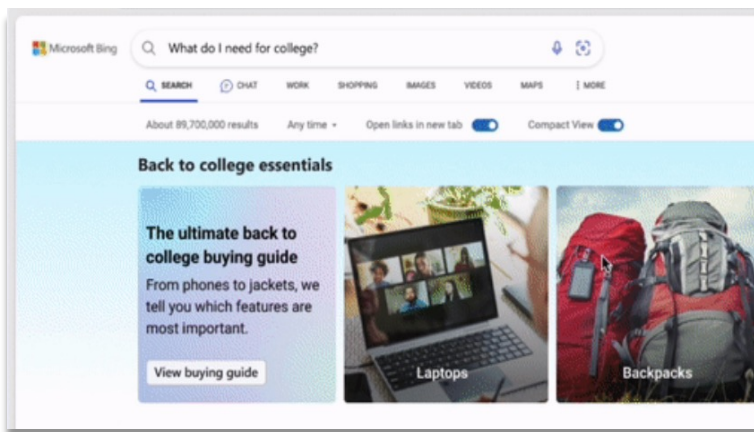
Tech enables personalized commerce

AR reimagining the store of the future

Retailers are leveraging augmented reality (AR) to elevate the shopping experience. Within the next year, nearly 100MM Americans will use AR at least once a month.[4]

Snapchat introduced its AR Enterprise Services this year to **empower brands to integrate AR technology**. Through a Shopping Suite, businesses can use Snap's 3D Viewer, AR Try-On, and Fit Finder tools on their own websites and apps.[5] Nike and Men's Warehouse are currently testing Snapchat's AR mirrors, enabling customers to virtually try on products, create and share content, and access additional product information.[6]

Brands that offer innovative AR experiences are attracting new shoppers – 92% of Gen Z express interest in AR for shopping, and retailers who adopt AR are 82% more likely to receive recommendations.[7]

Shoppable content on their terms

Shoppable content is transforming the way consumers engage with brands and **make purchase decisions in the moment of discovery**. This year's Upfronts and NewFronts saw major media platforms like Roku, NBCU/Peacock, Amazon, and Conde Nast all announce new shoppable ad formats.

Peacock is launching "Must ShopTV" to let users shop products that appear in content, like the knives and cutting boards featured in "Top Chef". Powered by KERV Interactive, an algorithm identifies shoppable products that can be purchased via QR code for now (and via remote control in the future).[8]

