

Customer Engagement: Future Trends

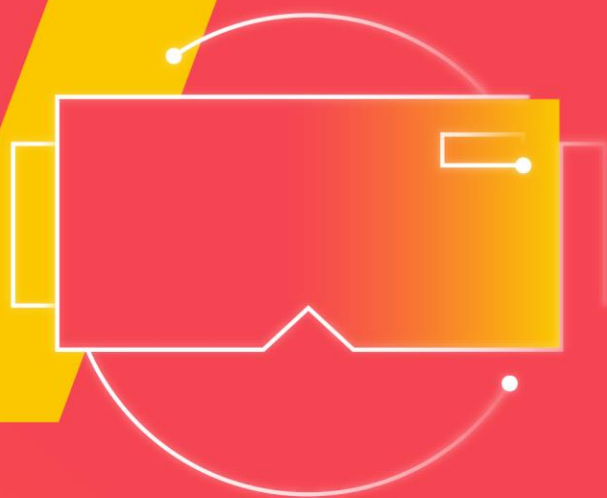
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/ Introduction

How brands engage customers continues to evolve in ways both predicted and unforeseen, fed by changes in consumer behaviour, developments in wider society and new technological innovations. This is why every year the DMA published its Future Trends, as part of our [Customer Engagement](#) campaign, to help data and marketing professionals understand what's next. In partnership with [Foresight Factory](#) and in collaboration with sponsors [dotdigital](#), [Drift](#), [Merkle](#) and [Salesforce](#), this year's trends have a new format, but contain the same key insights into a trio of trends within this report.

Throughout the last year and into 2023, the cost of living crisis in the UK cannot be ignored when considering the trends that will impact customer engagement in the future. Not least [Citigroup is predicting a peak of inflation to rise as high as 18.6% in January 2023](#) and our latest [How to Win Trust and Loyalty 2022](#) report highlights how this has already made consumers reprioritise their spending – and cut back on discretionary spending in notable areas. To find out more about that, please read the [full report released earlier this year](#).

This year's Future Trends, as with [previous editions](#), have been collated to inspire organisations to find innovative and diverse ways to respond to new customer behaviours. Each trend chapter follows the same structure and aims to inform, inspire and give practical advice. The first two – 'The Trend' and 'The insights' – define the trend itself, report the latest data and analysis on how it might impact customers and the opportunities should seize.

Having set the scene for each trend, the 'Takeaways' section then offers key aspects we suggest you consider – we provide you with practical tips and suggestions to apply to your own business. The 'Questions' section then helps you think about how these might relate to your own brand (or clients) and, most importantly, its customers. Finally, the 'Case Studies' will close your journey with successful and tangible real-world examples of how these trends are manifesting.

The trends we've selected for this year's report are:

1. Loyalty on Pause
2. The Expertise of Influence
3. Virtual Brand Engagement

Each of these offers brands an opportunity to engage customers in new and innovative ways. By putting customers at the heart of the brand experience - valuing them, understanding their needs and offering relevance (both in the product/service and the way brands engage) – businesses can truly find the balance in value exchange that will sustain them through today and into tomorrow.

Tim Bond
Director of Insight at the DMA

/ Foreword – DMA Customer Engagement Committee

When we were discussing this year's Future Trends at a recent Customer Engagement Committee meeting, it was pointed out that most council members were rather (dare I say) judgemental of the Gen Z population choosing to spend money on virtual tacos rather than real ones. The concept of NFTs and virtual products is one we understood but didn't get.

TBH, we were baffled. Why would you spend real money on virtual stuff. And yes, lots of people around the table had friends or kids who did exactly that. What we agreed was that clearly this type of experience has value for those who are engaging in it. Indeed, this is a chance for us to learn through a new generation that is effectively a fresh pair of eyes trying to make sense of the world that previous generations have created for them. One of the interesting topics here is the disconnect between the "value of things" (not values) across generations.

For example, we could see this engagement with virtual products as a rebellion against the construct of the current economy, and what things are considered to be valuable. Are they the crazy ones for buying virtual trainers or are we the crazy ones telling them that they should buy a real pair of shoes manufactured under questionable working conditions and shipped halfway across the world so they can wear them for 3 months before they go out of fashion? This kind of friction is exactly what causes new trends and shifts in consumer behaviour.

So instead of approaching this trend with scepticism and, maybe a bit of fear, I now look at it as an interesting shift in the way that consumers, well, consume! And that kind of thought provocation is exactly what we want to do with our Future Trends every year.

While our other two trends this year, Loyalty on Pause and The Expertise of Influence, might on the surface make us feel more comfortable, because we see and experience these trends now and can see the development, they are not any less valuable. As ever, we hope by sharing the trends, and consumers' views on them from the research we carry out, we create some stimulus. That you take time out from your busy day and look at what these trends could mean for you, your brand and your customers.

So sit back, enjoy and, as always, let us know what you think.

Scott Logie

Chair of the DMA Customer Engagement Committee
MD at REaD Group Insight

/ Foreword – Salesforce

The last few years have forced marketers and brands to navigate uncharted and fast-moving waters. New technologies and expectations are changing the way businesses build relationships with their customers.

Salesforce is delighted to be sponsoring this report, particularly as it focuses on one of our core values: innovation.

Salesforce's own latest research, the [eighth edition of the State of Marketing](#), also looks at the trends that 6,000 global marketers told us about, and they complement those in this report.

As customer preferences, buying behaviours, and expectations shift, marketers are realigning priorities to meet audiences' new demands. Ninety-one per cent of CMOs told us they must continually innovate to remain competitive.

In tough economic times, brand loyalty can't be taken for granted. Eighty per cent of marketers say customer experience is a key competitive differentiator, and they are hungry for more connected data in order to deliver on it.

