Adello

BY 🔶 LAB51

Edition No. 34

TOP 50

BUSINESS &
MARKETING
visionaries

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M A R K E T I N G
T R E N D S

to Pump up Your ROI

M A R K   E .   F O R S T E R

Investor, Serial Entrepreneur,
Chairman of IAB Metaverse Division

Mobile-First Metaverse

EDITOR'S NOTE

Dear reader,

The metaverse is often thought of as a vague realm, accessible only through powerful VR headsets, but in reality, it's more like a bustling metropolis - and one that's easily accessible through the device that's always in your pocket: your smartphone.

With smartphones sales outnumbering VR headsets by a factor of almost 1,000:1, it's clear that the beginning of the metaverse must be mobile-first, and the most successful metaverse players will be those that embrace this reality.

Delivering innovations to the fingertips, this year, the metaverse will have the biggest impact on marketing, offering new and exciting opportunities for brands and businesses to connect with their audience. However, it's important to remember that traditional digital marketing is still vital and should not be overlooked.

That's why we invite you to join our community of thought leaders by signing up for the LAB51 newsletter (lab51.io), where we explore the latest insights and developments in the metaverse, and the Adello newsletter (adello.com) for updates on all things marketing. Stay ahead of the curve and be a part of shaping the future of marketing.

Yours,
Anna Pak

Head of Marketing at Adello

Weekly Highlight

Why Metaverse is Mobile-First

BY MARK E. FORSTER

As we were debating the merits of various VR headsets and discussing the release of Apple's long-rumored VR glasses, a realization dawned on us: the device that truly reigns supreme in our digital world is the one that's always by our side - the smartphone. And as the metaverse continues to evolve and expand, it's becoming increasingly clear that these versatile little devices will play a crucial role in our journey into this new frontier. So, let's put aside the VR headset debates for now and join together in exploring the endless possibilities that await us in the metaverse, accessible right from the palm of our hands.

In the previous editions of Adello Magazine, we have been exploring and sharing ideas around Extended Reality (XR), which includes Virtual Reality (VR), Augmented Reality (AR), and Mixed Reality (MR), and its relation to the metaverse. Besides highlighting the exciting opportunities XR opens for users and businesses, we also expressed our critical views towards XR in general and described its limitations and existing problems.

In order to dot the i's and cross the t's, we would like to explain why XR is not the golden key into the metaverse and how the metaverse is mobile-first.

"The metaverse is mobile-first." This thought may seem quite controversial at first glance. Let's dive into the detailed explanation, and the arguments supporting this view.

The Metaverse: Expectation vs. Reality

To begin this discussion, one thing should be clear: The metaverse development is still in its infancy, and just like mothers imagine their children to grow up and become someone some day, each visionary or tech guru has a slightly different idealized vision of the metaverse in maturity.

In an ideal world, users can smoothly immerse themselves in the metaverse and enjoy the continuous fusion of physical and digital experiences. This limitless, decentralized world should offer a new level of inter-human communication and co-creation that would help us create a more inclusive and equal world.

We do not assume that there will be only one single meta-world. Just like today's Internet, the metaverse will be immeasurable.

Think about it, the vast internet the average user can access and see is actually only about (an estimated) 4% of the entire Internet. 96% remains hidden in the deep and dark web!

Access to the metaverse varies by device and persona used. Like with the current Internet, we use different devices and browsers to access it and might create different personalities to represent our interests and be perceived in a unique way. (Imagine how different profile photos across CV's, LinkedIn, Tinder, and Facebook profiles vary!) In the metaverse, with avatars disconnected from the actual physical self; likely, we will express our desires and imagination even further, and our avatars can be more distant versions of our actual selves.

Coming back to the metaverse access: to ensure a fully immersive, seamless experience, we, as users, will have a choice of devices to enter the meta-worlds. It can be lightweight glasses, lenses, 3D-rendered holograms, projections, or any other new emerging technology.

This idealized version of the metaverse will set the vector for how software and hardware technology must develop.

