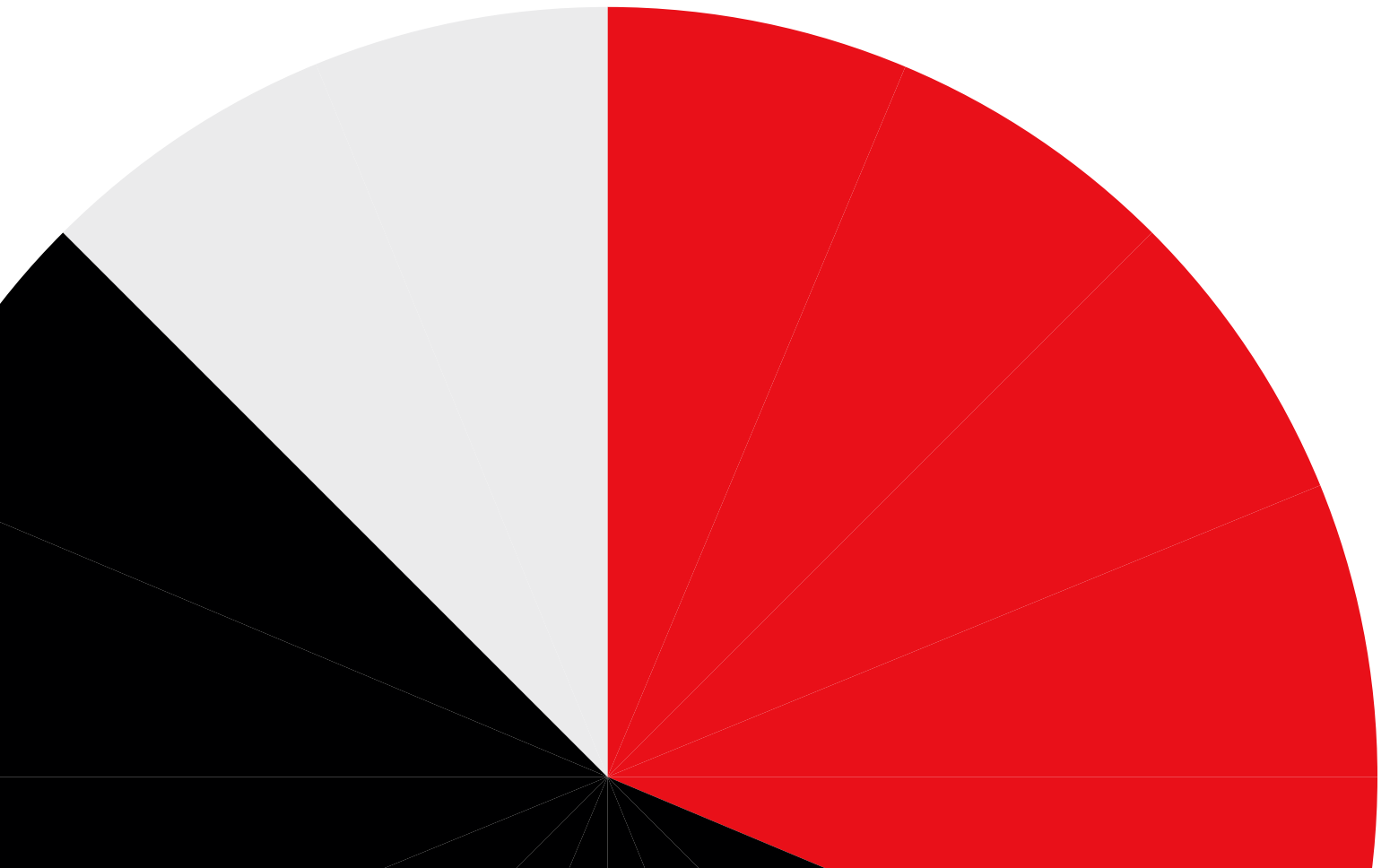


# Tech Trends to Watch for 2023

Brands Look Beyond Hype to Build Value

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## Tech Trends to Watch for 2023: Brands Look Beyond Hype to Build Value

The tech industry lost some wind in 2022, ending the year with layoffs, shrinking market value, and a few epic collapses (looking at you, FTX). The hype around many technologies—such as Web3 and internet of things (IoT)—fell short of reality. These technologies all have real value, however, and brands will use 2023 to tap into their potential.

## Connected Devices Get Ready for Commerce

**Ubiquitous IoT will open doors for commerce.** Smart TVs, connected homes, and connected cars not only have proliferated, but each is also independently experiencing catalysts that will make them easier to use and more responsive in 2023. With seamless connections in new contexts, new forms of commerce should follow:

- **Smart home IoT gets integrated.** Matter, the long-awaited common standard, went live in October. Users can now integrate devices and tie them to virtual assistants, opening new paths to ecommerce.
- **Embedded car systems make payments easier.** As embedded operating systems become more common, commerce will spread beyond the early partnerships that focused on car-related payments, such as parking or gas, to other types of commerce.
- **Click-to-buy comes to your TV.** The integration of virtual assistants will make it easier to create new connected TV (CTV) advertising formats and purchasing moments—although full-scale commerce may not evolve immediately.
- **QR codes and visual search create new mcommerce opportunities.** QR codes have become [ubiquitous](#) on billboards and digital out-of-home (DOOH) screens as direct conduits to product pages and interactive experiences.

