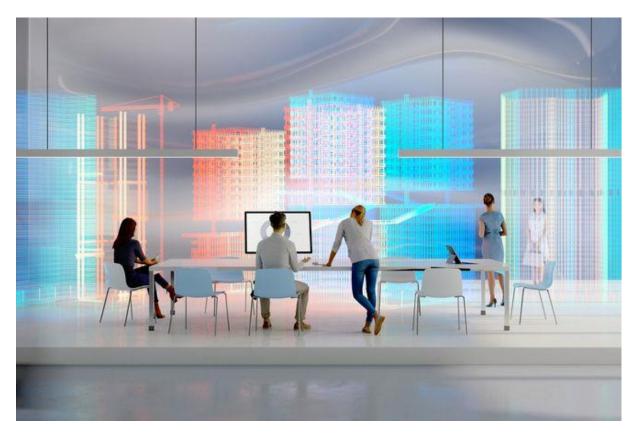
RETAIL MEDIA REVENUE POISED TO ECLIPSE THAT OF YOUTUBE AND NETFLIX IN 2022

The prediction from **Forrester** is one of several trends the research firm is forecasting for next year

By Ethan Jakob Craft. Published on October 28, 2021.



Credit: iStock

Marketers might be wise to start planning now for a major increase in metaverse ad spending and the expansion of retail media in the coming year, according to research company Forrester, which has just released its annual set of trend predictions for the media and agency worlds.

Retail media is poised to top \$50 billion in global revenue next year to outpace the likes of Netflix and YouTube, according to Forrester's Predictions 2022 paper.

The bulk of that revenue will likely come from e-commerce powerhouse Amazon. But with an increasing number of traditional retailers cluing into the importance of media including Best Buy and its partnership with Criteo, as well as Dollar General's new Popshelf concept that it launched in 2020—the role of retail media seems more prominent than ever. In talks with more than a dozen retailers, which each reported ad revenue ranging from \$250 million to \$1 billion, Forrester concluded that marketers will shift a larger share of their budgets to retail media networks, particularly amid the scramble for first-party customer data that such networks can deliver against. Anticipating the 2023 death of third-party cookies that marketers have long relied on, the research firm's report also suggested that brands will look to artificial intelligence to replace "their favorite lazy targeting method."

While some publishers such as the New York Times have rejected such automated, identitybased targeting due to transparency concerns, brands and agencies have widely adopted it in a trend that's set to continue. "In 2022, we predict that advertisers will throw their adtech dollars at companies like IBM and Quantcast that offer AI-driven audience modeling," the report's authors wrote.

Also increasingly critical to the media world will be the so-called "metaverse," which has transformed itself this year from a techy buzzword to a meaningful catch-all that covers everything from the future of non-fungible tokens to Facebook's revitalization plans. With boosts from high-profile brands this year including Facebook—which took on the corporate name "Meta" on Thursday—as well as Hyundai, Vans and Roblox, the virtual metaverse offers new audience opportunities and untapped advertising potential, according to Forrester's report, and will attract what it calls "bandwagon ad dollars" from one in five Fortune 100 brands.

On the agency side, Forrester is predicting a perfect storm of remote work, pandemicinduced layoffs and the ongoing "Great Resignation" pushing creative shops to further reinvent themselves, thanks in part to the rise of technology. "The growth of technology inside agencies," according to the report, "will upgrade the definition of talent to 'employees plus technology."

In recent years, tech fees have begun to appear in media agency contracts and master services agreements, with agencies including Omnicom reporting that their tech divisions are turning profits, Forrester reports.

"In 2022, agencies will monetize the outputs of people working with platforms, forever changing how marketing is created, executed, and paid form," the report reads.

With agencies collectively having shed tens of thousands of jobs since the start of the COVID-19 pandemic more than 18 months ago, another prediction is that shops will start turning to big tech partner programs such as Google Marketing Platform or Facebook Business Partners to fill the talent void they're facing.