Roku now enables shoppers to convert directly with one click of their remote, via integration with Shopify into action ads[9]. **Shoppable content is unlocking new ways for consumers to shop on their own terms** and paving the way for a vastly different TV viewing experience, should consumers embrace it.
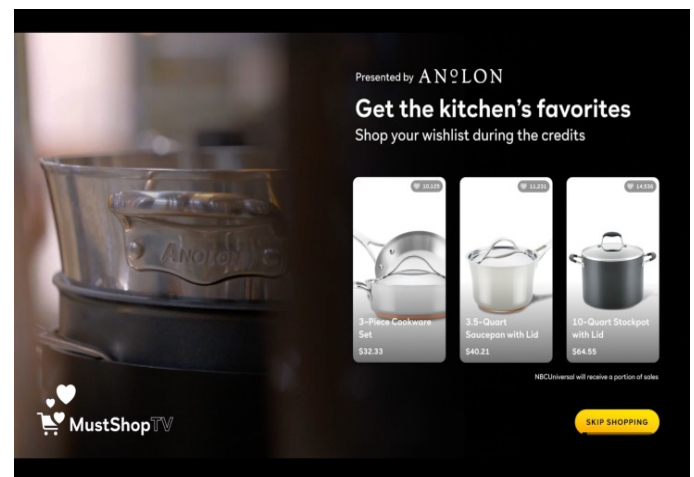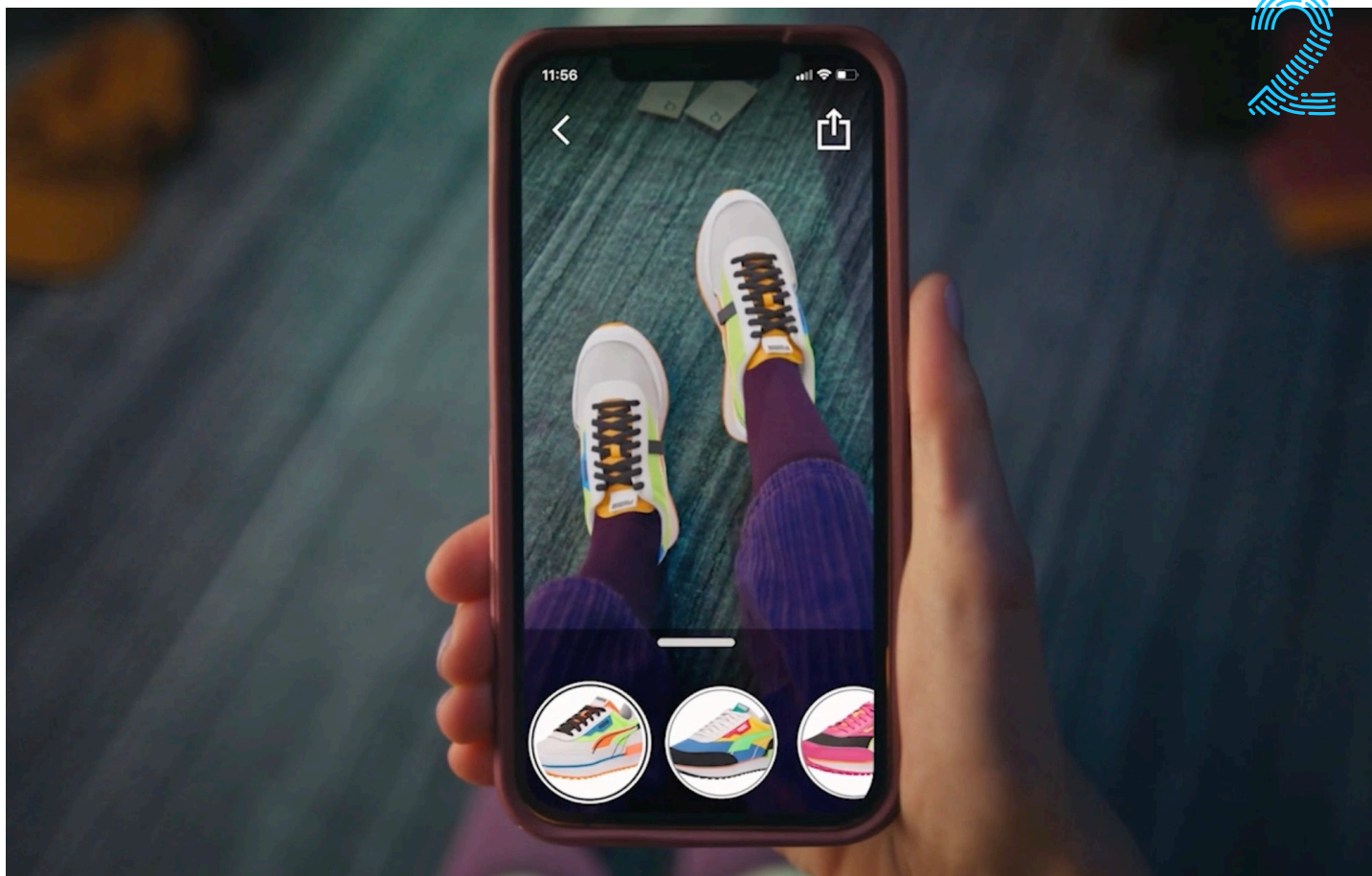
Tech enables personalized commerce: how brands can get involved

- Embrace and test new shoppable formats to capitalize on the moment of discovery and move consumers seamlessly to conversion.

- Consider how technology can enhance how consumers experience, play, and shop your brand (AR, AI, etc.).

- Determine which technologies will enhance the customer's experience with your brand (personalization/ease of use), and which will be disruptive or harder to adopt.

Shifting sources of influence

As a focus on wellness calls social media into question, the influencer landscape is being reshaped in favor of more credible and authentic voices

A focus on wellness calls media's influence into question

In April, Dove launched the Campaign for Kids Online Safety to address the rise in youth mental health issues linked to social media,[1] adding to the debate about media's influence. Two months later, backlash from Shein's influencer trip meant to alleviate concerns about labor conditions in China[2] reinvigorated questions around influencer marketing's relevance in today's climate.[3] Amidst growing awareness of social media's negative influence, the **influencer marketing model is being reshaped.**

Tarte's Dubai backlash: Are influencer trips 'tone deaf' in 2023?