Today, there is a misconception that to get a glimpse of the metaverse that exists at this point, one absolutely must have VR glasses. In part, it is due to Meta (fka Facebook) trying to push their ailing platform as the only true metaverse accessible via their Oculus VR glasses. Is it realistic to believe we will spend hours every day wearing a VR headset (in essence, a phone strapped to our head with a battery life of just about 2h)? While we are excited by VR headsets, that point of view seems delusional. Worldwide, we have about 6.4 billion smartphones. And about 25 million VR headsets (which, ask people who have them, are barely used after the first weeks of excitement). Unfortunately for Meta, the numbers just don't add up to a successful business case with mass adoption: it took the iPhone 2.5 years to hit 50m sold devices. It took the iPad just 1.5 years. After ten years, Oculus/Meta quest have sold just about 20m devices. A smash hit looks different, indeed. We are curious to see whether Meta will adapt their strategy to reality over time.

Unsurprisingly, successful metaverse platforms like Roblox or Spatial allow their users to be present in the meta-reality by using a smartphone or computer (the metaverse 2D experience). And this strategy is quite successful. Like with gaming, a majority of gamers, up to 83%, use smartphones as main device. A successful metaverse might just require us to be open about a multitude of access possibilities.

In one of our recent Adello Magazine editions, Gabriele Romagnoli, Head of Business at ShapesXR and Senior Advisor at iconomy, shared:

"I think there are right now a lot of attempts to do that [to create a metaverse in 2D]. Some of them are really successful. Think about Roblox and other platforms for the desktop, for instance. Those became immediately successful and gained a broad audience. If the metaverse is a single environment that is interconnected with others, then the first step into it is to provide a platform for people. That can be anything, even mobile, so people will get used to it. And after that, you can implement immersive technologies like VR headsets, etc."
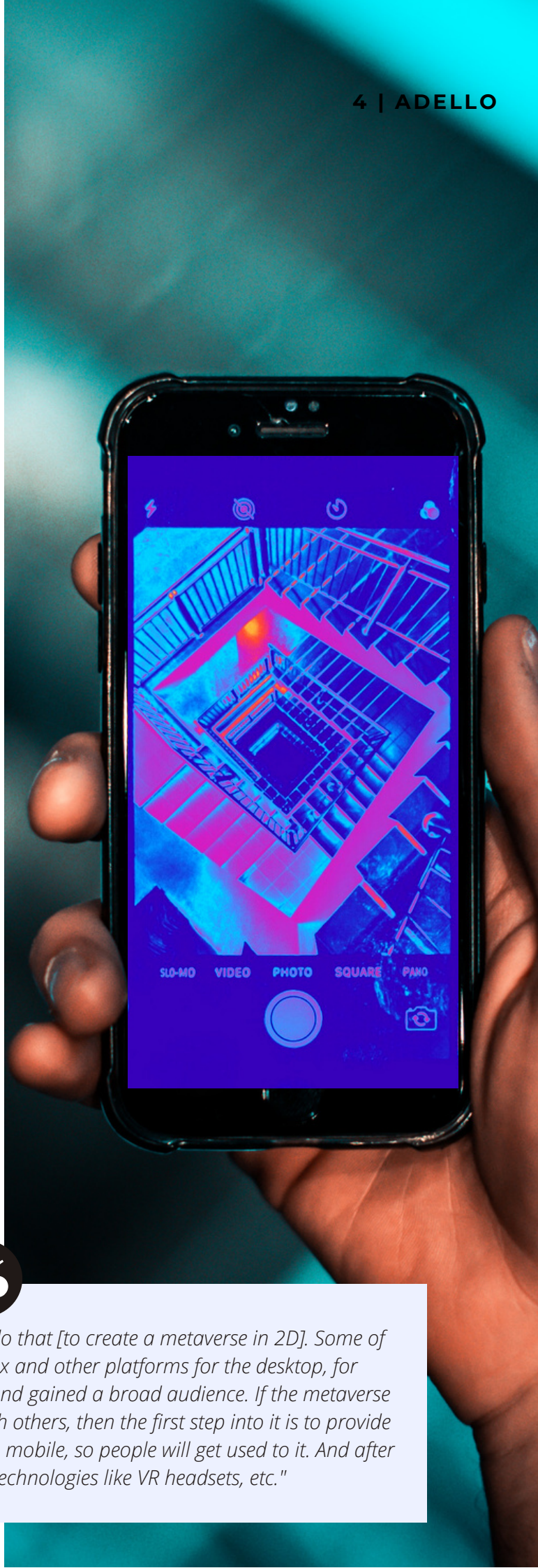
Indeed, why create user acquisition barriers by forcing them to buy VR headsets to enter the underdeveloped 3D environment of the metaverse when you can give them seamless access via devices they already own and love?

