The Changing Face of Experience

The Pico Group

Annual Market Survey | August 2022

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Since the global pandemic hit in early 2020, we have been constantly reacting to changes in our environment.

It is easy to think this way because we really have had to react to some unique events never experienced in the last generation. React quickly. However, when you scratch-the-surface you begin to see that we have also been leaning on – in a proactive sense – evolutions that were already underway. None more so than with digital technologies. This does not just apply to brand and marketers, but also to audiences. We are becoming more proactive as audiences – as existing clients, as potential clients, as workers, as humans!

It is a human truth that we can act in both a reactive and proactive way simultaneously. It is this cognitive ability that forms the basis for The Pico Group's Annual Market Survey in 2022. Learning and understanding how we are changing experiences and how experiences are changing us.

Tyronne O'Callaghan
Vice President, Client Strategy
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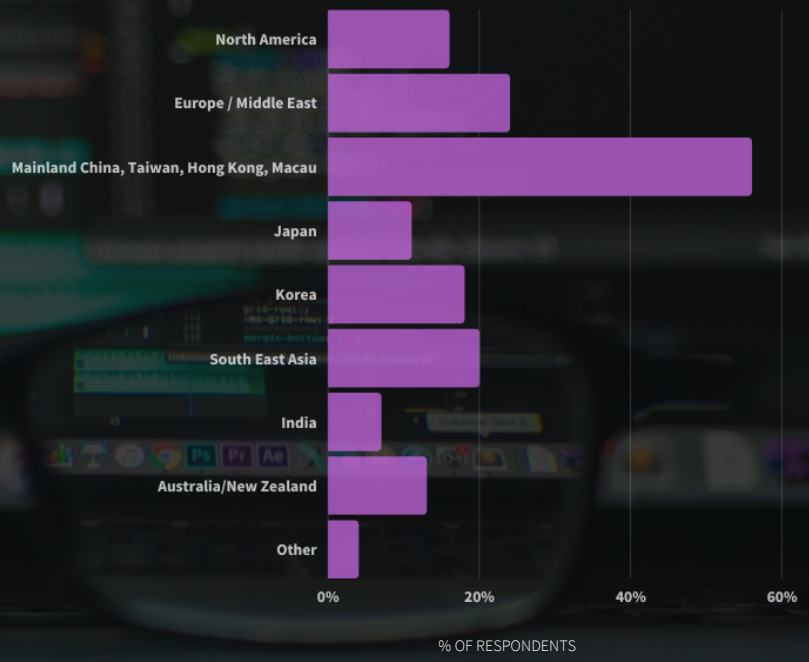
Audience behaviour has changed across all spheres of life and not because of COVID-19 alone.

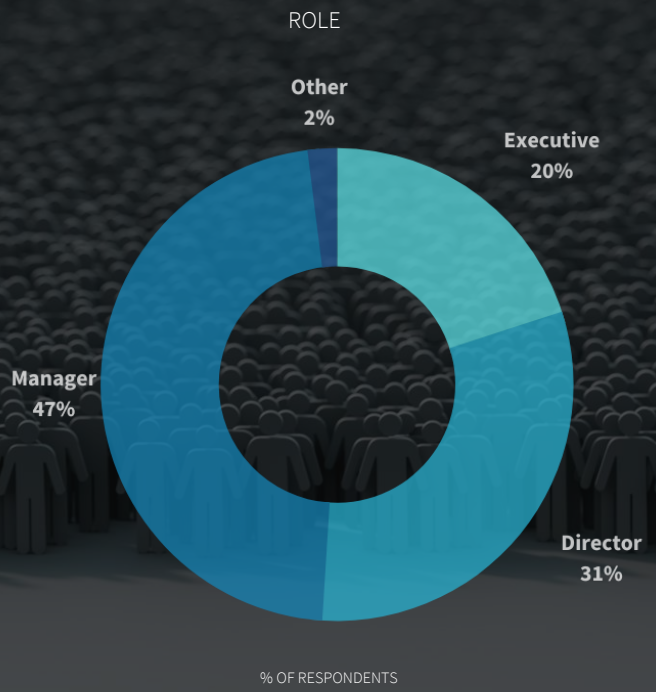
Audiences have embraced new ways of getting information. They have explored new digital channels to engage on. For some, issues such as climate change affect their purchase decisions. All of these challenge the way we think as businesses, brands, marketers and agencies.

But how are they changing the face of experience?