De-influencers & micro-influencers

The de-influencing movement itself is already taking new shape, despite only being around for a few months. At first about influencing consumers not to buy[4], de-influencers now influence the purchase of more affordable dupes. One unintended impact of the de-influencing trend is **increased trust of micro-influencers**. According to AdAge, influencers with 1k-100k followers are more trusted among Gen Z "in this particular moment of de-influencing."[5]

Some brands, like Taco Bell, have been successful playing with the influencer marketing model by employing a major influencer - Doja Cat - as a "de-influencer." Consumers who picked up on the joke drove increased demand for Taco Bell.[5]
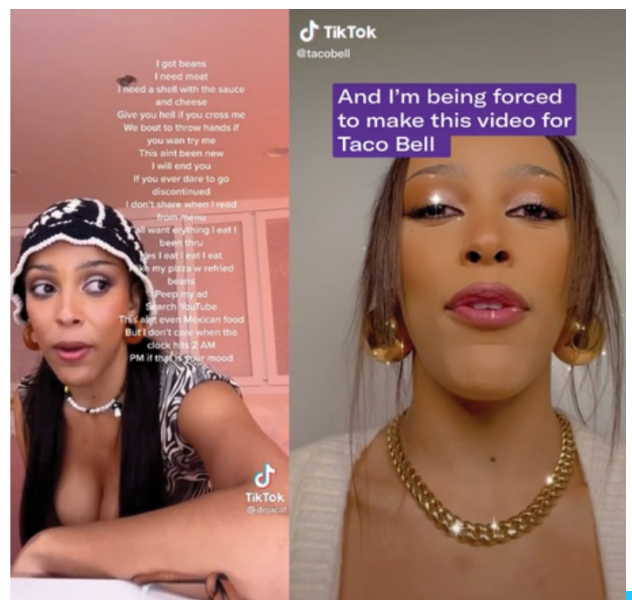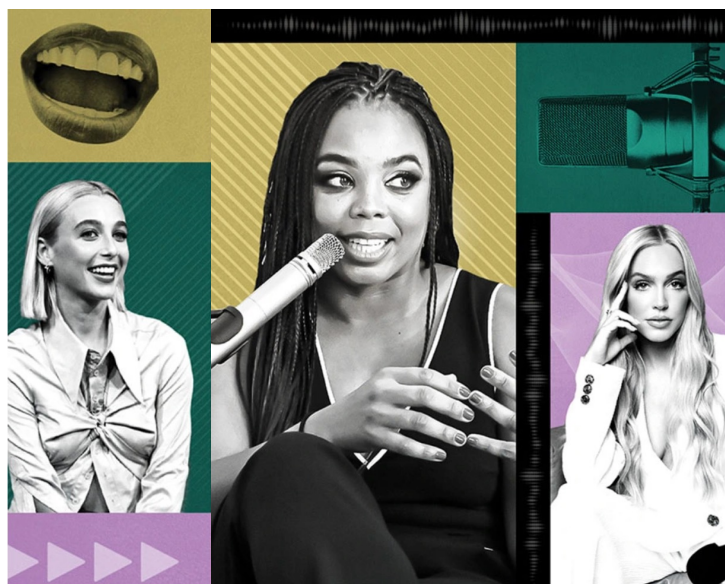
Shifting Sources of Influence

Rising influence of podcasters

In May, VOX released research on the growing influence podcasters have within the cultural zeitgeist. According to their research, 75% of listeners **value podcasters' influence** more than they value the influence of social media influencers (15%).[6] With the average podcast listener consuming 8 episodes per week,[7] that is a whole new level of influence.

Top podcasters offer consumers a real, unfiltered – more trustworthy – view of the world. Among Hollywood Reporter's most powerful people in podcasting are voices like Emma Chamberlain, a 21 year old who "mimics real life conversations, virtually," Jamele Hill with her thoughtful, intimate interview style, and Alex Cooper, who started her career with brutally honest conversations about sex and dating – and is now Spotify's top earning female podcaster.[8] Also on the list are comedic voices who talk about seemingly nothing – and in the case of Smartless, do it so well they become a TV show.[9]

Rising influence of gamers

Gaming is now a cultural force, falling just behind TV and social media in time spent.[10] It now extends well beyond the gaming ecosystem and has found a home in social media. The broader reach and engagement this gives gaming has **turned gamers themselves into influencers**.

