

# TRENDS 2022

A Special Report from Media Group Online, Inc.

Undoubtedly, the pandemic is the trend the world is ready to become passé. Despite the many challenges to the economy, businesses of all sizes and individuals and families, the most positive trends for 2022 are everyone's collective resilience, community spirit and a focus on new goals and aspirations.

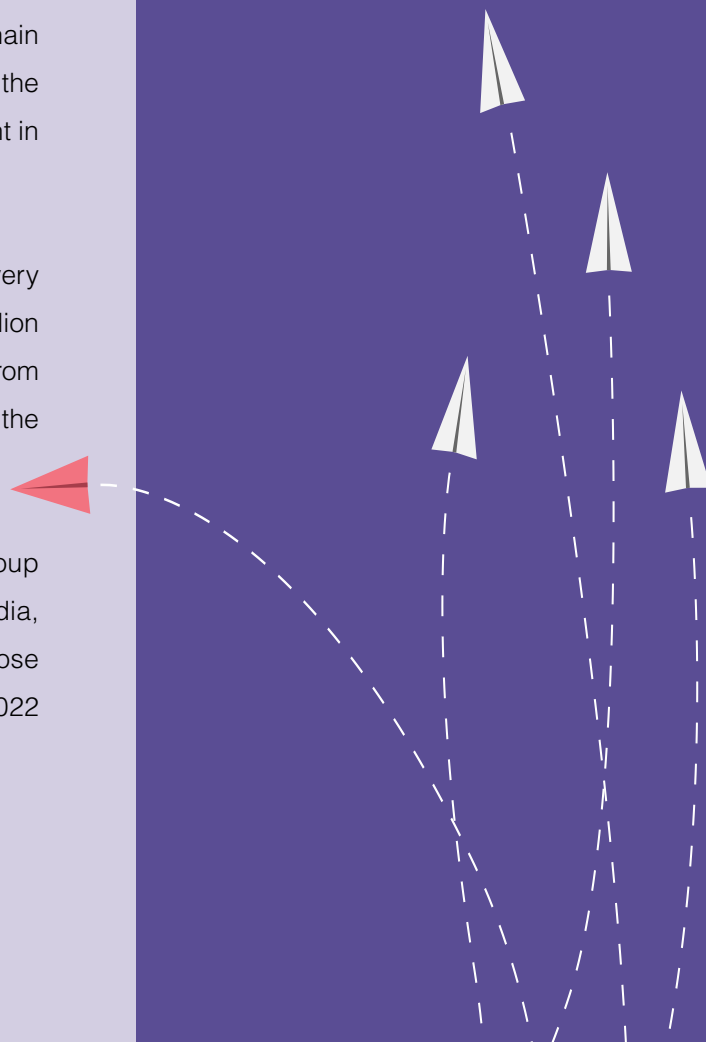
Although the broad economic challenges of inflation, supply-chain issues and tight inventories in various sectors often dominate the news, more analysts are forecasting a significant improvement in most of these economic categories during 2022.

An often-overlooked trend throughout 2021 and with every likelihood of continuing into 2022 is the approximately five million new business applications filed, a 55% percent increase from 2019. More importantly, many of these new businesses are the type more likely to create new jobs.

As with previous annual Trends reports from Media Group Online, the 2022 version can't feature every economic, media, retail, consumer, e-commerce and technology trend, but those you'll find here should boost our collective optimism that 2022 will be better.

[www.mediagrouponlineinc.com](http://www.mediagrouponlineinc.com)

# TRENDS 2022



## OUT THE OTHER SIDE

It hasn't been easy to have an optimistic attitude during the pandemic, but a fall 2021 McKinsey & Company survey of 5,000 Americans found a significant increase in those who think they have more economic opportunities, from 10% during the March 2021 survey to 17% in the fall survey.

Unfortunately, the African Americans and Latinx Americans participating in the survey didn't share that optimism as fewer of them felt they had more economic opportunities. Interestingly, survey respondents with incomes of less than \$50K said they were finding more opportunities.

Regardless of demographic, almost all survey participants were less optimistic about the general economic outlook for the next five years. Much of that pessimism could be attributed to pandemic weariness and trying to recover from whatever disruptions people experienced.

Despite the employment and financial challenges many individuals and families still face, many of them are optimistic about their financial situation during early 2022.

According to data from five of The Media Audit's consumer/market surveys from the second half of 2021, an average of 29.3% of adults 18+ share this financial optimism. Unsurprisingly, the largest average percentage are those 25–44 at 43.3%, with those 55+ at an average of 22.8% and 45–54 at 22.8%. Many of those 18–24 are still burdened with college loans and an uncertain labor market, so it follows they would be the age group with the lowest average financial optimism at 16.0%.