To better understand this, the Pico Group conducted our annual market survey where we engaged with some of our key clients, who are operating across the world to better understand what is changing and how they are responding to it.

FOCUS MARKET(S) OF RESPONDENTS





Our approach

From April 2022 to July 2022, we completed our analysis with 45 clients via a two-step approach:

1. Completing a detailed survey covering a range of topics we wanted to explore.

2. Deep-dive exploration with selected clients to get under the skin of the changes we were seeing.

Our approach focuses on generating insight not just via statistics, but through human experience.

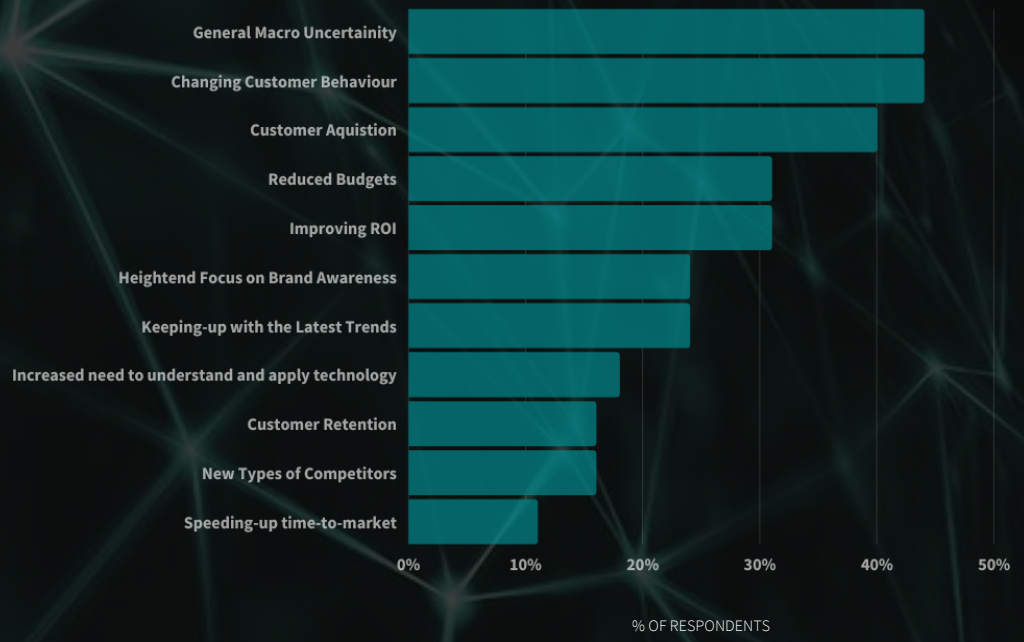
What keeps us awake at night?

As expected, the volatility we are seeing in the world, whether due to the ongoing pandemic or concerns over the global economy, is a key challenge to be faced over the next 12-months.

Budget is of less of a concern than it has been over the last two years (a YoY drop of 32 percentage points). However, what is particularly interesting is that brands continue to be challenged by changing customer behaviour and are focused on finding ways to attract new customers.

