DEPT

Longread • Technology

22 TRENDS FOR 2022

We saw that digital could change the world in 2020. 2021 showed us how fast that change could happen.

Over the course of this year, 5G really took off, we saw the launch of more than a few billionaires into space, and even the discovery of a whole new universe with the rise of the metaverse. Yeesh! It's been a wild ride.

As the world speeds up around us, powered by a host of advanced new technologies, it's safe to say that even at Dept we were staggered by the sheer innovation that digital offered this year.

What's next seems almost beyond our imaginations—well, almost, but not quite. Here's a sneak peak at the top 22 trends we're expecting in 2022.

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Everything is
becoming virtualized

01

Welcome to the metaverse

The metaverse isn't just one of the most-talked-about trends in digital this year, it's one of the most-talked about trends, period. The hybrid digital/physical world represents a cornerstone of Web 3.0, a revolutionary turning point in the evolution of the internet.

According to Isabel Perry, Director of Technology at Byte (part of Dept), "The possibilities that [the metaverse] offers are near-endless. It's time for forward-thinking brands to get involved."

Already the metaverse is packed. Virtual events that take place in the metaverse build on top of the offerings of Zoom and live streaming. Take, for example, the 3D digital "Metapolis" Dept built for the Meta-festival, or even our own Lovie-award-winning internal company event. There's also virtual fashion shows and live shopping. Sometimes these overlap with the gaming world, as in Nike's collaboration with Roblox, a.k.a. "Nikeland". And with both of these, taken together with NFTs and cryptocurrency's surge in popularity this year, there's traction for serious economies to be built in the metaverse.

Over the course of the next year, the metaverse will expand and evolve across a handful of virtual worlds including The Sandbox, Decentraland, CryptoVoxels, and others. More brands will take their first steps into it. Some may even start buying real estate tracts in the metaverse, where some parcels are already selling for the equivalent of millions of dollars.

As the metaverse expands, there will also inevitably be talk about its regulation, particularly when it comes to Meta, the company formerly known as Facebook. Though Facebook's rebrand is still fresh, Meta's Vishal Shah has already been quoted saying that the company will seek to build the metaverse's underlying infrastructure. And it's safe to say that more than a few people are against this.

To quote Jason Moore, VR professor at Brooklyn College, "I think [the metaverse] should be for everyone, and it should not be controlled by any one company. Certainly, it should not be controlled by a company that's demonstrated that they really put profits over people at every step of the juncture."

But never fear, "Meta" doesn't own the metaverse. Contrary to the perception that the rebrand created, the two remain separate. And, that said, the metaverse is shaping up to be an exciting new digital frontier with the potential to both delight users and serve real purpose in their lives.

⊙ Nike World on Roblox

Meta Festival, 2021

02
Virtual events aren't going anywhere

Last year we wrote about how, with in-person events an impossibility, the key to hosting a successful virtual event was to pull out all the stops on your virtual showmanship skills, a la the 2020 Roblox X Lil Nas X concert.

This year, however, the future of virtual events took an interesting turn. Thanks to the rollout of vaccines, we saw the return of some in-person events. But it also became clear that virtual events are here to stay. If 2020 represented the year of virtual events, 2021 represents the dawn of the hybrid event.

If hosted correctly, hybrid events offer the best of both worlds. A good example is this year's Eurovision Song Contest, held in Rotterdam. Eurovision 2021 offered a limited number of socially-distanced in-person attendants, who got to revisit the excitement and enthusiasm of in-person live performance, but they also created a new virtual offering. Eurovision worked with Dept to create a 3D virtual world for the Eurovision Village, which successfully embraced virtual showmanship to create a unique experience that anyone, anywhere in the world with an internet connection, could attend and enjoy.

It goes to show that virtual events can actually do more than just substitute for or supplement in-person events. A virtual offering can expand an in-person event in a big way, opening it up to an audience of potentially millions more people from all around the globe. Not to mention how virtual events are more eco-conscious and put less strain on the planet. Experts like Marco Giberti, author Reinventing Live, confirm that, in order to succeed, most events will go hybrid.