For marketers, using connected data and building trusted relationships are intrinsically linked. Data has gone from being a supporting player to a mission-critical component at the heart of today's digital-first company.

As marketers have increasingly more data at their disposal, they are now laser-focused on getting the most out of limited budgets and resources to reach audiences and build deep customer relationships.

Marketing organisations have also had to adapt to the shifting needs of their workforce, adopting an average of four collaboration technologies to unify global marketing teams. Taking the lead are technologies like video conferencing, channel-based collaboration platforms, instant messaging or chat apps, and enterprise social networks. While email makes it into the top five, it's clear that communication tools that enable instant, asynchronous work are preferred to interact with one another.

Once you've digested the insights from this report, we invite you to download the [8th State of Marketing](#) to continue learning where marketing and marketers are heading next.

Jonathan Beeston,
Product Marketing Director, EMEA, Marketing Cloud at Salesforce

/ Foreword – dotdigital

As the cost-of-living crisis deepens, one thing the DMA's Future Trends 2023 report emphasises is the importance of brand authenticity. When a customer interacts with your brand – whenever and however they choose – they expect you to be authentic and flexible.

For a long time, we have talked about the necessity for agility in marketing. As customers behaviours and situations change, so must your marketing strategy.

But changing times call for greater flexibility, and one of our key takeaways from this report is the customers demand for ownership of their relationship with a brand. They simply don't want to be marketed to endlessly. Customers want to decide how often they hear from you, on what channels interactions take place, and when they will shop with your brand.

Just because a customer is not shopping with you every couple of weeks, that doesn't mean they are not loyal supporters. Instead, they're waiting for the right set of circumstances.

Dotdigital recently found that loyalty programs are now one of the top three motivators driving new customers to subscribe to email marketing. In essence, customers want to believe they are getting good value out of their relationship with a brand. Offering loyalty programs that reward customers with exclusive discounts or points every time they purchase will keep your business top of mind when they decide to purchase from you again.

As the report says, fickleness is not disloyalty. You need to be flexible enough to offer customers the value they need, when they are ready.

Meeting these customer demands should be at the core of your customer experience. Inauthenticity – whether that is rigid subscriptions that demand commitment, or overuse of paid influencer promotions – will lead to fewer and fewer customers returning to your brand.

The more customers trust your brand, the stronger your marketing results will be as we ride out the impending recession.

Frank Brooks

Head of EMEA Marketing at Dotdigital

/ Foreword – Merkle

Businesses have always had to respond to change to survive, but due to external factors outside of our control, that pace of change is accelerating fast, and brands need to adapt to drive customer loyalty to survive. In the social context of a cost-of-living crisis, which is seeing previously top-performing companies struggle to remain relevant, many loyal customers who were previously driven to a brand due to factors outside of cost, (such as quality of product, conveniency etc.) will begin searching for cheaper options from a competitor.

But financial motivation is just the tip of the loyalty iceberg. Below the surface, there is a greater demand from consumers for personal experiences.

Research found that 32% of customers will leave a brand after just one bad experience, proof that the current stakes couldn't be higher. A further 59% will walk away after two bad experiences. As the [How to Win Trust and Loyalty 2022](#) report highlights, a key driver in the battle for loyalty isn't just about the best price available, it's about the entire customer experience and making every moment matter.

Earning customer loyalty is no longer a post-sale activity – it encompasses the customer experience as a whole – from the very first customer touchpoint, through the purchasing journey, right down to post-sale engagement.

The findings of this year's trust and loyalty research show that the increasing number of customers that switch between brands in search of new experiences are not 'disloyal', they're perceptive. With this, a new challenge for brands and marketers; curating genuine customer experiences that are simple, adaptable, personal, and ultimately, meet their customers' expectations.

It's important to note that meeting customer expectations is not a one-size-fits-all approach. That's why knowing your customer through data and insights and putting your customer at the centre of your organisation has never been more important. Businesses that can expand their offerings based on their customer's behaviours, needs and values while simultaneously providing a seamless experience can rest assured that they've earned the loyalty that they need to sustain them through what may lay ahead.

Azlan Raj

Chief Marketing Officer – EMEA at Merkle Inc.

/ Loyalty on Pause

As we discovered in the latest [How to Win Trust and Loyalty 2022](#) report, while loyalty has remained remarkably stable throughout the pandemic and now the cost of living crisis, feelings of disloyalty and willingness to switch brands for a great deal remain.

Within this seeming contradiction, a new consumer behaviour is emerging. Consumers are utilising the [surge in subscriptions](#) and the control they demand as part of these offers to now switch their brand loyalty on and off as they wish. The key for brands is to ensure that this loyalty boomerangs back.