## Mcommerce Poised to Shift to Connected TV (CTV), Cars, & Smart Home Devices



US Retail Mcommerce Sales, 2023  
**\$504.95 billion**



CTV<sup>1</sup>

**230.0 million users**



Connected Car<sup>2</sup>

**151.4 million drivers**



Smart Home<sup>3</sup>

**117.1 million users**



Smart Speaker<sup>4</sup>

**105.5 million users**

Note: <sup>1</sup>individuals of any age who use the internet through a CTV at least once per month; <sup>2</sup>ages 14+; licensed drivers who drive a connected car and have accessed its internet-enabled features at least once in the past year; <sup>3</sup>individuals of any age who actively use a smart home device at least once per month; <sup>4</sup>individuals of any age who use a smart speaker at least once per month  
Source: eMarketer, Nov 2022

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## Predictions

- **Carmakers partner with payment systems.** Some partnerships, such as the one [between](#) Daimler AG (now Mercedes-Benz Group AG) and Mastercard, already exist, but 2023 will see more agreements.
- **Shoppable media grows, but serious commerce will take time.** An uptick of new direct-response CTV ad formats in 2023 will generate commerce, but it will take some time to change consumer behavior.

## Generative AI Will Transform Dynamic Creative

**Text to text, image, video, and code—oh my.** Generative AI leads the charge in AI's second wave as the newest venture capital darling. Startups are back to high valuations despite economic uncertainty, and improvements in technology are poised to transform how content and creative teams function across industries.

**Mainstream adoption in marketing and advertising is happening quickly:**

- The public release of image models like DALL-E 2 and language products like Copy.ai and Jasper sparked an explosion in generative AI adoption.

- The conversation around ethics is evolving in real time. OpenAI struck a deal with Shutterstock to produce AI-generated stock photos, while Getty Images decided to ban it outright.
- AI tools help brands create better content at scale, freeing up creatives by saving time on ideation and drafts. And brands are taking advantage of the opportunity this season. Persado estimates that at least 25% of the population interacts with its generative AI content, a figure that could be 35% to 40% when accounting for all companies that use generative AI in marketing copy.
- New apps and startups launch every day. Creative product heavyweights Adobe, Canva, and Microsoft will embed generative AI into their product suites.

**Current vs. Expected Adoption of AI Within Select Job Functions at Their Company According to Executives Worldwide, June 2022**  
 % of respondents

	Not using	Piloting use cases	Limited adoption	Widescale adoption	AI is critical
<b>Current adoption</b>					
IT	2%	9%	22%	47%	20%
Supply chain/manufacturing	6%	16%	32%	34%	11%
Product development	6%	17%	42%	23%	11%
HR	4%	19%	42%	23%	10%
Finance	6%	14%	25%	46%	8%
Marketing & advertising	4%	34%	37%	20%	5%
Sales	4%	26%	46%	20%	3%
<b>Expected adoption in 2025</b>					
IT	2%	9%	17%	22%	49%
Finance	3%	10%	22%	21%	43%
Supply chain/manufacturing	4%	8%	18%	30%	38%
HR	3%	11%	19%	39%	27%
Sales	2%	12%	26%	37%	24%
Product development	2%	13%	18%	46%	21%
Marketing & advertising	3%	12%	21%	44%	20%

*Note: n=600 in senior technology roles; responses of "not applicable/not sure" not shown; numbers may not add up to 100% due to rounding*  
 Source: MIT Technology Review Insights, "CIO Vision 2025: Bridging the Gap Between BI and AI" sponsored by Databricks, Sep 20, 2022

## Predictions

- **The next unicorn will be a generative AI startup.** These companies are retaining high early-stage valuations and, if adoption catches up to hype, 2023 will see higher multiples for valuation earlier than other investment areas.
- **Your marketing team will adopt generative AI tools if they haven't already.** You will use these tools in 2023.