In an interview with Forbes, Giberti predicted that "Communities will interact through the combination of virtual and face to face experiences in ways that will increase their return on investments and improve efficiencies. This trend will facilitate and accelerate hybrid events and a new generation of face-to-face event experiences."

Virtual events will only get better as they become more and more a part of our new norm. Research from this year valued the global virtual event market at 9.03 billion in 2020 and projects that value to more than double by 2028 to $22.75 billion. We, for one, can't wait to experience what's next.

Eurovision Village 2021

03 Synthetic media: a fictional feat

Of all the things to spark national security concerns, few people would expect a bizarre appearance from Tom Cruise over TikTok.

Those TikToks, however, aren't of the real Tom Cruise. They were created by a Belgian VFX artist and represent an example of "deep fake" technology, where a person's face (usually that of a celebrity or politician) is digitally recreated using artificial intelligence and used to manufacture synthetic media.

Synthetic media doesn't just include deep fakes. It also includes synthetic audio, which also became the subject of debate when it was used to recreate Anthony Bourdain's voice in Roadrunner (2021), a documentary chronicling the celebrity chef's life and death by suicide in 2018. Taken together with deep fakes, the possibilities for creating believable manufactured content are almost limitless.

Synthetic media is, in this way, much like the metaverse: a double-edged sword.

On the one hand, it represents a technological feat. Companies like Synthesia now exist, which create synthetic avatars for businesses to use to create informational videos without the need for real-life actors, camera crews, or film studios. There's also Descript, the AI-powered audio editor that generates an editable written script from an MP3 and can add or replace words with a synthetic version of the recorded voice. At Dept, we even use Descript to edit our global podcast.

On the other hand, synthetic media is, well, a little scary. TikTok Tom Cruise fell down, performed magic tricks, and did other silly, mostly harmless things that didn't hurt the real-life actor's image. But Chris Ume, the VFX artist behind the deep fake, could have easily had "Tom Cruise" say or do much worse. In the hands of QAnon or other people actively disseminating misinformation online, synthetic media could stand to become a dangerous weapon.

Deepfake Tom Cruise videos are going viral on TikTok

Douglas "Walk of Beauty", an immersive 3D experience

04
Virtual fashion is the new vogue

Coco Chanel famously said that "In order to be irreplaceable, one must always be different."

Fashion is inherently about being different. It's about identity, innovation and, above all, always thinking ahead to what's next.

These are also the reasons why the pandemic and the ensuing "new normal" have stifled fashion. Global lockdowns and economic disruption forced fashion brands into survival mode. Instead of thinking ahead, brands were suddenly forced to focus on getting through the present.

This year, it was time for fashion brands to forget about the "new normal" and start work on the next normal. And the next normal represents a new era in the fashion world, one defined by innovation, identity, and digital.

Of all the things to move into the digital world, fashion is perhaps one of the less expected. But virtual fashion is indeed here. Ralph Lauren, Nike, and Gucci are just a few of the brands to have created virtual clothing options for avatars and characters to wear in gaming platforms like Roblox, Fortnite, and Sims. At Dept, we even created our own limited edition virtual fashion drop in the form of an NFT puffer jacket that could be "worn" with a virtual filter.

But "virtual fashion" embodies more than just virtual goods. There's innovation emerging that will change the way we buy fashion as well.

For instance, live shopping offers brands the chance to combine live, human interaction with the convenience of e-commerce to create an entirely new personalised customer experience. Douglas Beauty, a German retailer, began using live shopping in 2020 and turned to Dept to help them make the live shopping experience a fixture of their business. Together we created Douglas LIVE, The Live Channel for Beauty to connect with customers instantaneously, even faster than they were able to in person.

Going forward, fashion's next normal will continue to expand. And, in a world as creative and ever-changing as fashion, there's no telling exactly what exciting new innovation will emerge in the new year.