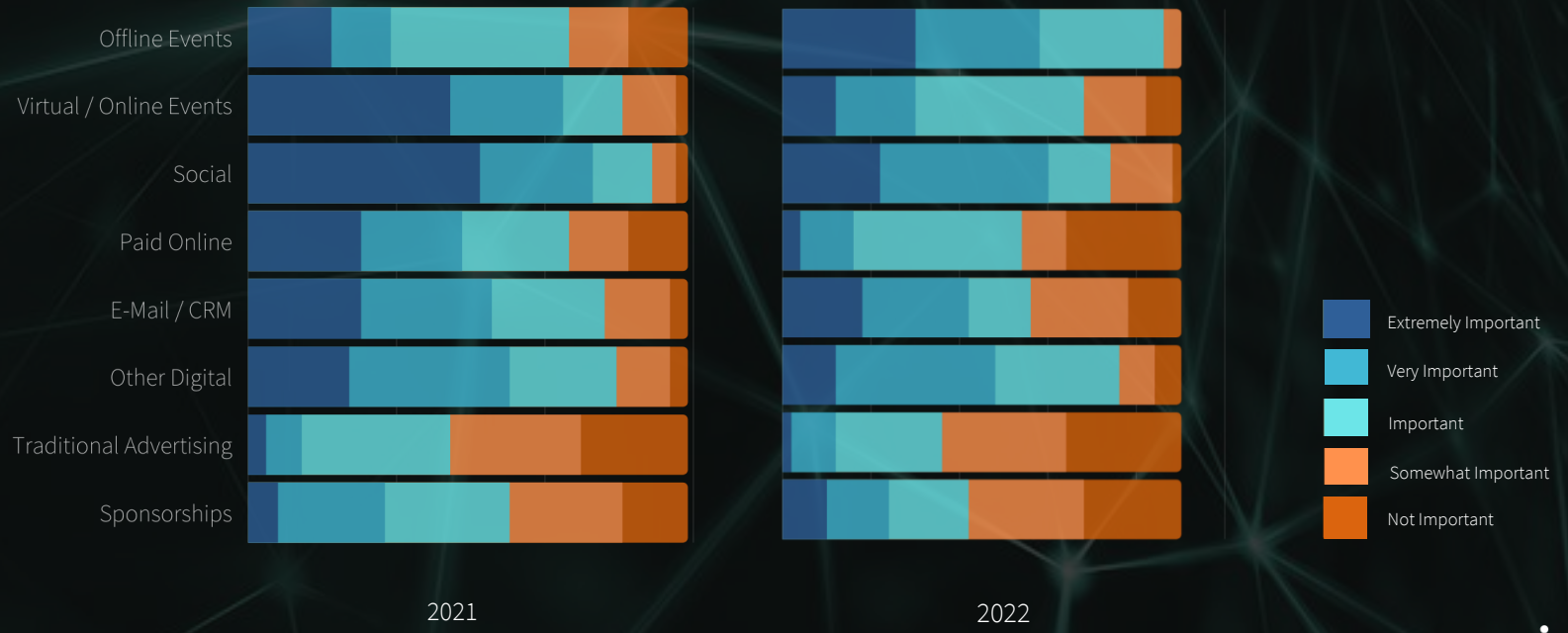
So how are people planning for change?

GREATEST CHALLENGES EXPECTED IN THE NEXT 12 MONTHS



Tactical importance

HOW IMPORTANT ARE THE FOLLOWING TACTICS TO YOUR PLANS OVER THE NEXT 12-MONTHS?



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Planners have missed "in-person events"

It is very evident that with health restrictions being lifted in most markets, brands have been piling back into in-person or offline events.

Over 64% of respondents ranked them as 'extremely important' or 'very important'. Before the pandemic this percentage was only 45%!

Even more remarkable is that NO respondents said they were 'not important'.

Brands are:

- Staying engaged with key customers via small scale and intimate environments such as VIP events.
- Driving brand awareness and interaction through outdoor activations as they embrace 'open air' thinking.
- Not afraid to pull out of tradeshows / conferences, or cancel private events, if the risk environment changes.

Risk is top of mind

The shift in sentiment to in-person tactics could be seen to have come at the expense of purely virtual events.

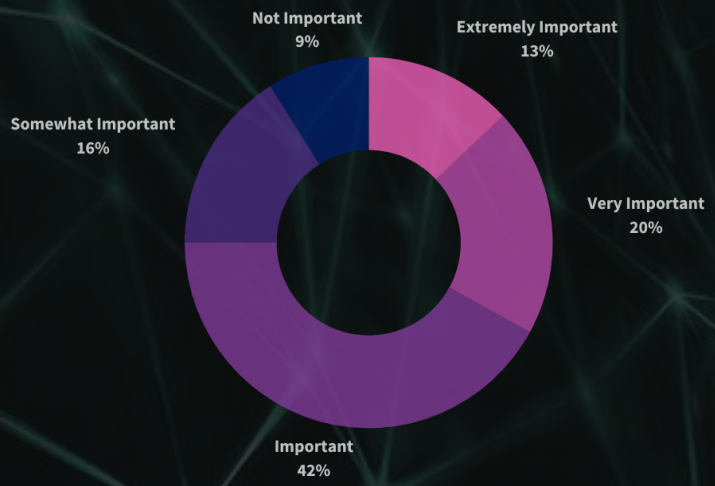
Respondents who ranked virtual events as ‘extremely important’ or ‘very important’ dropped by 39 percentage points year-on-year.

However, drilling down further, we noted that many are also saying they are at least important (see chart). Why?

In our 2021 annual survey, we noticed a similar importance placed on in-person events, but this year we are seeing greater adoption. It is as though planners were just waiting for the opportunity to do “live” again.