TikTok is seeing "gamers exchange ideas to get more out of their favorite titles,"[10] while YouGov calls out participation in gaming communities and following gaming influencers/streamers as being vital elements of the enjoyment of gaming. In fact, weekly gamers are 23% **more likely to trust products recommendations from gaming influencers**.[11] How influential are gamers these days? So much so that they are becoming gaming publishers in their own right. In early June, One True King launched Mad Mushroom, a publishing division that lets top streamers publish, distribute, and market new games.[12]

'SmartLess' podcast goes on tour with Will Arnett, Jason Bateman and Sean Hayes, ends up on TV

Thomas George Cassell, known as Syndicate, is one of gaming's top influencers, conducting walkthroughs of games for nearly 10MM subscribers.[13]

Shifting Sources of Influence:
How brands can get involved

- Audit your influencer relationships to make sure they feel authentic, trustworthy, and credible for your brand.

- Identify the role different types of influencers can play within your communications – are you trying to drive reach and buzz, or trust and credibility?

- Ensure you strike up an authentic relationship with influencers that does not feel forced or disingenuous, as consumers are hyper-aware and attuned to the difference.

Media is 'niching down'

As consumers turn to media to express their identities and indulge unique interests, media – and culture – is shifting from mass to niche

Rise of Niche Communities

There is much speculation about when culture started to fragment (The sheer volume of content? Social media algorithms? Echo chambers? Indulging new interests during lockdown?) but it's clear that **niche culture has risen and is here to stay.** Gen Z may not be solely responsible, but they played a big role. Having grown up in the digital age, among algorithms that cater to their unique tastes and interests, they have helped turn the internet from "a town square to a vast expanse of micro communities organized around topics of interest."[1]

In fact, 65% of Gen Z agree that content that's relevant to their interests is more important than content that lots of people are talking about.[2]

The Webby Awards refer to niche communities as having three key attributes – **hyper-interest driven, independent, and at times, private.**[3] They form when people (not just Gen Z!) seek out shared interests and stumble on communities like #cozygamers or #tiredmoms on platforms like YouTube, Reddit & TikTok.[4]

To date, brands have largely stayed away from niche culture, instead prioritizing established trends with built-in reach. But this is starting to change. Fashion brands like Diesel and Adidas are harnessing niche music platforms NTS and Color, respectively, to create brand experiences for passionate fan bases.[5]
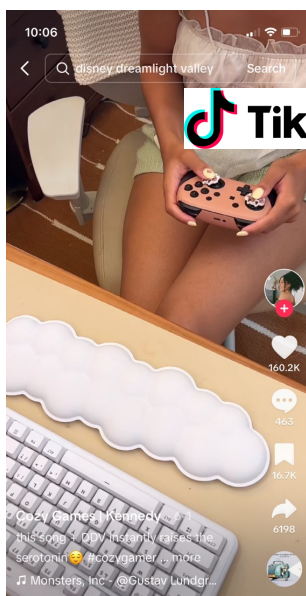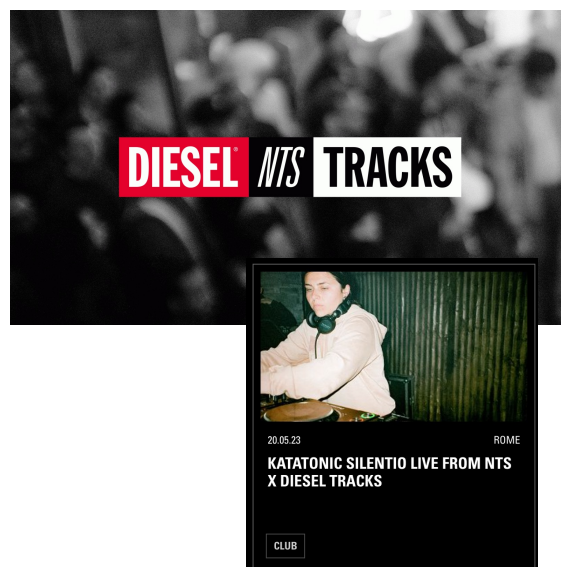

Cozy Gaming Morning Playing Animal Crossing 🌿 ...
6.1M views

Media is 'niching down'

Massification of Niche Genres

The paradox of media fragmentation is that **even niche content can have a moment** and get catapulted into mainstream media. Take The Last of Us' skyrocket into fame as the TV version of the game broke viewing records not only in the US, but Europe, and Latin America as well.[6]

Or Hailey Bieber rocking "Tomato Girl Summer"– the new summer aesthetic for 2023 that has amassed 208MM TikTok views (and counting) and has Airbnb predicting an uptick in travel to Italy this summer.[7]