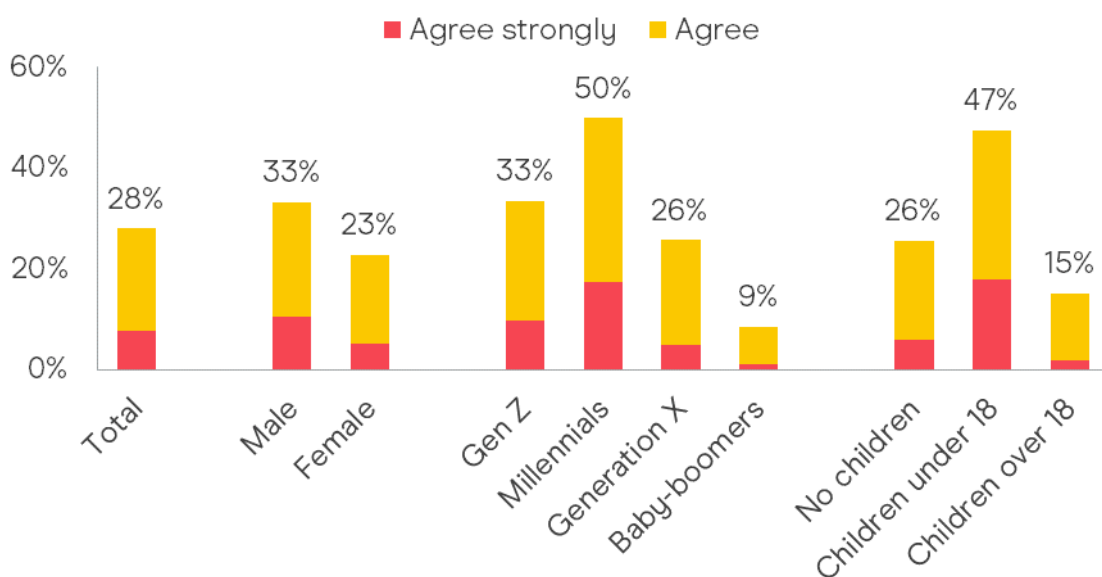
The Trend

The significant growth in media subscriptions amid the pandemic and lockdowns is leading this sector to be one of the clearest examples of this trend. These myriad media platforms subscribe to seemed to be more resilient than others in the early months of the cost of living crisis (according to [our previous report](#)).

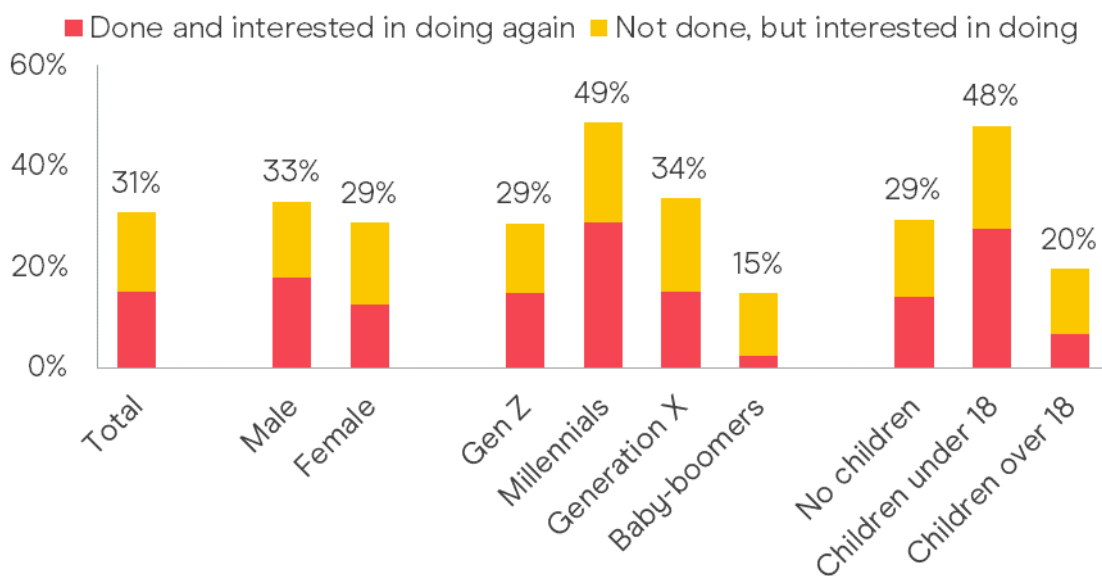
However, we can also see that while engagement and loyalty may remain strong, switching between media subscriptions has fast become a strong preference too. Over one in four consumers now say they prefer to minimise the number of media subscriptions they have by switching between them (28%). Furthermore, almost a third have already done this or would do it in the future (31%).

In particular, half of Millennials (50%) agree they prefer switching, with a similar proportion (49%) having switched media subscriptions and then back within a few months or are interested in doing so in the future.

How much do you agree or disagree with the following: "I prefer switching between media subscriptions than subscribing to more than one at the same time"? (Net agree)



Which of the following have you done, and which would you be interested in using in the future: “Switched media subscription brand to another and then switched back again within a few months”? (Net Done and Interested)



The Insights

This trend is being driven by a number of consumer behaviours that have also been key in the continued growth and popularity of subscription options for both products and services – discussed in our 2021 trend [Subscription Economy Surge](#). Here are some of the key insights reinforcing this new trend today.

Commitment phobic

Many consumers in the UK find long-term commitment to be a commercial turn-off. Over half (54%) say they have “actively avoided buying a product/service in the past because the contract tied me in for a long period of time” (according to data from [Foresight Factory](#)). Additionally, agreement with this statement is relatively consistent across the demographic spectrum, meaning all consumers appear to actively avoid committing to a brand.

Expectation of freedom

The majority of consumers expect to be able to leave a subscription without penalty (according to data from [Foresight Factory](#)). Over three quarters (78%) of consumers agree that if they subscribe to a product or service, they “expect to be able to cancel it at any time without penalty fees”. The agreement is slightly higher among women (80%) and rises with age, peaking at 87% among consumers aged 75+ and 86% of Baby Boomers.

In general, this highlights the expectations of consumers that they should be allowed to come and go as they please, without penalty – inextricably linked to the previous insight about the phobia of commitment too.

Fickle doesn't mean 'Disloyal'

Particularly amid a cost of living crisis, this apparent 'fickleness' doesn't necessarily mean consumers are disloyal. In fact, according to the DMA's loyalty segmentation, consumers described as 'Active disloyals' have actually reduced since 2016 from 27% to 18% this year (to find out more about this segmentation, read the [How to Win Trust and Loyalty 2022](#) report).

Consumers merely recognised that being fickle and switching to alternative offerings can create opportunities to, for instance, save money or savour a new experience or level of service. As such, offerings that can satiate the commitmentless freedom customers desire still have the opportunity to thrive. The key is to accept that customers might go, but to entice them to boomerang back faster and for longer.