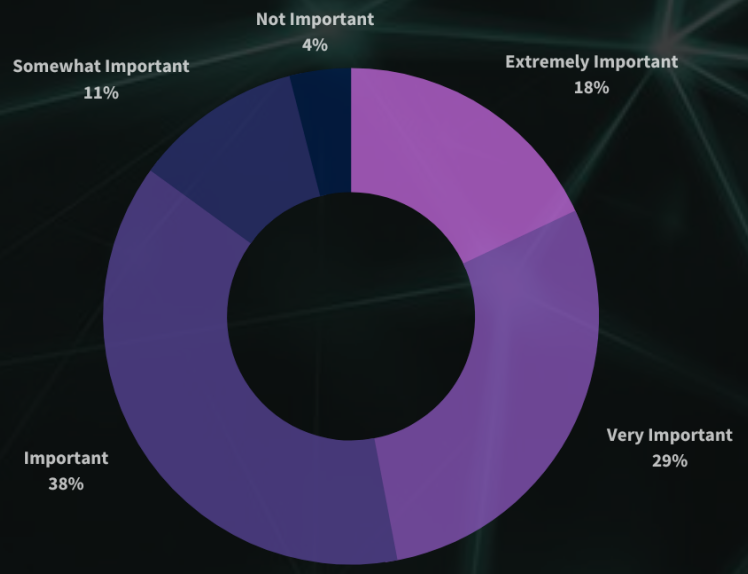
After some deep dives, it has become clear that the level sentiment is simply a “risk setting”. Both audiences and planners have become conditioned to change, so we need to plan accordingly.

IMPORTANCE OF VIRTUAL EVENTS IN THE NEXT 12-MONTHS



% OF RESPONDENTS

IMPORTANCE OF HYBRID EVENTS IN THE NEXT 12-MONTHS



% OF RESPONDENTS

Welcome to the era of hybrid

In 2021, 90% of respondents said that they had held or were planning to hold hybrid events.

Fast forward to 2022 and we see more brands making hybrid events a clear part of their plans. In 2022, 47% of respondents said they will be EXTREMELY or VERY IMPORTANT to them over the next 12 months.

But what exactly is “hybrid”?

Hybrid or integrated?

Hybrid events focus on the integration of physical and digital worlds. However, many people are “acting” hybrid without even calling it hybrid. **Why do we say this?**

We found that some defined hybrid events as a contingency approach. For example, what would be the contingency if some speakers or audiences could not make the event due to a change in travel or health restrictions?

Contingency planning is one thing, but operating in an integrated sense is another. It is this intersection of physical and digital that many brands are exploring to address changing consumer behaviour.

Is this hybrid or simply taking a forward-looking integrated approach?

Embracing convergence today

Audiences have proactively embraced new digital technologies. Their embrace has often been enthusiastic and our recent shared experiences have certainly accelerated adoption.

Whether it is called democratisation or fragmentation of channels, brands have had to react to providing choice.

As can be seen on the next page, brands are also being proactive in exploring new technologies that improve the experiences people choose, and better predict what they prefer to engage with.

Being hybrid is not a defined approach, but is characterised by integration thinking

For example:

- How can common technologies and devices improve the accessibility of experiences (i.e. anyplace, anywhere, anytime)?
- How can experiences be used as powerful content engines and drive richer digital interactions?
- How can experience design take technology and blur the lines through the everyday confluence of physical and digital?