This is important because the ability to enter the metaverse via smartphone or desktop sets an absolutely different direction for the metaverse development and may even accelerate it. Furthermore, it is already happening.

Even Meta goes Mobile

At the Meta Connect 2022 staged exchange between Vishal Shah, VP of the metaverse @Meta, and Andrew Bosworth, CTO @Meta, Shah rhapsodized about how great it will be when people can wander in Horizont World via the web. The experience, he says, "takes their ability to connect people to another level." But since you're not a first-class passenger equipped with the Quest's immersive VR goggles, it's on par with what you'd get in a web browser or mobile device. Bosworth hinted at why Meta might want to invite people to that second-class experience:

"We can't give everyone an immersive experience," he continued, *"but it'll be a while before there are enough headsets out there."*

That is how Meta is working on a mobile and web version of its Horizon Worlds virtual reality platform. With this, users will be able to join Meta world without having a Quest VR headset. In addition, there are discussions about releasing Horizon Worlds on game consoles.

Why Mobile?

Smartphones have been a staple in our daily lives for over a decade, evolving from basic bricks to complex smart devices. From adding a calendar and games to color screens and internet access, the possibilities are endless.

Now, the metaverse is available on mobile, offering a new level of experience, even though it may not be as immersive as other devices. But mobile devices still offer unique benefits for users.

Convenience

The inescapable truth is that the VR glasses that exist today and are available for the masses are bulky and heavy. In comparison, mobile phones fit in the pocket and are always with users by default. On top of that, the smartphone's battery life is far superior (ca. 10h) to that of an average VR headset (ca. 2h).

Affordability

Certainly, buying a VR headset is more affordable today than it was three years ago. Nevertheless, while everyone has a smartphone, a VR headset is a "nice-to-have" gadget with limited functionality and a bulky build that few people are ready to invest in. Why buy VR for the metaverse when you can try it on your smartphone?

Adoption

The adoption of new concepts, like the metaverse, is usually faster and smoother through familiar channels. For the moment, smartphones remain the number-one device. People have been using it for years and now have most of their sensitive information (like banking, photos, messages, contacts, and social media access) connected to mobile.

A second thought

Even though the idea of the metaverse on mobile seems quite attractive, it has flaws. Considering the idealized concept of the 3D immersive worlds, it may seem that mobile prevents the metaverse development toward immersiveness. What if the majority of the users are getting settled into the "second-class metaverse"? What if we come across stagnation in the hardware and software development for the immersive metaverse?

This problem generates another one that may have already occurred in your mind: How is this mobile metaverse any different from mobile games? Isn't it a step back?

No.
Unlike any game, the metaverse is real-time and endless. It is a parallel world where time never stops or pauses; where users define the course of actions and world development;

where every item, action, or creation is saved and cannot be reset; and where everyone has a chance to become someone bigger without fighting "unfair" rules and promotional algorithms of social networks; where community matters more than sponsored voices. Metaverse goes beyond any digital game.

For now, it's too early to evaluate the full impact of mobile on the metaverse. The one optimistic point remains clear. Using mobile as an entry point into the metaverse will accelerate the growth of the metaverse. And if history has taught us one lesson: more users and usage drive innovation.

#persona

MARK E. FORSTER

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Investor, Serial Entrepreneur,
Chairman of IAB Metaverse Division

Mark E. Forster is an experienced investor and startup advisor with more than 20 years of experience in the mobile space. He is a serial entrepreneur with three exits and has a proven ability to lead companies to success even in times of crisis. Throughout his career, Mark has had the opportunity to manage and scale tech startups across the US, Europe, and Southeast Asia.