Creations shown are The Sims 4 Mods created by players
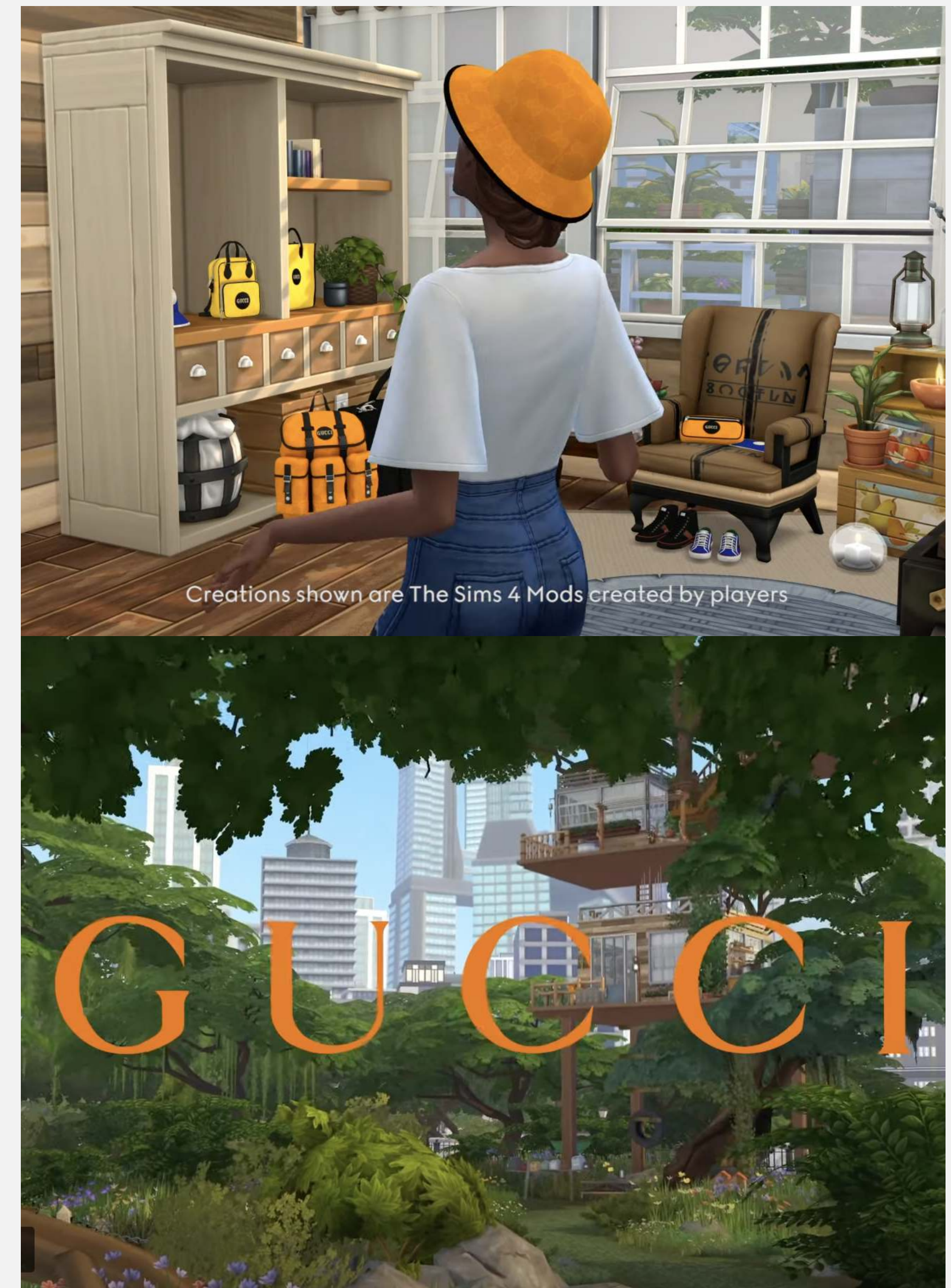
⊙ Gucci debuts a new fashion line in "The Sims 4"

Cutting edge tech & business models

05

The democratisation of luxury & art with NFTs

Let's talk about the non-fungible elephant in the room. Non-fungible tokens, or NFTs, have been around since 2015 but over the past year, they've exploded in popularity and value. In 2020, for instance, the popular NFT marketplace OpenSea did approximately $21 million in total transaction value volume. This past August, OpenSea processed a record of $95 million in just two days. By November the marketplace had surpassed $10 billion in all-time sales.