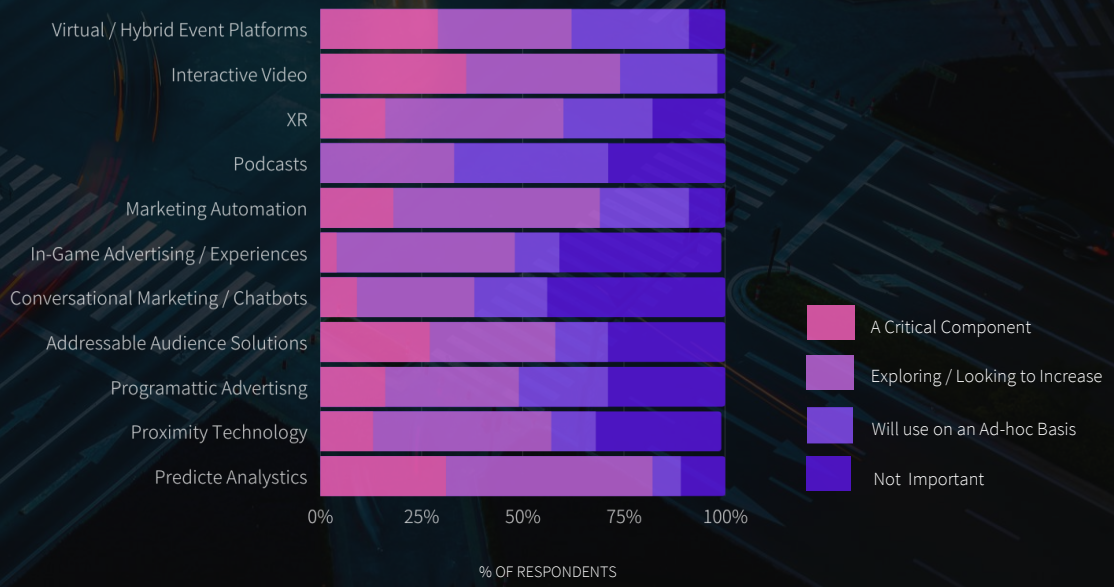
Key points of "hybrid" integration

62% of respondents said that **virtual/hybrid event platforms** were a critical component of their hybrid toolbox, or that they were 'exploring/looking to increase' their use.

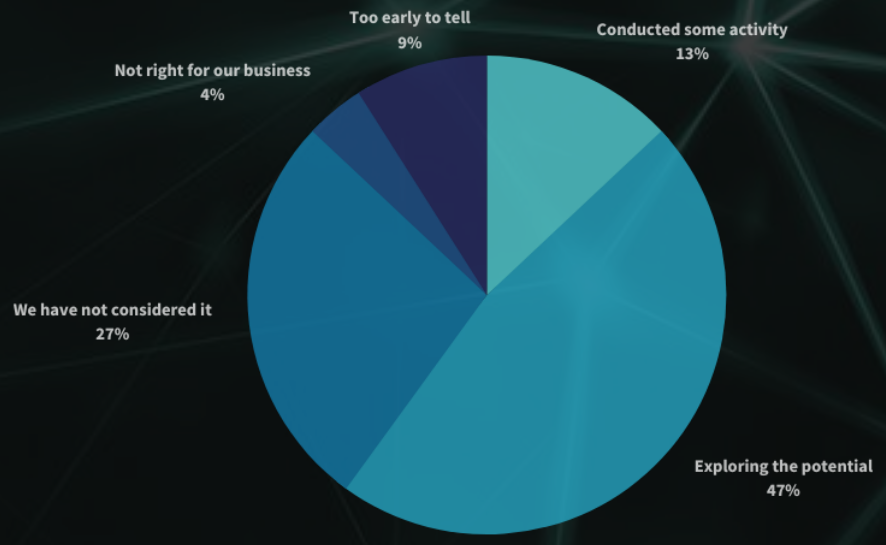
73% of respondents said that **interactive videos** were a critical component of their hybrid toolbox, or that they were 'exploring/looking to increase' their use.

60% of respondents said that **XR** was a critical component of their hybrid toolbox, or that they were 'exploring/looking to increase' its use.

HOW CRITICAL ARE THE FOLLOWING DIGITAL TECHNOLOGIES / PLATFORMS TO FUTURE MARKETING PLANS?



CONSIDERED, EXPLORED OR CONDUCTED METAVERSE ACTIVITY



% OF RESPONDENTS

Embracing convergence tomorrow

Brands are continuing to embrace digital transformation. It is not just about today, but tomorrow.

When respondents were asked about the metaverse:

- 47% were currently 'exploring its potential'
- 13% had already 'conducted some activity'
- 4% felt it 'wasn't right for their business'

The metaverse, which allows collaboration in virtual spaces and augments physical places or blends both, is certainly a hot topic. However, it is one that brands are only just starting to really explore and test.

A new frontier

What is certain is that the metaverse's potential for disruption is real, so we will need to learn quickly. What can we learn from those bold enough to have already explored the Metaverse including Pico's own experience from YAOLAND?

- The rules of accessibility that apply to hybrid also apply to the metaverse. Developing metaverse experiences on game engines may be powerful, but also limits the economies of scale that can be realised from them because of platform integration, adaptation or device challenges.

- Audiences choose to access the metaverse for a variety of reasons including escapism. For brands, it is not a question of substitution. The experience design should reimagine engagement, including creating value and developing a sense of ownership with digital personas – personas that may be different from those of their physical users.

- The more things change, the more they stay the same. At the end of the day, the engagement is with a human and we all enjoy seamless experiences. For those brands exploring the use of NFTs in the metaverse, a bad customer experience is still a bad customer experience. Transactions on the metaverse have very real reputation and retention risks.

