

# A peek into the marketing crystal ball

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It is time to dust off our crystal ball (and large language models) and look to the year ahead. Below let us explore upcoming trends which are forecasted to have a significant impact on the advertising industry over the following 12 months.



Nilesh Hansjee is a business analyst at Marketing Intelligence Hub. Source: Supplied.

## Resilience: Staying the course in hard times

Consumers worldwide are feeling the impacts of rising living costs. Locally (and you may have heard this many times before), load shedding continues to be a national bugbear. With national elections on the horizon, further instability lies ahead. As the cost of living rises, consumers are making sacrifices to make ends meet. This was evident during Black Friday, with BankServ reporting a year- on-year decrease in volume and value of card transactions; 6% and 21% down respectively.

Businesses are also struggling with these issues but responding to them comes with significant financial cost. This raises the dilemma: given the consumer is under pressure, what amount of cost increases are absorbed before being passed on to the consumer? The year ahead will see businesses balance sustainable commerce and preserving consumer trust.

## Generative AI grows up

As generative AI technology matures, the use of it is becoming more refined. Mindsets are shifting away from “AI created this” towards “AI helped me create this.” Entities are developing multi-modal models, which give the ability to generate AI content from multiple sources. For example, healthcare providers can use a combination of text (e.g., test results) and images (x-rays) to assist in patient diagnosis and treatment plans.

Maturing AI is also having an impact on the way individuals behave. A global McKinsey study showed that 22% of respondents are regularly using AI tools at work, with a further 16% using such tools outside of work. This study naturally does not include those using AI tools unintentionally. In many flagship smartphones, AI is deployed ubiquitously to enhance features like device performance, camera app, image processing and many others that go unnoticed by consumers. For example, have you noticed how much better your cell phone photos look since your last software update?

## Data finds yet another level

With third party cookie deprecation anticipated during 2024, businesses are exploring alternative data sources like first-party data from offline sources, e.g. loyalty programmes, to augment existing datasets while still respecting user privacy and maintaining legal compliance. This data can offer valuable insights into consumer behaviours and preferences. Furthermore, collaboration with trusted partners provides access to additional datasets, creating data ecosystems.



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Alternative and enriched data has immense potential for the lives of South African consumers. Alternative data (e.g., store loyalty card programmes, cell phone usage) are being used to assist in determining creditworthiness, allowing customers access to reputable and fair credit allowing them to support local businesses through trade.

Also growing in significance is zero party data - information that customer intentionally shares with a brand in return for discounts and other incentives. The biggest advantage is its accuracy, since it has been provided directly by customers. A Deloitte survey revealed that 79% of consumers are willing to share their data if there's a clear benefit for them.

## Subscribe to life

There are an increasing number of entities moving towards subscription-based models. In South Africa, there are 7.2 million active subscriptions and a R9.5bn subscription economy.

Subscription models benefit businesses in that they can collect more meaningful first-party data on their customers. This allows for a continuous and largely predictable revenue stream to the provider - valid for as long as the user remains subscribed (this may be ringing alarm bells with those of you with gym memberships - think carefully about your new year's resolutions!).

Subscription models offer access to a wide range of products or services without the need for outright ownership. This provides consumers with flexibility, allowing them to use various resources without the commitment of owning them outright.

## Retail media takes the spotlight

For what feels like the fifth year in a row, Amazon is set to enter South Africa this year. This time feels more promising, with a portal for local vendors to register their business already open. Amazon have been leading the global resurgence in retail media networks (an advertising service owned by a retailer); however, South Africa, is only starting its journey.

Shoprite, through their Xtra Savings card and Rainmaker Media, has been particularly influential in leveraging customer data to enable targeted brand campaigns. An interesting aspect is that it makes full use of its existing physical store network, versus Takealot, whose is almost exclusively digital. On Takealot's marketplace, shoppers can access numerous brands and sellers in one place. This creates multiple touchpoints, providing more data, and more relevant offerings. Smaller sellers and customers also have greater access to each other.

A US (United States) survey found that 50% of consumers first search on Amazon when shopping versus 32% using Google. They recently updated their mobile app with, wait for it... multi-model search functionality allowing text and image searches.

## Closing thoughts

2024 is poised to be a year of evolution, rather than revolution. It should be noted that the above points are by no means an exhaustive list of areas to watch; however, we feel they will feature prominently in the year to come.

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