Given the right platform (TV for The Last of Us, celebrity participation for #TomatoGirlSummer), niche doesn't always stay niche.
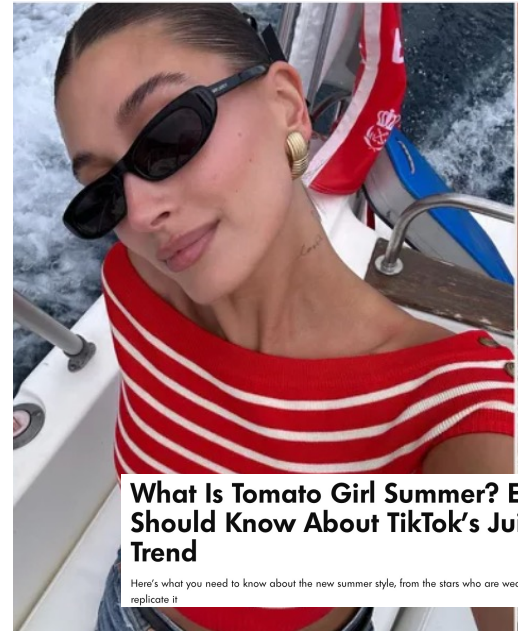
What Is Tomato Girl Summer? Everything You Should Know About TikTok's Juicy Fashion Trend

Here's what you need to know about the new summer style, from the stars who are wearing it to the pieces you'll need to replicate it

The Staying Power of Niche

Consumer trend forecaster WGSN predicts that **niche culture is here to stay.** The rise of algorithms that don't rely on opting in (via likes/follows) or social networks - such as TikTok's – is narrowing users' feeds. Insight Senior Strategist Cassandra Napoli believes that "over the next two years we'll start to see a shift from mass to micro culture, driving **a rise in interest-based creators, communities and platforms**, redefining digital culture as we know it."[8]

Media is 'niching down':
how brands can get involved

- Don't shy away from niche interests or communities – they are a way to build a deeper relationship with consumers around shared interests and passions.

- Leverage media partners and/or social listening to identify niche communities and trends that share a common interest or purpose with your brand.

- Ensure you have a reason to engage that adds to the conversation or experience (does not interrupt or detract).

Media as a playground for unique identities and passions

At the beginning of the year, we found ourselves in the midst of a Vibecession.

Perhaps the vibe will always feel off, as the world around us increases in complexity and the speed of culture quickens.

What gives us hope is the consumers who are turning to media as a safe space and a playground for their unique identities, interests and passions. Brands who intersect with their interests in meaningful ways will earn their love and their participation.

At Carat, we Design for People - by putting people at the center of how we go to market, we design rewarding media experiences that make everyday life better.

Our predictions at the beginning of the year

View the full report from January **here**.

1 Dopamine chasing is changing consumption

As tensions rise, people are turning toward platforms and content that provide quick, positive uplifts during everyday life. Consumers are craving **euphoric messaging** from brands, dopamine hits from **hyper-casual gaming** and **shopping**, and shifting content consumption as **episodic viewing becomes the new tentpole**.

2 Simplicity in the face of complexity

As the world increases in complexity, consumers are seeking practical solutions and adopting innovations that make life easier and simpler. **Commerce innovation is here to stay** and has paved the way for s**uper app adoption** in the future. **AI is coming** and will impact the ease of how we interact with brands and with each other. Progress in **sustainability and social good** will be driven by practical solutions that are easier to adopt.

3 Wellness as a non-negotiable

As consumer sentiment trends downward, wellness is being prioritized at a far greater rate than in previous recessionary periods. **Wellness is a currency** and is one area that consumers are not willing to scale back spending on. Media has spurred the **rise of wellness communities** and opened up a **new world of access**, giving **every brand the opportunity to become a health brand**.

4 Identity will shape more interactions

As consumers' moods shift on what feels like a daily basis, so too can their identities. The potential of digital spaces and the metaverse enable people the opportunity to show up exactly as they wish – either as **avatars**, or **authentically** themselves. Media platforms now enable identity to be expressed either **URL or IRL**.

Plus, check out **The Mid-Year Trends episode of The Human Element: A Carat Podcast** with Joanna Hawkes, EVP Head of Strategy at Carat US, and Jon Manka, Director of Audience & Insights at dentsu Media US, for a mid-year check-in on our annual consumer insights and media trends predictions, and what we can expect for the second half of the year.

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Contact us

Amanda Pinto, VP, Strategy | Amanda.Pinto@carat.com

Christina Lu, SVP, Strategy |Christina.Lu@carat.com

Joanna Hawkes, EVP. Head of Strategy | Joanna.Hawkes@dentsu.com