Mark's experience in the mobile space has given him a unique perspective on the industry, and he has been able to consistently identify and capitalize on emerging trends.

He has a talent for finding and nurturing talent, and his ability to lead teams to success has earned him a reputation as a valuable leadership asset to any company.

Recently, Mark has been heading up the metaverse division of IAB Switzerland. He brings his expertise in emerging technologies and experience in leading and scaling startups to this new frontier and is excited to see how the metaverse will shape the future of technology. Mark's goal is to help companies navigate the complex world of the metaverse and achieve success in this new and rapidly evolving space.
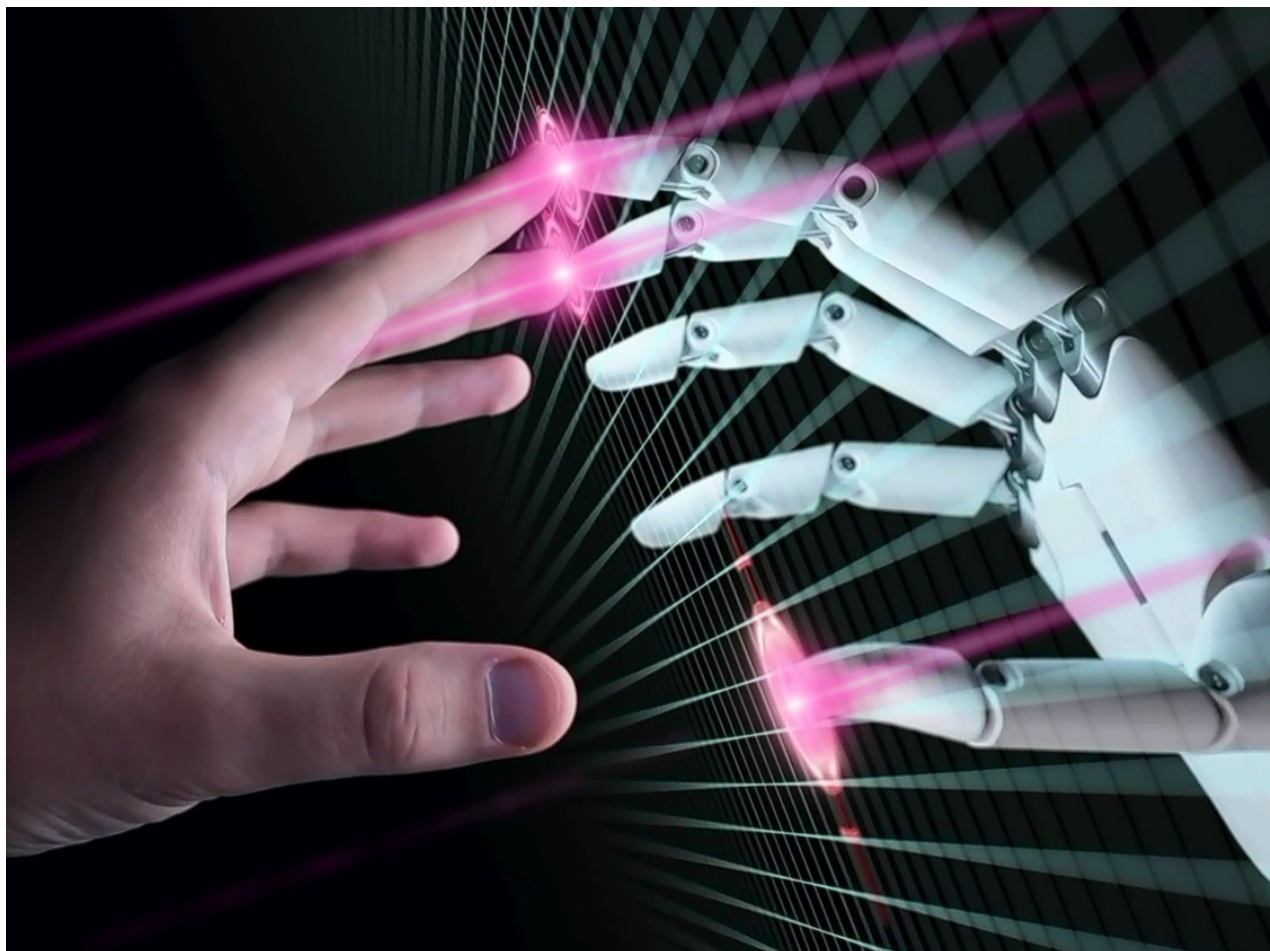
2023 Trends to Pump up Your Marketing ROI