Takeaways

Emphasise flexibility and freedom

To encourage customers to commit, consider experimenting with new models that offer shallower forms of commitment – and make these clear before purchase to encourage customers to take the plunge. Above all, stress that the customer remains firmly in control of the “off” switch in the relationship at all times.

Offer new types of flexibility

Consider offering different kinds of flexibility in response to loyal customer feedback. For instance, invite loyal customers to share their views on commitment and flexibility. This will better inform new product/service development and innovation; it will also make customers feel as if they have a stake in the business, thereby creating deeper engagement.

Focus on the experience

If you promise flexibility and freedom, make sure your customer experience is supporting this message. Ensure that the customer journey for entering and exiting is clear and barrier-free. The experience must be as easy as it sounds, both online and offline. Customers will not easily forgive a broken promise of no-strings-attached flexibility.

Then brands can focus on the benefits and offers that can encourage customers to come back sooner and stay longer.

Questions

- How flexible can your products be?
- Could you allow consumers to turn specific features on and off as needed?
- How can you adapt your offerings to changing consumer usage patterns?
- Could offering more modular access to features via subscription packages offer a more personalised experience?
- Would giving customers more control over their experience increase revenue opportunities for your brand in the long-term?

Case studies

RAC: Insuring infrequent drivers

In March 2021, the RAC launched a new car insurance [offering](#) that allows infrequent drivers to pay for cover only when they use their car.

The Pay By Mile programme is targeted at drivers who travel less than 6,000 miles per year, a group the RAC says are overpaying for insurance. With the new system, they will pay a one-off charge of £50 plus a low monthly fee to insure the vehicle when not in use. They are also quoted a cost per mile, which can be as low as 4p. The driver's mileage is calculated by a small drive tag that sits on the windshield, and customers can manage all insurance fees in a dedicated app.



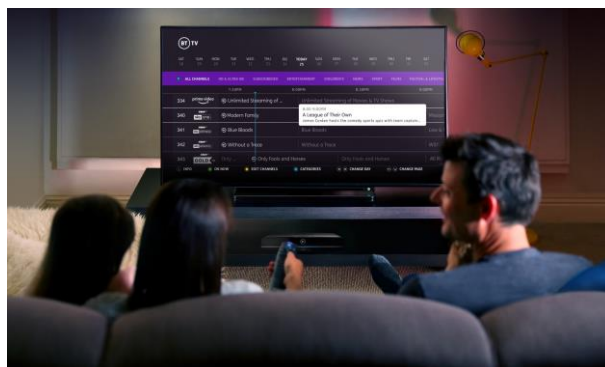
As mentioned earlier in this chapter, many consumers have already actively avoided buying a product/service in the past because the contract tied them in for a long period of time, highlighting the appeal of flexible insurance offerings like this one.

The RAC also said the COVID-19 pandemic inspired them to introduce this programme, as consumers were often unable to drive and therefore were not getting their money's worth with their traditional insurance policies.

BT TV: Don't watch? Don't pay

In early 2020, [BT TV](#) launched a new range of flexible TV packages designed to offer UK customers access to the widest choice. Designed to enable customers to select the TV shows, films and sports they want to watch.

The 24-month flexible TV packages launched additional content to help customers choose the right TV line-up that best suits their needs. With package prices starting at just £10 a month, customers were given the flexibility to upgrade, downgrade, and add content to enable their TV to adapt to changing lifestyles month-to-month.



In addition, other services were fully integrated into the offering, giving customers flexible access to BT Sport, NOW TV, Amazon Prime Video and Netflix, with easy-to-use search and one simple bill. The flexibility and control, coupled with the range of media subscriptions available clearly resonated with customers too, as the campaign to launch the new services won [Gold for Best Launch Campaign at the DMA Awards 2020](#).

BMW: Access to in-car features

In July 2022, BMW began charging drivers across the globe for access to in-car features such as [heated seats](#) for a monthly or annual fee. Access can be managed via the company's ConnectedDrive portal, where apps can be downloaded to control various aspects of a car's functionality. Over-the-air updates mean that features can be added or removed without needing a visit to a dealer or garage. Access to heated seats in the UK is £15 monthly, £150 annually or £250 for three years.



Though this access model is currently only available in certain markets, it may prove attractive to some consumers who do not wish to pay for heated seats in the summer months, for instance, and want to feel more in control of their outgoing expenses.