As we've discussed in our NFT playbook, however, NFTs are still somewhere near the peak of the Gartner Hype Cycle, where their visibility is at the highest and expectation of them is overinflated. Over the next year, we'll likely see NFTs drop into Gartner's "trough of disillusionment" before trending back upward and entering the "plateau of productivity."

That said, what will the plateau of productivity for NFTs resemble?

The answer here is twofold. NFTs will find their purpose and, with that, their long-term value, in the luxury and art economies and in the gaming and collectibles markets.

Within arts and culture, NFTs have already had a huge impact. The digital artist Beeple, for instance, broke records when his "Everydays: The First 5000 Days" sold in partnership with world-renowned Christie's for $69 million.

Part of the reason for that hefty price tag was because the piece was sold as an NFT, which lends digital artwork something that's historically been hard to come by: scarcity. Previously, digital art was so easy to duplicate that artists would lose control of their piece once it was released with no way to prove the authenticity of the original work. With NFTs, proof of undisputed ownership comes built-in. Some art experts even go as far as to say that in the future, all art—both digital and physical—will come with an NFT certification of authenticity.

By creating digital scarcity, the use of NFTs in the art world is also democratising a key part of the luxury economy. Beeple, who just ten years ago was selling art for $100, is far from the only digital artist to have built a career on NFTs. There are also
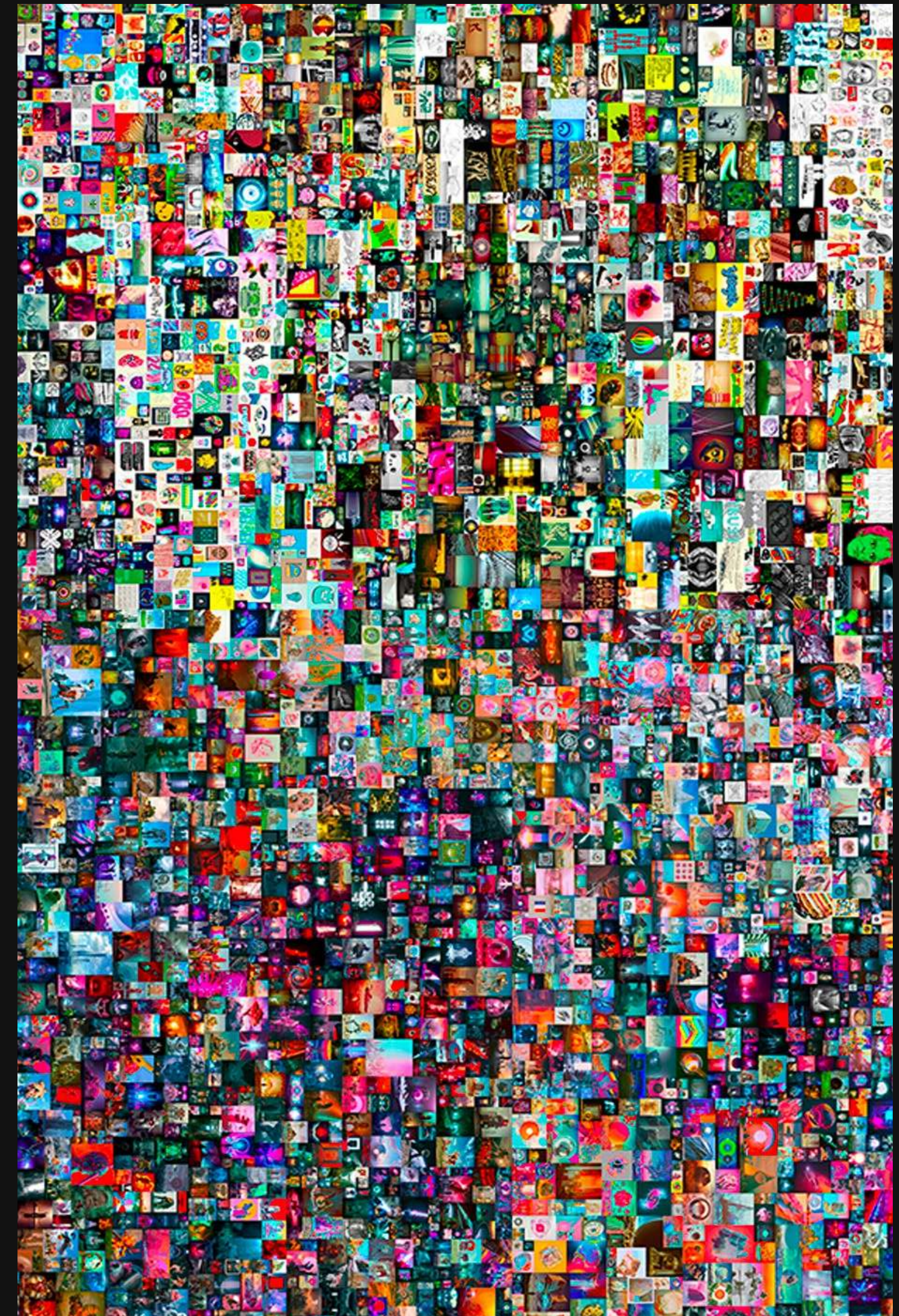
"Everydays: The First 5000 Days" by Beeple