Comparing the indices of financial optimists by household income reveals the larger the income the more financially optimistic are these households while those with the smallest incomes are still recovering from the pandemic chaos and having more difficulty holding their jobs or finding new employment.



Adults 18+ Who Are Financial Optimists*, by Household Income Indices, in Selected Markets, 2021					
Household Income	Tampa-St. Petersburg	Southern New Hampshire†	Austin	Monterey-Salinas, CA	Portland, OR
Less than \$35,000	81	96	81	65	82
\$35,000–\$49,999	79	121	111	72	97
\$50,000–\$74,999	96	84	103	70	82
\$75,000–\$99,999	130	112	99	114	116
\$100,000–\$149,999	122	103	99	138	123
\$150,000 or more	157	100	122	139	149

Based on The Media Audit's 2021 surveys

\*financial improvement during next six months

†Belknap, Cheshire, Hillsborough, Merrimack, Rockingham and Strafford counties

## CONSUMER DOLLARS FUEL THE FUTURE

Despite household financial challenges and increasing inflation, US consumers have been the driving force behind the improved 2021 economy, and that trend is expected to continue into 2022.

According to the latest US Census Bureau retail sales numbers, October 2021's total of \$633.90 billion was a 4.3% increase from September 2021, a 14.6% increase from October 2020 and a 21.4% increase from October 2019. For the first 10 months of 2021, total retail sales were \$6.05 trillion, increasing 16.4% from the January–October 2020 period and 19.6% from the January–October 2019 period.



Total Retail Sales for Selected, Major Verticals, January 2020–June 2021			
Vertical	Jan–Oct 2021	Change from 2020	Change from 2019
Furniture stores	\$66.12 B	+23.0%	+24.8%
Electronic and appliances stores	\$75.74 B	+22.2%	+7.6%
Building materials and garden equipment and supplies dealers	\$404.54 B	+12.0%	+28.8%
Food and beverage stores	\$739.31 B	+3.2%	+16.0%
Clothing stores	\$156.64 B	+33.8%	+2.7%
Sporting goods stores	\$53.74 B	+20.9%	+47.4%
Department stores	\$106.28 B	+17.5%	+3.0%
Food services and drinking places	\$677.60 B	+23.4%	+5.2%

US Census Bureau, December 2021



Mastercard Pulse reported retail sales during the November 1 through December 24, 2021 holiday shopping season increased 8.5% compared to 2020, which is slightly less than Mastercard's projected 8.8% increase; however, it was the largest increase of the past 17 years.

Although many analysts were forecasting continued supply-chain disruptions during Q4 2021, consumers were able to find gifts and other holiday merchandise and were willing to absorb the higher prices. 2022 forecasts indicate supply-chain and retail inventory pressures will dissipate. This is likely to lead to more consumer spending for the items they haven't been able to buy and finding more merchandise choices and bargains as retailers reduce excess inventories.

Sustainability will have even more of a significant impact on what consumers buy and where they shop. The Hartman Group's Sustainability 2021: Environment and Society in Focus report found more than 25% of surveyed consumers said a brand's and retailer's stance on sustainability is the primary driver for purchase decisions.

## EVOLVING CONSUMER SHOPPING TRENDS

Consumers may be willing to spend their money, although inflation has increased prices noticeably, but many of their shopping behaviors forever changed by the pandemic are expected to remain. According to the 14th Annual Zebra Technologies Global Shopper Study (2021), almost 75% of Millennials and Gen Xers are driving the new trend of “phygital” shopping, which merges in-store and online shopping as a single experience.

Of particular importance to retailers of all sizes is 64% of the global consumers Zebra Technologies surveyed said they expect to increase their in-store shopping as the pandemic wanes. Two-thirds told Zebra they are more likely to shop online retailers with a brick-and-mortar location.

The study also found almost no distinction between what motivates consumers to shop in-store or online, although they expect the online channel to make it easier to compare prices.

### The Same Retail Basics Drive In-Store and Online Shopping, October 2021

Retail Basics	In-Store	Online
Product availability	57%	59%
Product selection	50%	51%
Price comparison	33%	44%

*Zebra Technologies, November 2021*

The pandemic has also increased Americans’ awareness of their physical and mental health. Retailers can use the steps Americans are taking to manage their health better to connect with them and feature the products and services to help them improve their health.