/ The Expertise of Influence

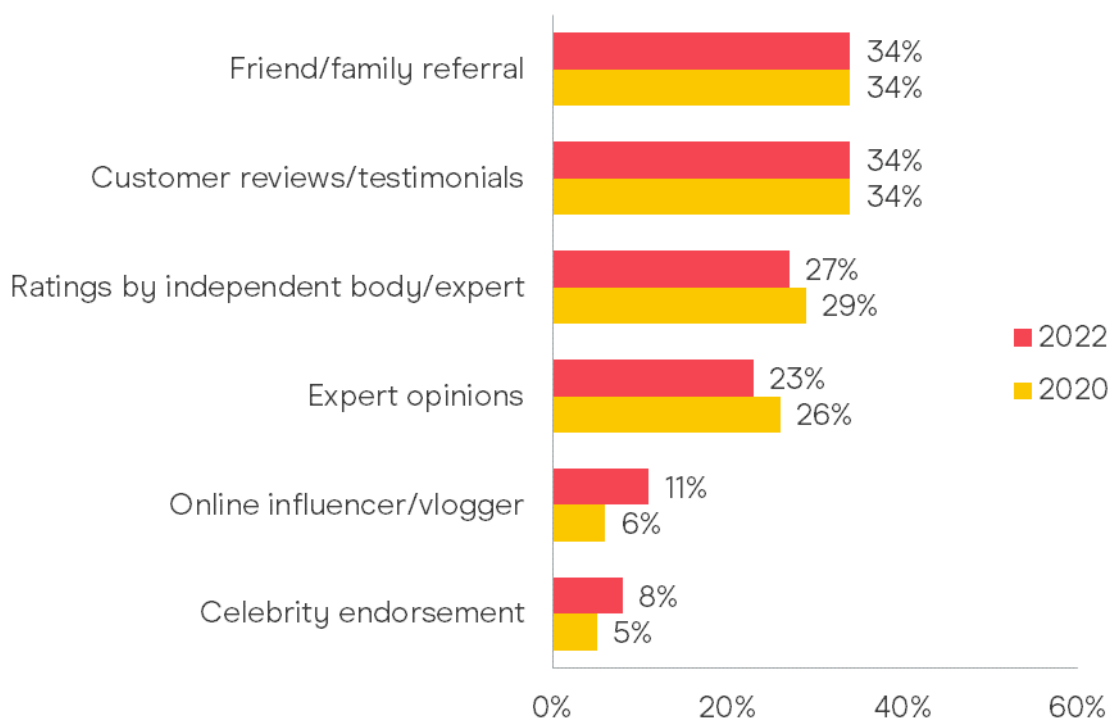
As discussed in 2022's [Influence in the Age of Social Media](#), social media has fast become a ubiquitous part of consumers' daily lives. Alongside which the idea of influence is evolving, pitting experts and influencers seemingly at odds, but could the future be in understanding how expertise can be found in the modern influence landscape?

The Trend

The latest figures from the [How to Win Trust and Loyalty 2022](#) report highlight the early signs of a shifting consumer attitude to expertise, away from some traditional voices of authority to online influencers and celebrities. This is something we expect to continue to shift, but will experts change with the times as well?

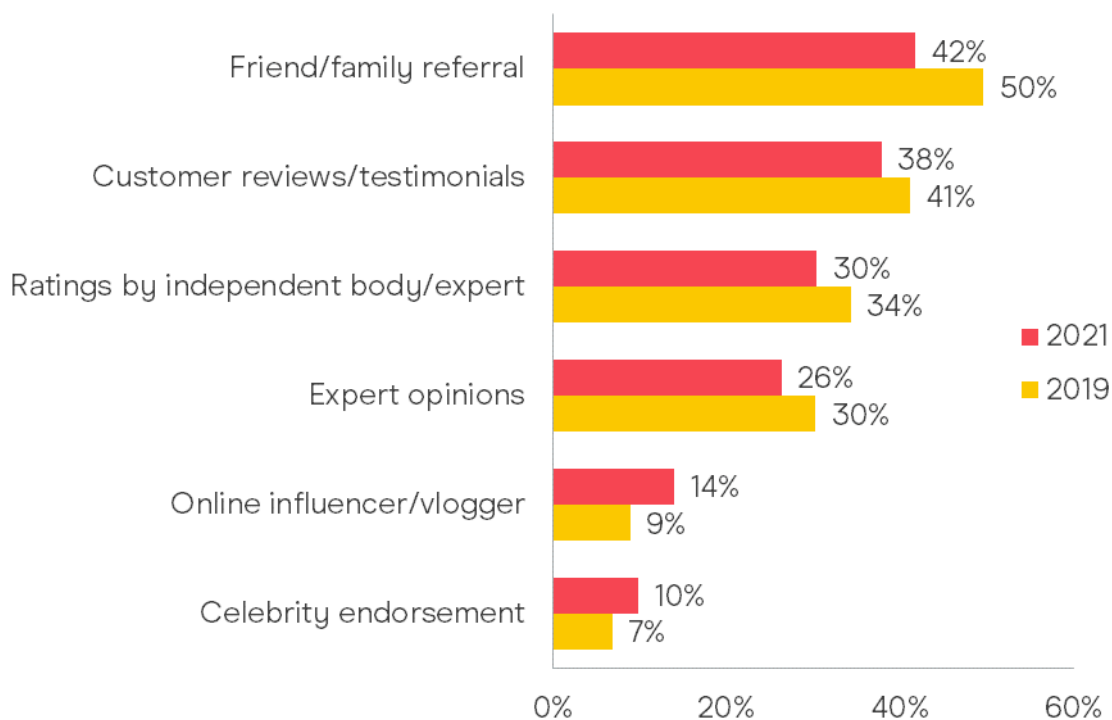
In 2022 fewer consumers selected options of expert ratings or expert opinions and more chose influencer endorsements when asked what would help them to trust marketing messages more from brands they already knew.

Which of the following would help you to trust marketing messages you receive from brands /companies you already use or are aware of?



Similarly, data from the [Customer Engagement: Acquisition and the Customer Mindset 2021](#) report paints a similar picture for new brands too, with a seeming decline in independent ratings and experts, while influencers and celebrities increased. In addition, there was a decline in personal referrals and customer reviews for new brands.

Which of the following would help you to trust marketing messages from brands/companies you have not used before?



Could this be a sign that customers are becoming less trusting of authoritarian or formal opinions? And putting ever more weight on people they see as their peers online as part of their daily digital lives?

The Insights

This trend is being driven by several shifts in the media landscape and consumer behaviours. Here are some insights into what's built this trend and what will drive it forward in 2023.

Inspiration of influencers

Influencers are everywhere. Their rise is being fuelled by consumers' growing distrust of traditional sources of information and the democratising force of social media. Creating a new generation of everyday entertainers and self-styled influencers, within which expertise and inspiration can be found.

From recipes to cleaning, career advice to money management, influencers cover a vast range of areas. Cooking and recipes are one of the most popular topics, with 16% of consumers currently following online influencers in this space – rising to 28% for Millennials (according to data from [Foresight Factory](#)).

In addition, 14% follow travel influencers and 13% track health influencers, highlighting the various opportunities to learn, but inspired and ultimately influenced by these new experts.