folks like FEWOCiOUS, aka Victor Langlois, a queer digital artist who at just 18 years old has already grossed $17 million in art sales, including a digital sneaker drop that has outvalued its physical counterpart on the resale market.

Propelled by NFTs, FEWOCiOUS was able to carve out a seat at the table for fine artists. And there's no telling how far he, or any other talented new artist, could go. After all, with its $69 million sale, "Everydays" became one of the 100 most valuable artworks ever sold. That puts Beeple on a list of artists that includes Monet, Picasso, Van Gogh, and DaVinci. Maybe FEWOCiOUS will be next.

NFT Artwork by FEWOCIOUS

06

A new kind of collectible

Outside of the luxury art world, the real game-changing function of NFTs will come with their appeal to the everyday consumer. In this realm, NFTs will also function as own-able digital goods, but here they can be best thought of as collectibles.

Take, for example, NBA Top Shot, a digital set of collectibles featuring iconic basketball shots. Top Shot represents a modern twist on a 20th century collectible: baseball cards. Just like baseball cards, consumers can purchase and "rip packs" of cards on the hunt to collect their most favourite and the rarest. And, just like baseball cards, digital-only Top Shots have real value. An authentic Mickey Mantle rookie baseball card sold for over $2 million twice in the span of three months. Currently, the Top Shot price of the final edition of the Lebron James vs Sacramento Kings dunk is $1 million.

The potential value for digital collectibles is made clear by Top Shot. At its peak, the NBA's NFT marketplace netted over $700 million in less than a year's worth of total sales. It's helped pave the way for other individuals and brands to create their own lines of digital collectibles. Brand giants like Gucci, Zara, and Coca-Cola have already launched their own sets of NFTS. Moreover, now that an open source platform is available for brands both large and small to launch their own NFT marketplaces, providing a set of digital collectibles stands to become an exciting new part of a brand's consumer experience.

But, among all the industries that stand to create digital collectibles for the everyday consumer, we've yet to address the one where they stand to be absolutely integral: gaming.

Within the gaming industry, NFTs represent an entirely new business strategy—and a controversial one. In the most basic sense, the use of NFTs in blockchain-based gaming allows players to actually own their in-game assets. These assets include character skins, power-ups, weapons, and other "loot." As NFTs, loot would have real-life value and it would be easier than ever for gamers to get paid to play. Entire economies could be formed around Fortnite, Minecraft, Call of Duty, and various other e-sports.

Since the advent of NFTs, more and more NFT-based games have emerged. Among the most well-known is Axie Infinity, a digital realm where players can battle, collect, and earn real money. Axie Infinity has more than 250 thousand players and more than 90 thousand Ethereum has been traded within the game, the equivalent of around $400 million. However, when Axie Infinity attempted to publish on Steam, the default online store for PC gamers, they learned that NFT- and all other blockchain-based games were being outlawed from the store.