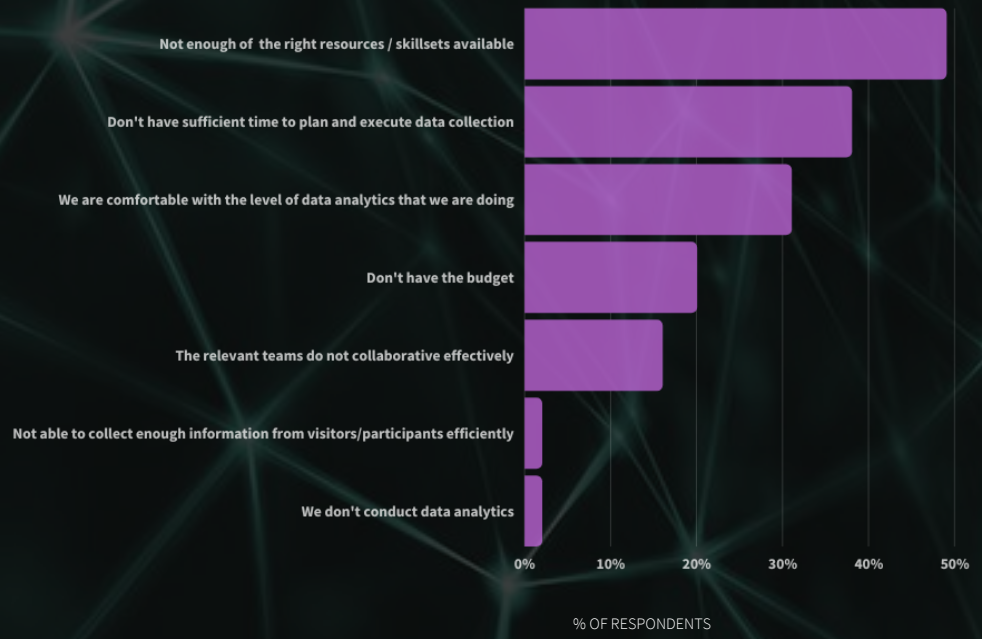
The challenges of data

Data is an opportunity, but for many it is also an opportunity cost.

There is no doubt that people understand the importance and benefits of data. However, only 31% of our respondents were 'comfortable with' their current level of data analytics.

So, what needs to be addressed before planners can start turning data into a genuine opportunity?

BIGGEST CHALLENGES OF DATA ANALYTICS



Event experiences

Recently, Pico expanded its data services into analytics, machine-learning and applied AI with the release of our proprietary ExQ™ Experience Analytics platform. The goal is to use our rich audience data to help brands make consistent comparisons of their brand experience performance quickly and cost-effectively (i.e. improve the return-on-experience).

Explore our ExQ™ Lite Calculator now to experiment with project variables and see their outcomes - exq.pico.com

Unlocking data is the key to understanding changing behaviour

It is clear that understanding changing customer behaviour is important for brands. If data is the key to this, what is impeding them from getting more utility from data?

- 49% of respondents said accessing the right skillsets/resources was a challenge
- 38% said they did not have the time to execute data plans effectively
- 20% said they were budget-challenged
- 16% said that the relevant teams did not collaborate effectively to deliver on data's promise

While barriers such as budget and internal collaboration require organisational change, a range of data tools in the market does offer some solutions to the resources, budget and time challenges faced.