Trust is in short supply

Savvy consumers, jaded by scandals and all too aware of paid-for #ads, know to look at influencers with some scepticism. In 2020, only 7% of UK teens strongly agreed that they trust sponsored posts by influencers. In 2021, just 17% of adults trust that influencers' recommendations are genuine – although that's significantly higher than the global average of 7%. Among Gen Z, trust in influencer recommendations dropped between 2019 and 2021 (according to data from [Foresight Factory](#)).

As a result, some influencers are beginning to eschew paid brand partnerships to prove the authenticity of their recommendations. Meanwhile, micro and nano influencers, who have more niche but very dedicated audiences, are also on the rise, being seen as more relatable and trustworthy than mainstream influencers.

Authentic and intelligent brand partnerships

Despite concerns about trust, influencers (of any size) can still wield power and drive purchasing decisions. Nearly 1 in 4 consumers (24%) have bought something directly through a social media site, and influencers are often the driver (according to data from [Foresight Factory](#)).

What's more, standout brand-influencer partnerships still have the power to grab headlines, amass huge followings, cause products to sell out, and greatly increase the influencer's wealth. Brands that can find an authentic and intelligent partnership can still capitalise on the influence of their expertise.

Takeaways

Commitment to influence

If your brand is looking to utilise influencers as part of its customer engagement strategy, commit to ongoing relationships. Through this commitment to those relationships that work, brands can drive better outcomes through a stable and long-term association.

If you have an authentic and ongoing commercial partnership with an influencer, their followers will likely have seen your collaboration in action over time. This will make you appear as a familiar and reliable brand, turning the partnership into a multiway relationship. Promotions and competitions will add extra incentives and keep the relationship from turning stale.

Engage new audiences

Brands can use influencers to target new audiences, tapping into the direct point of contact with potential customers they offer. If your brand is looking to promote a product or activate a campaign with a particular audience in mind, the right influencers can be some of the most effective advocates your brand will find. They are able to provide trusted reviews and opinions – as long as they can prove they have used your product or service themselves.

Beware the influencer brand

As influencers grow and potentially become brands in their own right, launching their own paid-for offerings, they may become competition for your brand. Whether that's a direct competition or more indirectly contesting for promotion within the influencer's content. Either way, be aware of the threat this could pose: creators are able to leverage their position with your brand fans to attract them to their own offerings.

Consider how you can adapt your engagement strategy. Can you rely on your long-standing expertise in your field, or do you need to consider building your own online communities instead of relying on influencer networks?

Questions

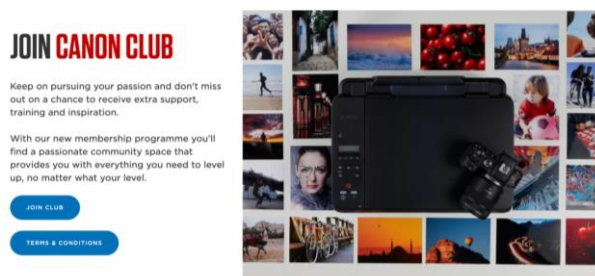
- What is your brand doing to support the creator economy?
- If you work with influencers, are you giving them easy access to their earnings?
- How can you innovate to use influencers to reach under-served groups?
- Could your brand use TikTok for a campaign to offer an unfiltered look at the impact of your product or service?
- What subjects could you help destigmatise as you present your brand's solution to sensitive problems?

Case studies

Canon: Join our Club

In the summer of 2022, the global photography and printing brand launched [Canon Club](#), a dedicated community where customers can find advice, inspiration and tips from like-minded, passionate creatives.

To join the online community, customers must have made a purchase in the last 12 months to be able to register. From there they can explore and discuss photography, while learning and getting the support they want from other expert users within the community.



Members can earn points every time they make a purchase, register a product, through community engagement and completing their profile. These add up to put each member into one of three benefits tiers:

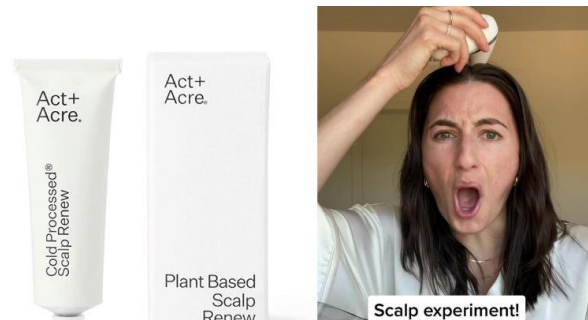
- **Keep on exploring:** Introductory tutorials and product discounts
- **Keep on creating:** Access to live events and workshops delivered by industry pros
- **Keep on mastering:** 1-on-1 classes with Canon ambassadors and increased VIP discounts

More information about the Club and its launch was shared by Beth Simpson, EMEA CRM & Data Analytics Senior Manager at Canon, at the DMA's [Customer Engagement 2022](#) event (recorded and available on the [DMA website](#)). Canon's recent loyalty campaign also won [Gold for Best Customer Retention or Loyalty Programme at the DMA Awards 2021](#).

Act+Acre: Tapping into ScalpTok

In May 2022, US indie haircare brand Act+Acre ran its first influencer campaign. This was done primarily on TikTok to reach the mass of users interested in and posting about hair and scalp issues, who make up what's unofficially called 'ScalpTok'.

As part of the campaign, the brand worked with beauty and fashion influencer [Haley Ivers](#). She went five days without showering and then posted a video to her 148,000 followers that showed the state of her scalp – using a special proprietary camera from Act+Acre that magnified the surface 500% – before using the brand's Cold-Pressed Scalp Renew.