ADELLO'S FOCUS OF THE MONTH

AI technology is changing the marketing industry, with ChatGPT questioning the need for content creators, DALLE 2 replacing artists and designers, and web3-based social networks uniting people into communities. The metaverse and NFTs are also setting new standards for product presentation and promotion. So how to use these trends to achieve better results and stay ahead of the curve in the economic downturn and geopolitical instability?

As the Western world watches the nonstop headlines about stock market declines, business bankruptcies, and big tech companies' headcount cuts, marketers are closely tracking the news on AI slowly stealing their jobs. ChatGPT questions the need for content creators; DALLE 2 steps on the way of artists and designers; web3-based social networks unites people into communities, changing the way they make purchasing decisions; the metaverse and NFTs set new standards for product presentation and promotion.

But before dropping it all and converting into Tibetan monks to find peace, think about how you, as a marketer, can use these mind-blowing technologies to achieve better results.

At the end of the day, with the lingering effects of the economic downturn and the continued geopolitical instability, it is more important than ever to stay ahead of the curve and be prepared for the changes that are to come.

In this article, we will explore the marketing trends shaping the industry in 2023 and how businesses can adjust their strategies to account for the hotter climate.

"The metaverse is mobile-first." This thought may seem quite controversial at first glance. Let's dive into the detailed explanation, and the arguments supporting this view.

New trends to come:

Focus on people and communities

A focus on community and people is essential in marketing in 2023, as it allows companies to connect with their target customers on a more personal level. Through this kind of approach, companies can better understand their customers' needs, desires, and interests and tailor their marketing strategies to meet those needs. This will ultimately lead to increased customer loyalty and more efficient marketing campaigns that lead to enhanced brand awareness, higher sales, and greater customer satisfaction. Furthermore, by taking the time to build a strong community, companies can also create a more unified, cohesive brand identity that will extend beyond their products and services and create a lasting impression on their audience.

Participation experience (PX) instead of user experience (UX)

Participation experience (PX) is a great tool for marketing. It allows users to engage with a brand directly and on a personal level. In order to illustrate the participation experience, remember the sport. People get together in a sports bar to enjoy the game together, which creates a feeling of belonging and participation in something bigger. This experience is unique in comparison to when you do it alone.

Through PX, brands can create interactive and immersive experiences that are tailored to each user's individual needs and preferences. Furthermore, PX can allow

companies to track customer engagement and preferences, meaning that they can more effectively target customers with relevant content and rewards. This can encourage customers to participate more and become more loyal to the brand. Additionally, PX campaigns can also be used to build trust and brand loyalty as customers feel more valued and appreciated. Ultimately, PX can help create a more powerful and rewarding connection between customers and brands - a key factor for successful marketing in 2023.

Generative Artificial Intelligence

The latest releases of OpenAI are simply mind-blowing. From images to music to text – anything can be created in a matter of seconds. For example, former Square Enix game studio artist Christian Peñas recently created <u>interactive concept art</u> from Midjourney's creations. It looks like an entire scene from the game, which means that in 2023, brands will be able to use neural networks to create commercials and engage digital artists to do so.

Generative AI, for sure, has the potential to revolutionize marketing in a number of ways:

- *Improved Targeting:* Generative AI can help marketers better understand customer behavior, allowing them to create more personalized campaigns and accurately target specific segments.
- *Automated Content Creation:* Generative AI can help marketers create content more quickly and efficiently. This can lead to increased efficiency and cost savings.
- *Increased Conversion Rates:* Generative AI can help marketers create campaigns that are more likely to convert, leading to increased ROI.
- *Improved Customer Insights:* Generative AI can provide marketers with valuable insights into customer behavior, helping them to better understand their target audience and create more effective campaigns.
- *Enhanced Personalization:* Generative AI can help marketers create more personalized experiences for their customers, leading to increased customer loyalty and satisfaction.
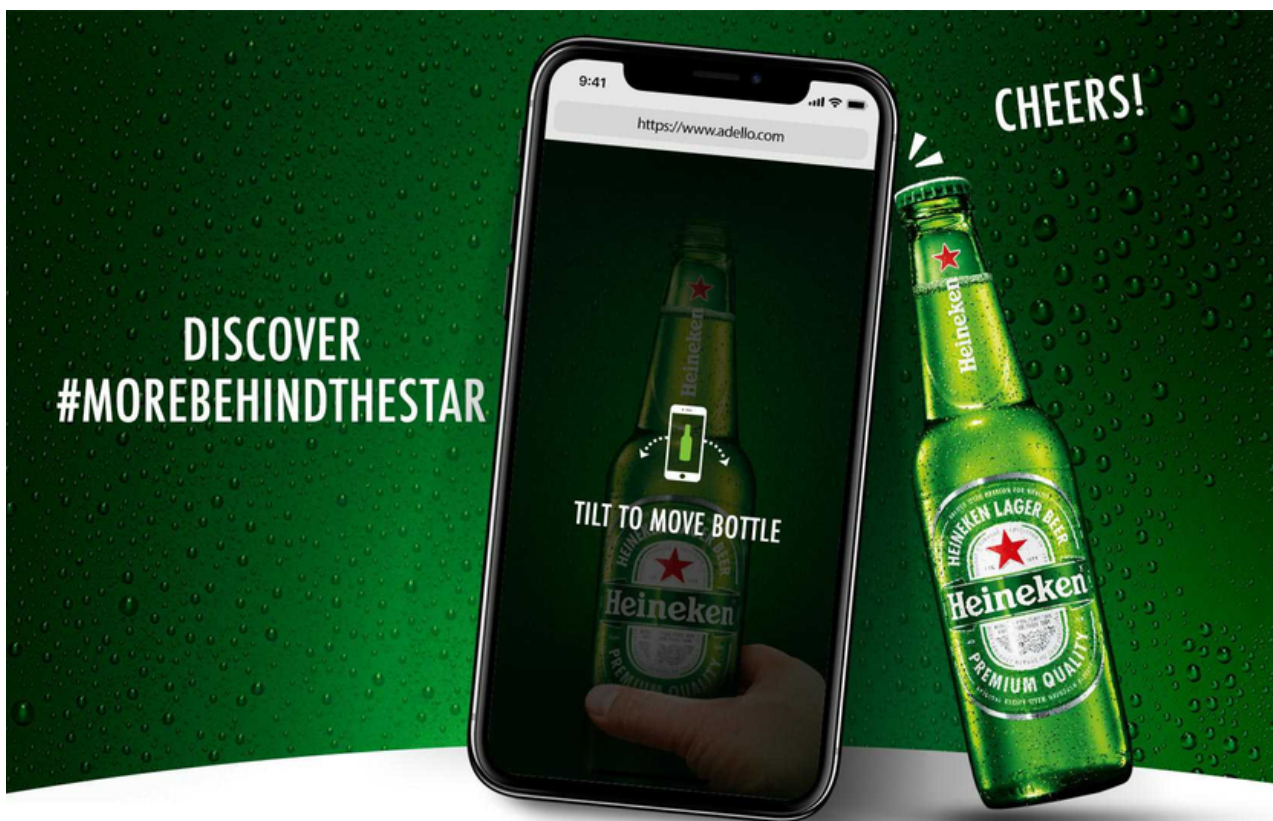
Extended Reality (XR)

Extended reality (XR) is a new technology that is quickly revolutionizing the way businesses market their products and services. XR is a combination of virtual reality, augmented reality, and mixed reality, and it allows businesses to create immersive experiences for their customers. This technology has the potential to revolutionize the way businesses interact with their customers and create powerful and engaging marketing campaigns.

One company that has embraced extended reality in its marketing is Coca-Cola. In 2019, they launched their "Share a Coke" campaign, which used augmented reality to allow customers to virtually share a Coke with their friends. Customers could take a picture of themselves with a virtual Coke bottle and share it with their friends. This campaign was a huge success, and it showed how powerful XR could be in marketing.