Purpose

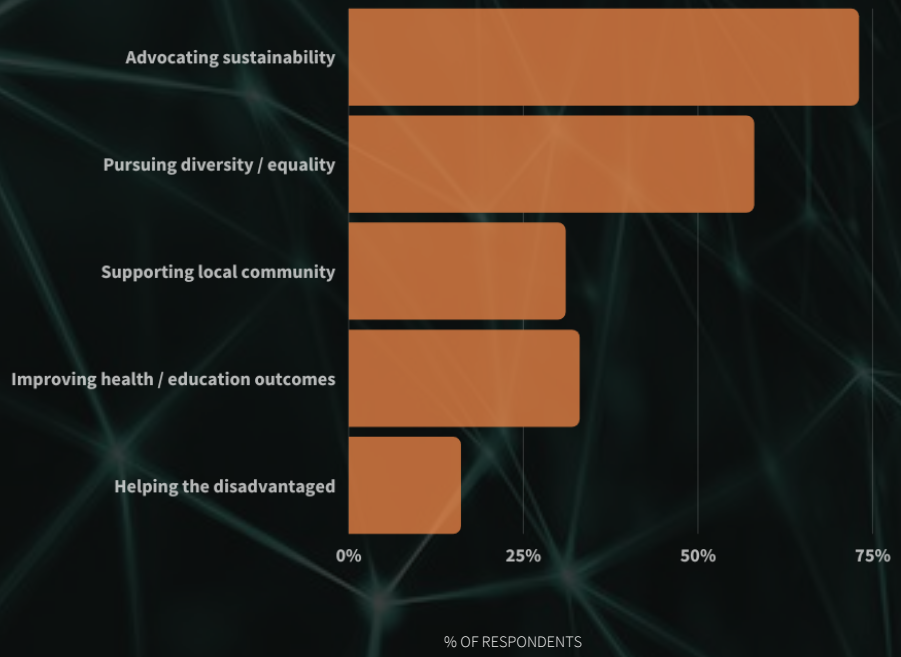
Increasingly, consumers see brand purpose as a crucial factor when deciding to purchase a product or service. When we asked the question if respondents felt that their marketing activities put purpose into practice effectively, **75% of them felt that they did.**

The main focus areas were:

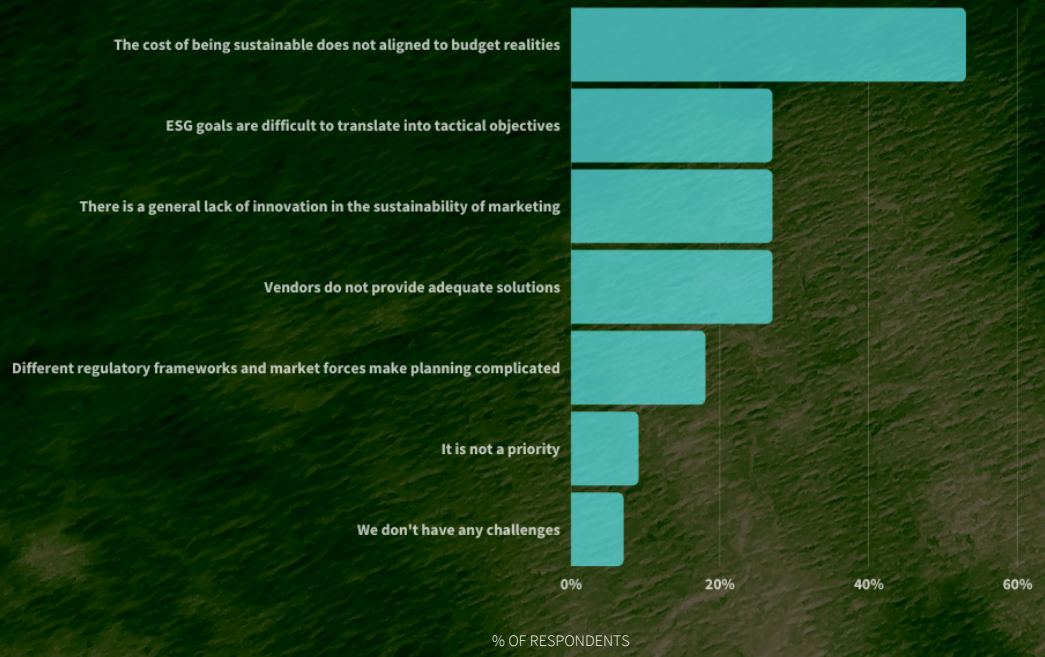
- 73% of respondents focused on creating sustainable value when activating their brands
- 58% focused on pursuing diversity / equality during brand activations

With so many focused on being sustainable, there are also challenges in delivering such impact via the marketing layer.

WHAT DO YOU ACTIVATE WHEN BRINGING BRAND PURPOSE TO LIFE?



THE BIGGEST CHALLENGES FACED WHEN PLANNING TO BE SUSTAINABLE



It costs to be sustainable

The challenges are many and complicated, but the single biggest is cost; **53% of respondents said the cost of being sustainable was not aligned to their budget realities.** What are the solutions here?

Put simply, industry and agencies have a key role to play by focusing on providing adequate solutions and delivering innovation at an affordable scale. How do planners challenge their supply chain in the following areas?