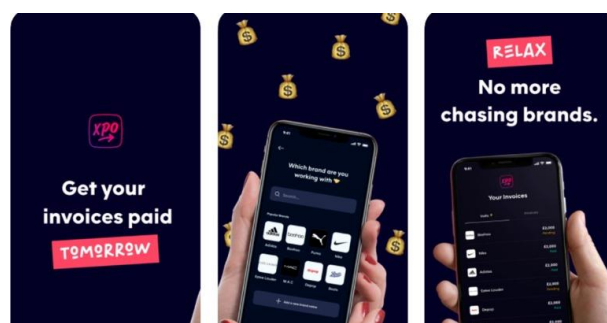
TikTok is often seen as an "unfiltered" social media platform, as creators and viewers alike appreciate genuine and truthful content. As such, potentially sensitive topics, such as acne treatment, period cramps, and scalp care have all found their audience on the platform.

By August 2022, #scalpcheck had 6.2 billion views, #scalp had 1.9 billion, #scalpcare had 206 million and #scalphealth had 121 million. Helen Reavey, Act+Acre Founder and Trichologist (specialist in the hair and scalp) reported the month of the campaign was one of the company's best since it launched in 2017. Leading to an influx of direct messages from viewers eager to receive advice on their scalp issues.

XPO: Creator-specific banking

Launched in the summer of 2021, [XPO](#) is a digital banking app designed specifically to support online creators.

Like many freelancers, creators often struggle to get paid promptly. According to Lotanna Ezeike, the CEO of XPO, more than 50 million content creators have to wait 120 days to be paid by the brands they work with. This is a problem he is looking to solve by getting payment to its users within 24 hours, and XPO plans to build an entire financial ecosystem around young creatives and influencers.



To put this into context, an estimated 50 million people around the world consider themselves creators, and this is only likely to grow (according to [Reuters](#)). In addition, three-quarters (76%) of global consumers have made money outside of their regular source(s) of income from their skills (according to data from [Foresight Factory](#)).

/ Virtual Brand Engagement

This trend revisits a topic last discussed in 2021 as part of the [In-Game Brand Experience](#), but looks further to how brands are engaging customers through these virtual environments and games. With early indication that virtual goods are an opportunity brands should not overlook.

The Trend

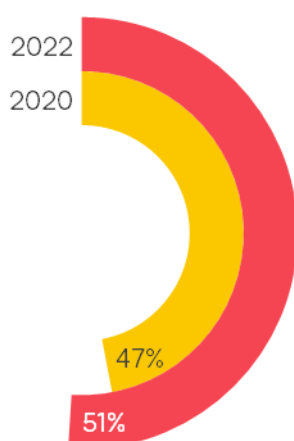
Gaming has fast become a mainstream pursuit, with 45% of consumers stating they play computer games (via any device) at least weekly (according to data from [Foresight Factory](#)). This leisure activity also appears to transcend age more than some might assume, with a third of those aged 55-64 claiming to do so, though levels are highest among Gen Z and Millennials at 60%. Men (51%) are also more likely to play than women (39%).

Amid the pandemic this gaming trend also saw a significant boost. In March 2022, 10% of people said they expect to game more in the next 12 months than compared with pre-pandemic. Meanwhile, 28% of consumers play online games against other people at least weekly, rising to 53% of Gen Z. Mobile gaming is another important channel, with 42% of Brits stating that they play games on their smartphone at least weekly, up from 38% in 2019 (according to data from [Foresight Factory](#)).

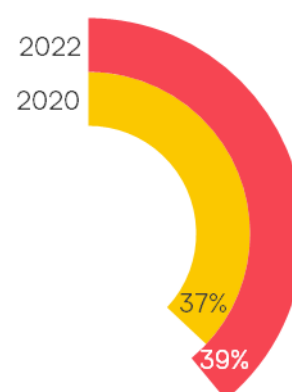
Most important for brands is that these consumers playing games are increasingly showing a preference for seeing their favourite brands in the virtual environments they play in (39%). There's also a growing interest in engaging with these brands and trialling yet-to-be-released products or services from their favourite brands in-game (51%).

Gamers' interest and willingness to engage with favourite brands 'in-game'

"I would like to be able to test out new unreleased products from favourite brands in games I play"



"I would like to see more of my favourite brands in the games I play"



Furthermore, among these gaming consumers over a third (35%) would like to be able to buy digital versions of real brands in the gaming environments they inhabit. Highlighting the opportunity for engagement with virtual products and services, whether they be real-life or yet to be released.

The Insights

Experience seekers

As games become increasingly immersive and experiential, so they will become an even more impactful and memorable channel to engage existing or potential customers. Already, 15% of consumers claim to have attended a virtual entertainment event, such as a concert or party. This figure rises to 28% for Gen Z and 35% for higher-income households (income of £75,000 or more). Several brands have used online gaming worlds to host virtual events, as mentioned in the previous [In-Game Brand Experience](#) trend from 2021.

Spectator esports

Gaming itself is fast becoming a spectator sport in its own right, thanks to the rise of esports. Millions of consumers use platforms like Twitch to watch livestreams of gaming and esports. According to data from [Foresight Factory](#) 7% of consumers claim to use Twitch at least monthly, rising to 21% among Gen Z. According to research by [SkyQuest Technology](#), the global esports market was valued at \$1.1 billion in 2021, a figure that is predicted to grow to \$2.8 billion by 2028.

Virtual buying

According to the DMA's [How to Win Trust and Loyalty](#) research, over a quarter of all consumers (28%) say they would like to be able to buy a virtual product or digital goods from a brand they already use in real life. For those that have already bought some form of digital goods, this rises to 71%, highlighting the loyalty opportunity virtual goods and sales could offer.

There's a potential acquisition opportunity in the real world here too, with 30% of people saying they'd like to buy from a brand in real life that they have already bought a virtual product or digital goods from. Again, rising significantly (69%) among those consumers that have already bought digital goods.