According to the GWI Consumer 2021 Connecting the Dots report (a survey of more than 10,000 Internet users in seven markets, including the US), “eating healthier” and “exercising regularly” were the top actions consumers said they would use to manage their physical health at 48% each. “Exercising/moving more” was the top action for managing mental health at 42% and “hobbies/activities I enjoy” was second at 39%.



### Adults 18+ Who Are Financial Optimists\* and Indices of Their Major Purchasing Plans During the Next 12 Months, in Selected Markets, 2021

Purchasing Plan	Tampa-St. Petersburg	Southern New Hampshire†	Austin	Monterey-Salinas, CA	Portland, OR
Buy or lease new vehicle	163	106	133	178	138
Any home improvement	126	96	115	113	109
Personal computer/equipment	138	142	131	142	141
New TV	124	139	123	145	141
Major home appliance	126	138	112	177	124
New furniture	170	171	144	115	146

*Based on The Media Audit's 2021 surveys*

*\*financial improvement during next six months*

*†Belknap, Cheshire, Hillsborough, Merrimack, Rockingham and Strafford counties*



## RETAIL'S TORRID PACE TO COOL

The 2021 retail marketplace has been operating at a frantic pace. An interesting comparison from the IHL Group is just the growth in US retail sales (\$831 billion) through the first 11 months of the year was more than the entire retail economy of India at \$814 billion.

Consumers not only had money to spend, but had many needs and wants that were put on hold during 2020. Nonetheless, there are only so many consumer dollars, which has prompted Moody's to forecast a cooling of the hot retail economy during 2022. Instead of the expected growth of more than 10% for all of 2021, the increase in retail sales for 2022 is forecast to be less than 5%.

Savvy retailers will actually welcome the slower growth because it will allow them to stabilize their supply chains and inventory levels as well as evolve into the next iteration of omnichannel retail. Supply chain and inventory issues are short-term and are already returning to normal, but finding a true synergy of the online and offline channels is the long-term goal and benefit for many retailers during 2022 and beyond.

To maximize the value of the new era of retail, retailers will have to focus on adapting more new technologies for their operations and to engage with customers. For example, the Zebra Technologies Study cited on page 4 found 69% of consumers like the combination of in-store and online shopping, especially the use of their smartphones to be even more independent consumers.

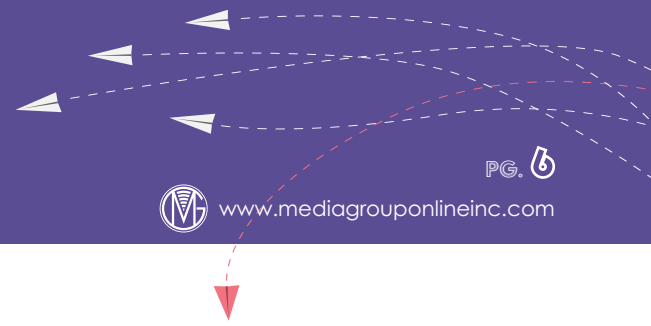


- Research store information – 50%
- Check for sales, promotions and coupons – 46%
- Browse online for products – 39%

According to eMarketer, 85.0% of Mcommerce will occur via smartphones during 2022, increasing 25.7% YOY to \$371.24 billion and by 2025, those numbers will be 90.7%, +19.4% and \$660.55 billion, respectively.

Placer.ai, in its Retail Trends - 2022 Forecast report, expects more digital-native brands (Warby Parker, Allbirds, Everlane and Amazon) to open more brick-and-mortar locations, which is indicative of the strength of in-store shopping. Another retail trend from Placer.ai is the addition of small-format stores, such as Sephora in Kohl's stores and Ulta in Target locations. Kohl's, for example, found more than 25% of its Sephora shoppers had never visited a Kohl's store.