1. Knowledge
2. Practice
3. Supply

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Partner in the challenge

Knowledge

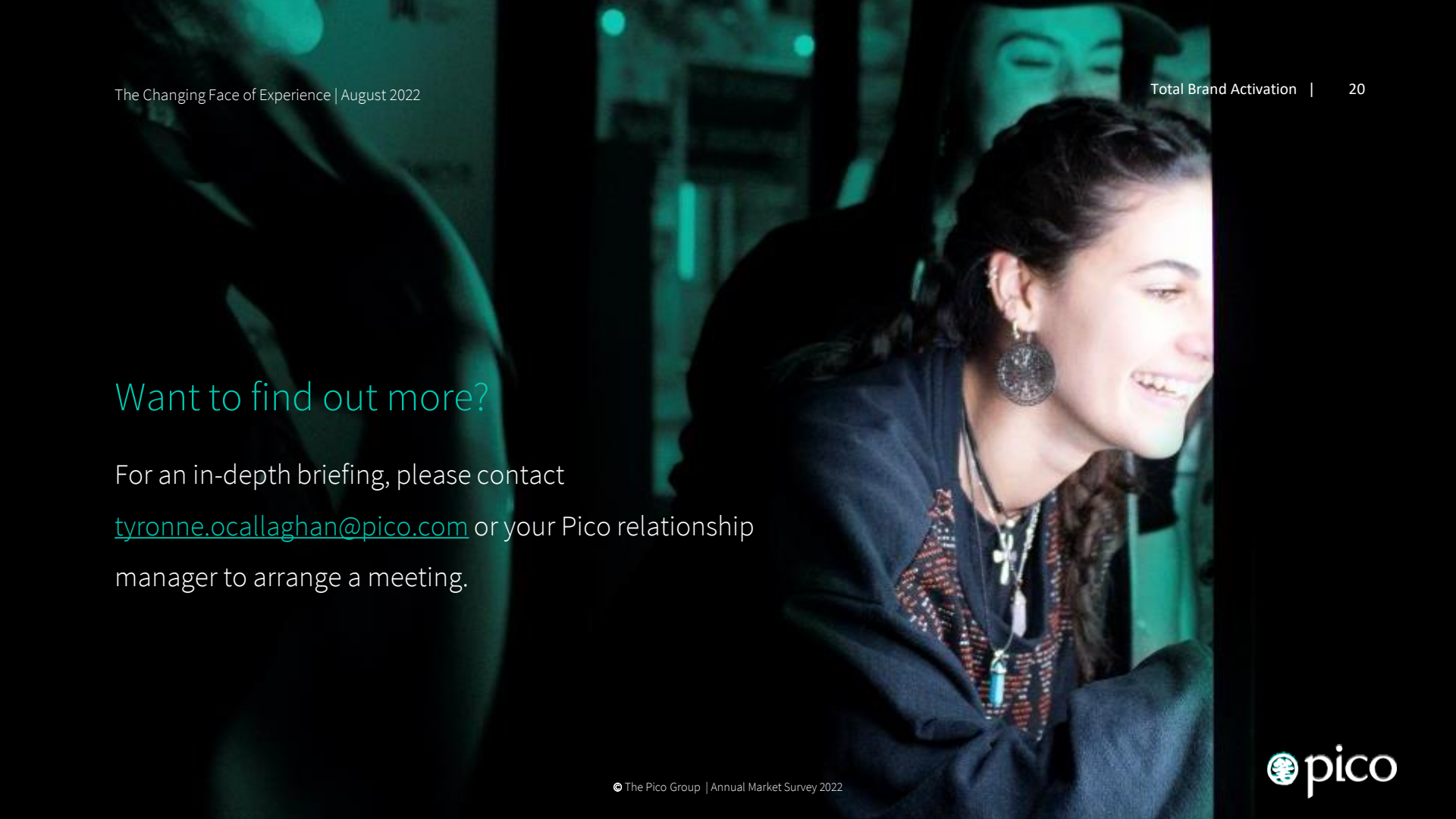
It is not just about process and materials, but also understanding market trends around sustainability, including audience perceptions and preferences. For example, if you are planning to integrate NFTs as part of your brand experience, how do you navigate the climate controversary that surrounds them?

Practice

An ingrained understanding of sustainability should be organic. Planners should not need to ask their partners for solutions, but expect them to assess and provide more optimal sustainable options as standard.

Supply

The opportunity here is greater than just sustainability. It is simply about understanding how your partner's supply chain can more effectively deliver on your brand's purpose in areas such as carbon reduction, waste and diversity.



Want to find out more?

For an in-depth briefing, please contact tyronne.ocallaghan@pico.com or your Pico relationship manager to arrange a meeting.

Thank You.

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