Takeaways

Align digital and physical worlds

Many brands have begun offering exclusive apparel in recent years, and now the rise of digital proxies allows for similar propositions for avatars in the digital world. This can be a virtuous cycle for brands, where testing or purchasing a virtual version of an item, such as makeup or even a car could lead to the sale of a physical alternative at a potentially higher price point.

One of the benefits of digital living is that it frees consumers from the constraints of physical geography, allowing them to find community and belonging at the click of a button. Support positive social connections and identity-building in online spaces, and put measures in place to ensure that the anonymity granted by avatars doesn't lead to trolling or bullying.

Virtual rewards

Consumers collect in virtual environments for the same reasons they do in real life – for a sense of ownership and to earn hard-won bragging rights. Therefore, creating space for users to flaunt their digital assets, whether that's by putting on virtual fashion shows or offering digital display cases for NFTs and other unique digital artefacts.

Platforms like Minecraft and Roblox **also** exemplify how digital worlds can promote and inspire

creativity. Rewarding your customers for creative outputs, for example, by offering new features to users who build their own environment within yours. You can also empower users to co-create. Consider how you can treat ad hoc collaboration groups as brand fans and even support ongoing communities.

Be part of the game

The expansion of gaming worlds, such as Roblox, creates opportunities for brands to create and integrate their own gamified marketing campaigns. In some cases, these could benefit from having a central theme or message that reinforces brand values, but they could also take the form of a fun, light-hearted activity that is not designed to be virtuous, such as searching for cartoon monsters.

Questions

- How are you using game worlds and gamification to engage your customers?
- Could you consider leveraging these spaces to help brand fans explore their own creativity – or at least experience community with one another?
- Is it time for your brand to crossover into the world of casual gaming?
- Can your brand provide ways for consumers to signal their real-world values in virtual spaces?
- What next? Should your brand be developing a metaverse strategy?

Case studies

Depop: Sims digital thrifting

In the summer of 2022, peer-to-peer resale platform Depop [teamed up with](#) the video game The Sims 4 to bring virtual clothing and second-hand shopping to the in-game world.

In a new expansion pack called High School Years, Sims players can buy Depop clothes with in-game currency, and they are rewarded for reselling their outfits via a new Sims app called Trendi that mirrors the real-life Depop experience. Five Depop sellers were tasked with creating the virtual fashion items, which can be bought inside the game's new thrift store and boba tea hangout, ThriftTea.



Resale is a rapidly growing category, and Depop is reaping the benefits. The company was acquired by Etsy in 2021 and reportedly has more than 30 million registered users in more than 150 countries. This new feature is designed to appeal to resale fans who enjoy buying and selling second-hand items in real life, either for sustainability purposes, social cachet or both.

Nike: Launch meta Nikeland

In November 2021, Nike launched [Nikeland](#) in-game platform Roblox. The virtual world includes Nike buildings, fields and arenas for players to compete in various mini-games, ranging from tag and dodgeball to “The Floor Is Lava.” It’s also modelled after the company’s real-life headquarters.



Users will also be able to enter a digital showroom to dress their avatar in everything Nike and check out the company’s latest product offerings. Items could be modelled after real-life Nike products being offered or from past launches. Nike could also tease future products or allow kids to co-create items.

Nike CFO, Matt Friend, commented on the opportunity for digital goods around the launch “Digital is increasingly becoming a part of everyone’s shopping journey, and we are well positioned to reach our vision of a 40%-owned digital business by fiscal 2025.” CFO Matt Friend

Hellmann’s: Fighting food waste with Animal Crossing

In the run-up to Christmas 2020, Hellmann’s wanted to spread goodwill and show its support to fight food waste. The brand set itself a target of donating 50,000 meals to people in need during Christmas 2020.

Amid the pandemic, the Nintendo game ‘Animal Crossing: New Horizons’ grew dramatically in popularity in the UK. The game’s primary players reflected the audience Hellmann’s wanted to reach. Importantly, Animal Crossing also has a food waste problem! Every week, players trade turnips to make money; unsold turnips spoil, becoming worthless.



Therefore, the two teams up to spread the food waste message to players young and old, especially at Christmas when many families need extra support via food banks, and charities require financial support to help those in need.

A holiday-themed branded island was built where players could convert their virtual food waste in-game into real nutritious meals for people in need at Christmas. For every spoiled turnip donated on the island, Hellmann’s made a financial donation to distribute the equivalent of two meals by [FareShare](#). To educate the audience about food waste and help reduce it in their own lives, the initiative included a series of in-game ‘ugly Christmas jumpers’.

Ultimately, the partnership achieved the 50,000-meal donation target and raised awareness of food waste, leading to it winning the [Gold for Best Sustainability Campaign at the DMA Awards 2021](#).

Spotify: Music space for fans and artists

In May 2022, Spotify launched [Spotify Island](#) in-game platform Roblox. The digital destination enables users to socialise together, play games, collect items in exchange for merch, and co-create their own music via Spotify-owned [Soundtrap](#). The island also enables fans to meet musicians.

The official press release says that Spotify Island is "a paradise of sound where fans and artists from all over the world can hang out and explore a wonderland of sounds, quests, and exclusive merch...[it] is an audio oasis that has it all".

While Spotify is the first music-streaming brand to have a presence in Roblox, it is far from the only brand and surely won't be the last.



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/ Methodology

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The report partially reviews data from the '[Customer Engagement: How to Win Trust and Loyalty 2022](#)'. In addition, the DMA Insight department conducted desk research on industry trends, including the use of Foresight Factory's FFonline platform.

If you have any questions about the methodology used in the report, you can contact the DMA's research team via email: research@dma.org.uk

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For more information, contact Merkle at 1-877-9-Merkle or visit www.merkleinc.com.

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