Back in 2016, Adello ran an interactive mobile advertisement campaign for Heineken, where users could shake their phones to cheer their favorite beverage with friends.

Another example of XR in marketing is the virtual store created by IKEA. This store was created using virtual reality technology and allowed customers to explore the store and shop for furniture without ever leaving their homes. This was a great way for IKEA to engage with its customers and create an immersive shopping experience.

Finally, there is the example of Lowe's, which used extended reality to create an interactive experience for its customers. They created a virtual showroom that allowed customers to get a better look at the products they were interested in. This was a great way for Lowe's to engage with their customers and create an immersive shopping experience.

As these examples show, with XR, marketers can bring their brand communication to a new level:

1. Increased Engagement and Reach: Extended Reality (XR) technologies such as virtual reality (VR) and augmented reality (AR) can create immersive experiences that draw customers in and keep them engaged for longer periods of time. In addition, XR technologies can be used to reach new customers who may not be able to physically experience a product or service.

2. Enhanced Storytelling: XR technologies can be used to create stories and experiences that are more engaging and memorable than traditional marketing methods.

3. Improved Customer Experience: XR technologies can be used to create interactive experiences that are tailored to the customer's needs and preferences, resulting in a more personalized and enjoyable experience.

The Metaverse & NFT

Metaverse is a decentralized virtual world that allows users to create and trade digital assets, such as NFTs. It is powered by the ETP blockchain, which is a decentralized platform that allows users to securely store and transfer digital assets.

One potential benefit of using the metaverse in marketing is the ability to create immersive, interactive experiences for customers. For example, a company could create a virtual storefront in the metaverse where customers can browse and purchase products in a virtual environment. This could be particularly useful for companies that are looking to create a more engaging and memorable brand experience. Nike, Chanel, and Walmart are good examples of interactive experiences in the metaverse.

In early December 2022, cosmetics brands L'Oréal and Charlotte Tilbury partnered with ReadyPlayerMe, a meta-universe avatar platform. Now meta-universe users will be able to try on the brand's cosmetics on their digital images and use them on more than 4,000 Web 3.0 platforms and apps.

NFTs, or non-fungible tokens, have become increasingly popular in the marketing world. They have been used to create unique digital experiences, drive brand engagement, and create a new form of digital currency. NFTs can also be used in marketing in a number of ways. For example, companies could use NFTs to create unique, collectible items for their customers. These could nclude virtual goods such as exclusive in-game items or digital art, which could be sold to collectors or used as part of a marketing campaign. NFTs could also be used to create unique, one-of-a-kind experiences for customers, such as virtual concerts or other events.

One example of a successful marketing campaign using both Metaverse and NFTs was by the company CryptoKitties. CryptoKitties is a game that allows users to collect, breed, and trade virtual cats. The game was able to generate over $12 million in sales using Metaverse and NFTs.

CryptoKitties used Metaverse to create a unique digital experience for its customers. They used NFTs to represent each individual cat and allowed users to breed and trade their cats. This created an engaging and interactive experience that was unlike anything else on the market.

Metaverse and NFTs have also been used to create a new form of digital currency. Companies such as BitClave and Binance have used the Metaverse platform to create their own digital currencies. These currencies can be used to purchase goods and services, as well as to trade with other users.

Gamification

Game mechanics in digital projects are actively developing and becoming more popular. A study by Mordor Intelligence found that gamification increases user engagement with a brand by 30% on average, and the average annual growth rate for gaming mechanics will be 26.5% over 2022-2027.

As an example, Apple is using an achievement system to motivate users to exercise.

Interactive mobile strategy

The number of people going online from a smartphone has reached 5.31 billion in 2022, compared with 5.19 billion in 2020.

The mobile strategy ensures that businesses can effectively reach these consumers with engaging and interactive content such as videos, engaging graphics, and interactive experiences tailored specifically to their target audience's preferences. Even the metaverses go mobile-first.

Additionally, the mobile strategy helps to ensure that businesses have an up-to-date presence on popular mobile apps and platforms, allowing them to reach a much wider trackable audience. Furthermore, mobile strategy provides businesses with the tools and resources to measure, analyze, and optimize their marketing efforts in order to continually improve their performance and reach.