Steam's ban represents a divide in the gaming world that will deepen over the next year. Fundamentally speaking, should games have real-world value? If the answer is yes (and we think it will be) the impact on both the gaming industry and the global economy will be massive.

NBA Topshot digital packaging

07

Crypto's big year

Cryptocurrency, another pillar of Web 3.0, might have been on the rise for the past decade but 2021 should stand out as its definitive breakthrough year. Across the three major cryptocurrency networks—Bitcoin, Ethereum, and Litecoin—the average number of transactions surpassed 1.5 million, representing a sixfold increase over the past 5 years. The average USD amount per transaction across these three networks has also, at the very least, quadrupled. Moreover, interest in cryptocurrencies has skyrocketed among people of all ages and backgrounds, solidifying crypto as a legitimate investment opportunity.

Across the world, people are realising the potential of crypto. For Millennials and Gen Z specifically, an investment in cryptocurrency represents a lifeline. Between the rising cost of housing and crushing student debt, putting money in crypto has given young people a shot at redemption. The chance to not live paycheck to paycheck.

There's also an appreciation for the rebelliousness of crypto. The 2021 Edelman Trust Barometer revealed widespread distrust for societal institutions, notably within western democracies which remained politically divided and struggling to deal with the dual crises of climate change and a global pandemic. Unlike dollars or euros, crypto is decentralised and borderless. Investing in Bitcoin or Ethereum (or even Shiba Inu) is both a vote against politics and a vote for people.

The popularity of crypto will continue to grow into next year. But, with that, so will attempts to regulate it. A number of initiatives, including Markets in Crypto-Assets (MiCA), are being considered by the EU as a means of regulating cryptocurrencies, NFTs, and other aspects of what's collectively called Web 3.0. In the US, the Biden administration is also working on developing similar regulations.

Much is left to be determined with cryptocurrency regulation. And only time will tell how far it will go. But for now, these regulations will prevent tax evasion and help simplify crypto's continued expansion.

08

Cybersecurity becomes an even bigger must

In 2010, a member of counsel for the US Department of Defense wrote that "The cyber threat is the most pervasive and pernicious threat facing the United States today." Over a decade later, it remains a severe threat and not just to the United States, but to every government and institution.

Think back to the Facebook outage in October. For almost 7 hours the social network and all of its subsidiaries, including WhatsApp, Messenger, and Instagram, all went offline. Though the outage was eventually chalked up to an error updating a configuration file and not a cyberattack, the outage's effect was huge. The problem wasn't just that people couldn't post to Instagram, in some countries Facebook is so integral that their digital economies were effectively shut down.

Since 2010, we've only moved further into the digital world. Facebook's outage is a testament to our dependency on digital and also to digital's fragility. We're also now living in the age of IoT, AR, VR, cloud-based software, drones, and more. All of these combined are shaping a new digital revolution that will both further this dependency as well as create new opportunities for cyber attacks.

Fortunately, it's also clear that these new technologies can be used to combat cyber attacks. According to Forbes, machine learning and artificial intelligence have the potential to become an indispensable solution for monitoring and safeguarding millions of connected devices. Going forward, a new age of digital will both realise and protect us from future cyberattacks. But, as ever, it will also be important for users everywhere to understand these new threats and for digital experts to educate them on how to stay vigilant.

Intelligence at breakneck speeds

09
5G goes mainstream

Global 5G adoption is expected to hit 1 billion in 2022 and to double that by 2024. According to Statista, that's a milestone that will be achieved two years earlier than 4G. Moreover, 5G stands head and shoulders above 4G. It offers not only a data connection that's potentially 100 times faster than 4G but also a near-100% reliability.

Last year we talked about how the launch of 5G would open a whole new realm of possibility for digital, just as 4G made possible game-changing on-demand service apps like Uber possible. This year helped us realise that 5G represents the key to the metaverse, and to a host of other IoT-based innovations that will become more and more integral to our daily lives.