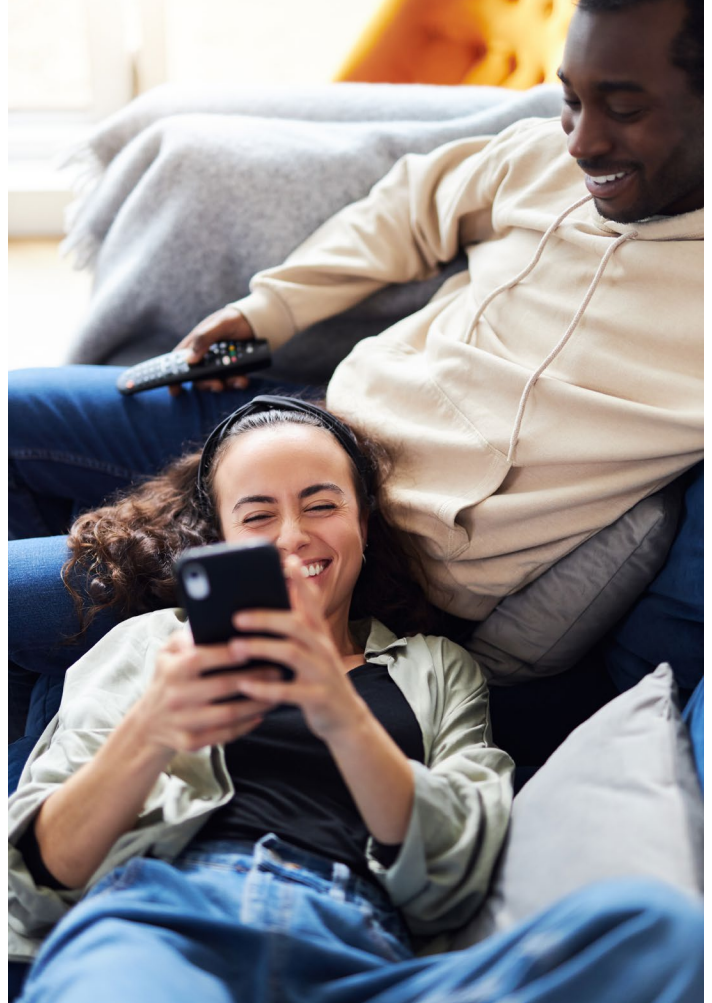


## MEDIA AND AD SPENDING

The importance of media in all forms during the pandemic has been well-documented, and people's need for news and entertainment were major drivers of ad spending. For the new year, however, media, especially broadcast, is anticipating the billions forecast to be spent during the 2022 midterm elections as well as more ad dollars propelling legalized sports betting.

The S&P Global report, The Big Picture: 2022 TMT Industry Outlook (technology, media and telecommunications), forecasts a 12.2% increase in TV station revenues from \$34.06 billion for 2021 to \$38.22 billion for 2022. The big sectors are a 20% increase in spot ad revenue, including \$3.25 billion for 2022 political campaigns; a 5% increase in digital revenue; and a 3% increase in gross retrans revenue.

In the SVOD (subscription video-on-demand) world, there are only so many streaming services the average individual and family can use or afford. Because of so many people stuck at home or working from home, it's understandable online video subscription revenues will increase 94.4% from \$17.5 billion during 2019 to a projected \$33.9 billion for 2022. S&P Global is forecasting the increase from 2021 to 2022 will be just 12.5%, as there are still some major questions about the future of various SVOD services.



Digital ad spending also benefited from so many people glued to their phones, tablets and desktop computers throughout the pandemic. eMarketer forecasts 2021's total of \$211.20 billion was a 38.3% YOY increase, which will moderate considerably during 2022, with a 13.6% YOY increase to \$239.89 billion. Growth may continue to moderate through 2025, but by then, the digital ad market will account for more than 75% of all media spending, reaching a total of \$315.32 billion.

Addressable TV and AVOD (advertising video-on-demand) will be bright spots for advertisers. eMarket projects addressable ad spending increasing 48.1% from 2021 to 2023, and US AVOD viewers will increase 28.4% from 2021 to 2025. More TV stations will also be adding NextGen TV, which could boost ad revenues as more local businesses will be able to afford hyperlocal ad placements.



## SOCIAL MEDIA IS MORE THAN SOCIALIZING

People will likely still post photos of the muffin they had for breakfast and videos of cute pet behavior, but social media will become a more serious consumer-engagement advertising medium during 2022.

Of course, at this time of the year, the forecasts for social media are many and varied; however, a trend shared by many analysts is the continued move from Facebook to a more diversified social media strategy. According to a November 2021 HubSpot survey of social media marketers, a majority (64%) said they use three to five social media platforms.

As Facebook morphs into Meta, Facebook's rather meager 5.2% average reach for an organic post and an 0.25% average engagement rate are expected to compel many advertisers to migrate to TikTok and YouTube.

App Annie is predicting 1.5 billion active global TikTok users during 2022 and eMarketer projects 130.8 million US viewers of YouTube during 2022, which is just via connected-TV (CTV). Desktop and mobile viewers of YouTube add millions more. Both platforms will benefit from their focus on sharing video content, which has been and continues to be the hot social media content. YouTube is even more attractive since it is the only social media that sits next to Netflix, Hulu, Amazon et al on TV viewers' screens.