The trends to stay:

Effective Mobile UX

Agency On3 analyzed the results of companies' UX updates and found that 37% of brands increased revenue by implementing a smart UX design. Every year, the importance of user-friendly mobile web platforms or apps grows. Make sure your site is optimized and loads quickly, your autocomplete fields work correctly, and your design elements are conveniently located.

In addition, websites and apps should be designed with the ability to use animation formats and short videos. The ability to convey important information in small portions and with dynamics will be key in the fight for audience attention, and in the mobile version, this is especially important.

Many global brands are already using short formats in the UX design of Home and Product pages. For example, the Apple Music homepage has an interesting scrolling animation that helps diversify the experience.
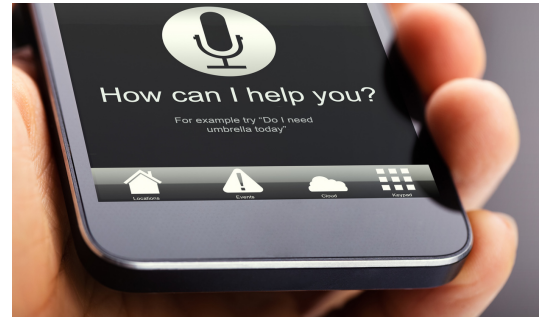
Voice assistants

As the technology continues to improve and become more popular, voice assistants are an excellent way to reach consumers in a non-invasive and natural way. They can be used to answer consumer questions quickly and accurately, enabling marketers to create more effective campaigns and better target potential customers. Furthermore, voice assistants can provide additional data and insights to help personalize marketing messages and offer more tailored content to customers. With the help of voice assistants, marketers can quickly reach their target audience and improve their chances for success.

In 2022, approximately 142 million people in the United States (42.1% of the population) are projected to use a voice assistant. According to Statista, 32 percent of US consumers owned smart speakers as of 2021, an 8 percent increase from 2020.

Personalization

Personalization allows businesses to tailor their marketing messages to their customer's individual needs and interests, which makes it more likely that customers will respond positively to the marketing message. Personalization also makes customers feel valued and appreciated, as it demonstrates that the business cares about their individual preferences. Finally, it allows businesses to track customer spending and preferences in order to develop targeted campaigns and build better customer relationships. A McKinsey study showed that personalization could increase revenue by up to 25%.

Data security

In 2022, people paid even closer attention to how brands use their data. In 2023, this trend is likely to continue, and it is worth emphasizing the security of user data. Talk openly about how exactly you plan to use the information and strengthen the protection of sites and apps against hacking. 35% of customers will refuse to buy from the brand if it secretly collects its data and uses it for its recommendation system. So broadcasting your privacy concerns to customers will increase loyalty and attract a new audience. For example, Google is preparing to abandon cookies in favor of the Privacy Sandbox project, indicating a growing concern about the security and ethics of data access.

Cookieless targeting

Cookieless advertisement targeting has the potential to revolutionize marketing, as it not only enables marketers to target audiences effectively in more privacy-friendly ways but also gives them access to more accurate audience insights, retaining their trust.

By 2023, it is expected that cookieless targeting delivered by an AI-driven technology provider will be essential for marketers to continue succeeding in the digital arena. With the ability to target users without cookies, marketers can reach a larger, more diverse set of users, giving them the potential to gain deeper insights and reach new customers.

As an alternative to the cookies, it is recommended to use zero-, first, or second-party data or cookieless alternatives.

From the very beginning, AdCTRL™ by Adello has been committed to protecting user privacy by obtaining user consent, analyzing anonymized user behavior, and adhering to the strictest data collection and storage rules, like GDPR and CCPA.

Bottomline

Undoubtedly, 2023 will bring new challenges and opportunities in the marketing industry. With the right combination of advanced technology, creative content, and targeted strategies, organizations can stay ahead of the competition and maximize the success of their marketing endeavors. With the ever-changing world of digital marketing, staying up-to-date with trends and creating a comprehensive and effective marketing plan are essential for success.