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5G will allow for a new stage of hyperconnectivity across industries, including manufacturing, healthcare, education, and agriculture.

For healthcare, 5G will lead to an increase of connected devices that will make it possible for healthcare professionals to provide better care from virtually anywhere. That's going beyond pandemic-era telehealth appointments. Connected devices will make it possible for people to check themselves or their dependents from home and to send the data to an AI engine in their doctor's office. Real-time healthcare could be around the corner, a game-changer for both fighting the pandemic and for our everyday needs.

In the context of manufacturing, 5G will pave the way for the fourth industrial revolution, the fabled Industry 4.0. We've seen exciting new technologies emerge in robotics, cloud-based data, AR, AI, and sheer computational power. 5G will serve as the glue connecting all of these dots together. It will offer real-time
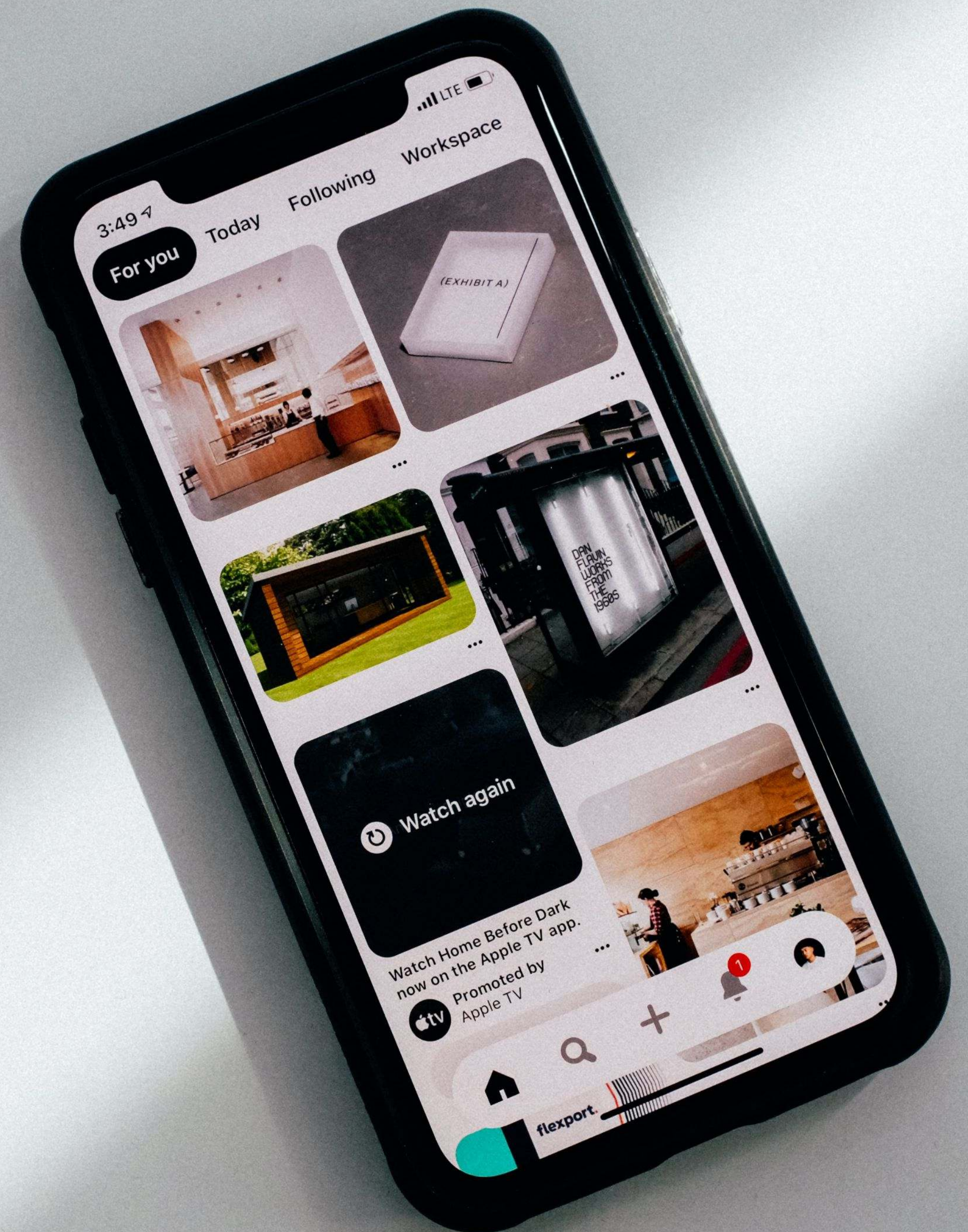
communication about the status of everything, a level of control over the minutiae of manufacturing that the mass-production of highly customised goods will become possible.