Despite Facebook's low average reach and average engagement rate, the majority of the more than 18,000 marketers, industry analysts and Hootsuite customers and partners surveyed for Hootsuite's Social Trends 2022 report said Facebook was the "most effective for reaching their business goals."

Editorial credit: Primakov / Shutterstock.com



### Top Five Social Platforms Most Effective for Marketers Reaching Their Business Goals, October 2021

Platform	Percent
Facebook	62%
Instagram	49%
LinkedIn	40%
Twitter	39%
YouTube	34%

MediaPost (Hootsuite), November 2021

Livestream e-commerce is another trend that merges with social media. Instead of consumers shopping and buying only on an e-commerce site, brands and retailers are engaging consumers who already follow them with live shopping events à la QVC and HSN.

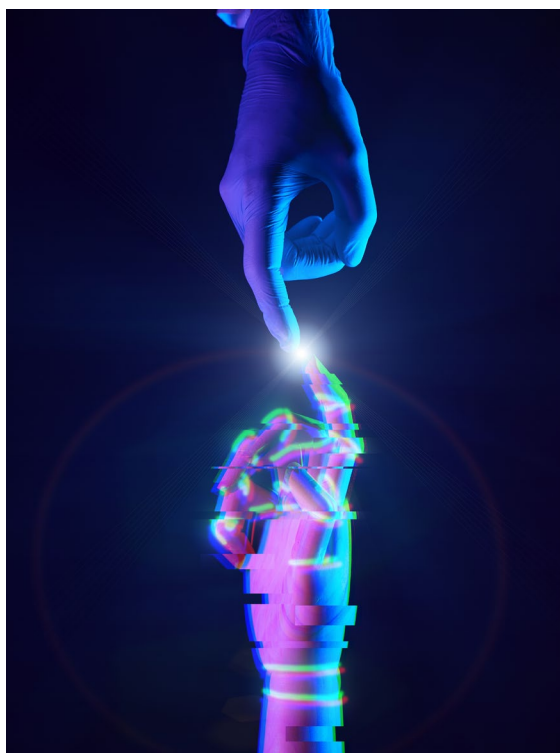
## UNSTOPPABLE

## TECHNOLOGY

Today's technologies, regardless of how much they seem like science fiction, are serving basic human purposes: to make our lives better, to advance faster and to create new markets and opportunities for everyone.

Now that electric vehicles (and eventually autonomous vehicles) have entered the mainstream market, the transformation of the auto industry will be historic, but technology is about to have a broader impact on the entire transportation sector.

Flying taxis and other electrically powered airborne vehicles are moving from the research and development phase to the utilization phase. McKinsey & Company's analysis of various sources indicates these advanced-air-mobility systems could have as many vehicles and flights per day as the largest airlines by 2030.



Robotics continue to enter the consumer economy, especially in the restaurant sector, from automated food preparation devices to digital menus to at-table payment systems to Bella, a robot that greets customers, guides them to a table and brings them their food orders.

Universal systems, such as the Web, are forecast for almost complete makeovers. For example, Web 3.0 is supposedly the next iteration of the World Wide Web where the sources of information are not controlled by a small group of companies, but becomes decentralized through the use of the blockchain and controlled by users instead.

Another looming technology is Matter. The Connectivity Standards Alliance created this protocol to remove all barriers from smart home devices interacting seamlessly. The actual revolutionary element of Matter is Amazon, Apple, Google and similar tech giants would have to agree to join this "mega" platform.

The trends in this report, especially those collectively known as technology, have had and are about to have even more of a profound impact on everything and everybody. It's almost impossible to be current with all of these trends, but understanding some of the major trends will help you guide your clients through the maze. These trends offer benefits and competitive advantages that will grow their businesses and strengthen their customer relationships.

Sources McKinsey & Company Website, 1/22; Yahoo Finance Website, 1/22; NBC News Website US Census Bureau Website, 1/22; CNBC Website, 1/22; SmartBrief Website, 1/22; Zebra Technologies Website, 1/22; GWI Website, 1/22; Retail Dive Website, 1/22; IHL Group Website, 1/22; Insider Intelligence/eMarketer Website, 1/22; HubSpot (for Placer.ai) Website, 1/22; The Media Audit Website, 1/22; S&P Global Website, 1/22; Search Engine Journal Website, 1/22; A List Daily Website, 1/22; ZDNet Website, 1/22; MediaPost Website, 1/22; Social Media Today Website, 1/22; NPR Website, 1/22; PMQ Pizza Magazine Website, 1/22; TWICE Website, 1/22.

Prepared: January 2022

© 2022 Media Group Online, Inc. All rights reserved.