## Clean Rooms Will Become More Interoperable

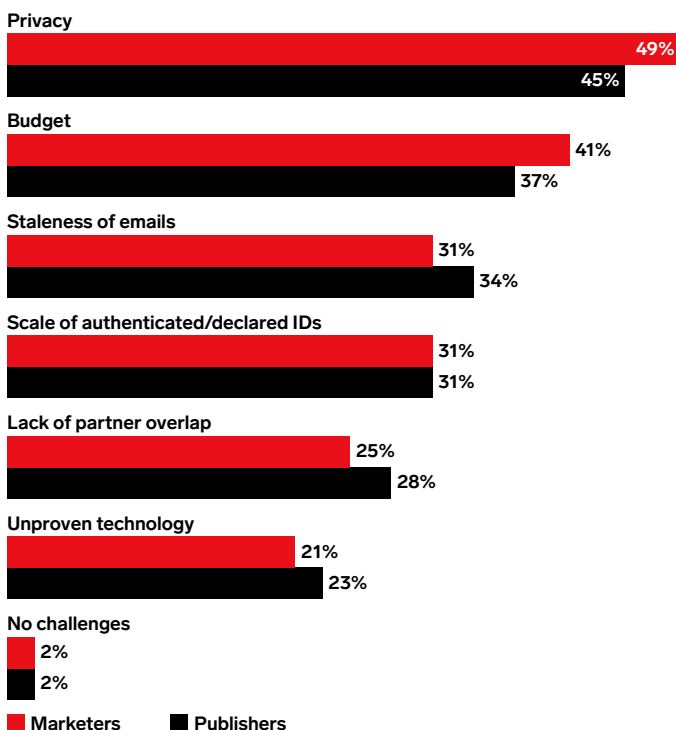
**Clean rooms went from obscure to must-have.** As third-party identifiers became harder to use, advertisers and data owners—such as media, retailers, and credit card companies—turned to clean rooms in 2022 as a privacy-safe way to share data—albeit without fully replacing the capabilities of unfettered third-party data sharing.

### Current clean rooms still have limitations:

- **Interoperability.** Many clean rooms have their own protocols for linking identities and use different clouds, which limits their use to larger brands with the bandwidth to deal with multiple systems.
- **Standards.** Clean rooms ingest data in different ways with uneven rules for pairing data and protecting privacy, a leading concern for clients. As privacy regulations evolve, better standards will need to be developed—something the Interactive Advertising Bureau (IAB) is [pursuing](#).
- **Leakage.** Some clean rooms pool data, which has the perceived risk that one company's first-party data conceivably could lead to insights for a competitor.

## Obstacles That Data Clean Rooms Need to Overcome According to Marketers vs. Publishers Worldwide, Sep 2022

% of respondents



Source: Lotame, "Beyond the Cookie: Next-Generation Customer Acquisition & Retention for Marketers and Publishers" conducted by PureSpectrum, Nov 3, 2022

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**Models-based links are gaining traction.** Not all brands have access to their customers' email addresses, so they've turned to modeled cohorts of users with desired attributes.

## Predictions

- **Better standards and more interoperability fuel growth.** The ability to port data and insights more easily between clean rooms will make them more appealing to smaller brands, publishers, and other data holders.
- **Clean rooms expand to cover more strategic insights.** Brands will increasingly look at clean rooms for insights to help in areas beyond marketing, such as product development and inventory management.

## As Hype Subsides, Web3 Gets to Work for Loyalty

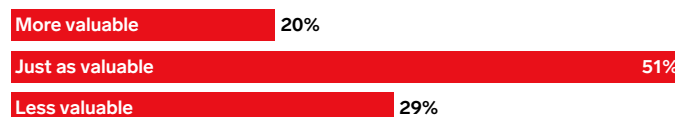
**Hype overshadowed real advances in Web3.** Web3 went through a boom-bust cycle in 2022 as cryptocurrencies and nonfungible token (NFT) markets skyrocketed and then collapsed. But the underlying blockchain technologies of Web3 can do a lot more than build speculative currencies. They enable digital assets that are easily activated and controlled by individual consumers.

### Web3 can provide benefits for loyalty programs:

- **Individual ownership of rewards.** NFT-based rewards can be traded with others, gain value, or even be used across brands.
- **New ways to register or activate rewards.** Customers can gain points by scanning a QR code from an ad or store, buying a combination of products, completing a game, or designing a virtual good.
- **Virtual goods or experiences.** NFTs can have value in themselves—for example, as virtual clothing or by granting open access to exclusive events or rights, such as voting on product designs.
- **Community.** The idea of exclusive rights ties into the concept of "token gating," whereby NFT owners feel a kinship with other token holders and the brand.

## Do US Virtual Goods Owners See Virtual Goods as More or Less Valuable Than Physical Goods?

% of respondents, July 2022



Note: ages 16-64 who have owned a virtual good within the past year  
Source: Razorfish, "Understanding the Real Impact of Virtual Goods" conducted by GWI, Nov 3, 2022

279208

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**Ease of use will be key.** The average consumer may have no interest in Web3, but they might be willing to try a program with new perks and easy ways to buy or trade virtual goods.

## Prediction

- **Starbucks sets an example for other brands.** The company's Odyssey program is based on NFTs but extends an existing and highly successful program in ways most consumers should understand.

## Insider Intelligence Interviews

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**Matt Kilmartin**

*Co-Founder and CEO*

**Habu**

*Interviewed November 15, 2022*

**Eric Pulier**

*Founder and CEO*

**Vatom**

*Interviewed November 16, 2022*

**Jessica Tansey**

*Head of Data and Audiences*

**Habu**

*Interviewed November 15, 2022*

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[MIT Technology Review Insights](#)

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