Education stands to expand its digital capability even further with the help of 5G. Nokia estimates that by 2030, 5G will be able to meet the needs of 262 million school-aged children around the world. Verizon also offers a glimpse at their vision of the future of education. Immersive AR & VR could offer exciting new accompaniments to the classroom experience. Think virtually walking ancient ruins in history class. These technologies stand to also make collaboration between students and their teachers easier. School from home won't have to resemble a series of Zooms, it will look and feel more like a classroom.

Finally, 5G will also power innovation in agriculture. Already agriculture has been harnessing the power of digital to boost its efficiency. Just look at upstarts like Indigo Ag, a Dept client that has already launched new platforms to revolutionise the food industry. 5G will make it possible to monitor field conditions and offer the same level of real-time control as in manufacturing's Industry 4.0. It'll also be able to reach farmers operating in remote areas and foster a more holistic food system.

Taken in total, 5G is synonymous with hyperconnectivity. And its expansion will mean a lot more than faster data speeds. It'll power a faster moving world too.

10
The robots among us

Robots are getting seriously impressive. And, if you need proof, look no further than how Boston Dynamics celebrated the 40th anniversary of an iconic Rolling Stones album.

Currently the global robotics industry is worth $25 billion and could be worth up to $260 billion by 2030. According to Boston Consulting Group, that spans roughly four categories of robots: conventional industrial robots, stationary professional services, mobile professional services, and automated guided vehicles.

A key area where these robots will play a role is industry. In fact, the advance of robotics is one of the trends driving what Mckinsey calls "manufacturing's next act," Industry 4.0. As Industry 4.0 expands, manufacturing will reach new levels of digitisation. That includes automation, which is where robotics comes into play. Aided and abetted by 5G and the power of IoT, robots will gradually replace workers and offer a new level of connectedness and control over the manufacturing lifecycle.

One other area of robotics worth mentioning is that of self-driving cars. Tesla released the beta version of its Full Self Driving (FSD) capability to more drivers in September. The new technology stands to be revolutionary but, at least for now, remains flawed. Nevertheless, Lux Research estimates there will be $87 billion in new opportunities around self-driving cars by 2030.

Tesla's FSD serves as a metaphor for robotics as a whole. While the technology is still only being gradually released, it represents an extraordinary technological feat. And one that will soon become a fixture in our lives.

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11

Need for speed

As the world speeds up around them, businesses will have to change their infrastructure and strategies to move faster too. In building a faster company, Forbes recommends a "heart, mind, body, and soul" approach. That is, ensure that your company is purpose-driven, has passionate leaders, works with a streamlined decision making process, and is built on an infrastructure that is both scalable and flexible. The idea is to harness a holistic approach that will ensure that your company doesn't just move fast, but that it also has the endurance to keep pace for the long haul.

Forbes' recommendations span purpose, passion, process, and platform but, in our opinion, they forget one other key ingredient: people.

According to McKinsey, by making all of your employees—not just managers—active decision makers, employees will gain the power to drive the organisation's success. This goes hand in hand with fostering an entrepreneurial spirit. Allow employees the space to not just make decisions, but to experiment. Expect that some ideas will fail, and encourage it! Give people the chance to understand the consequences of their decisions and don't forget to celebrate the ones that succeed.

Holistic, top-down change is difficult to create. But by empowering your employees and enabling them to own the successes they create, you'll find change can move faster too.
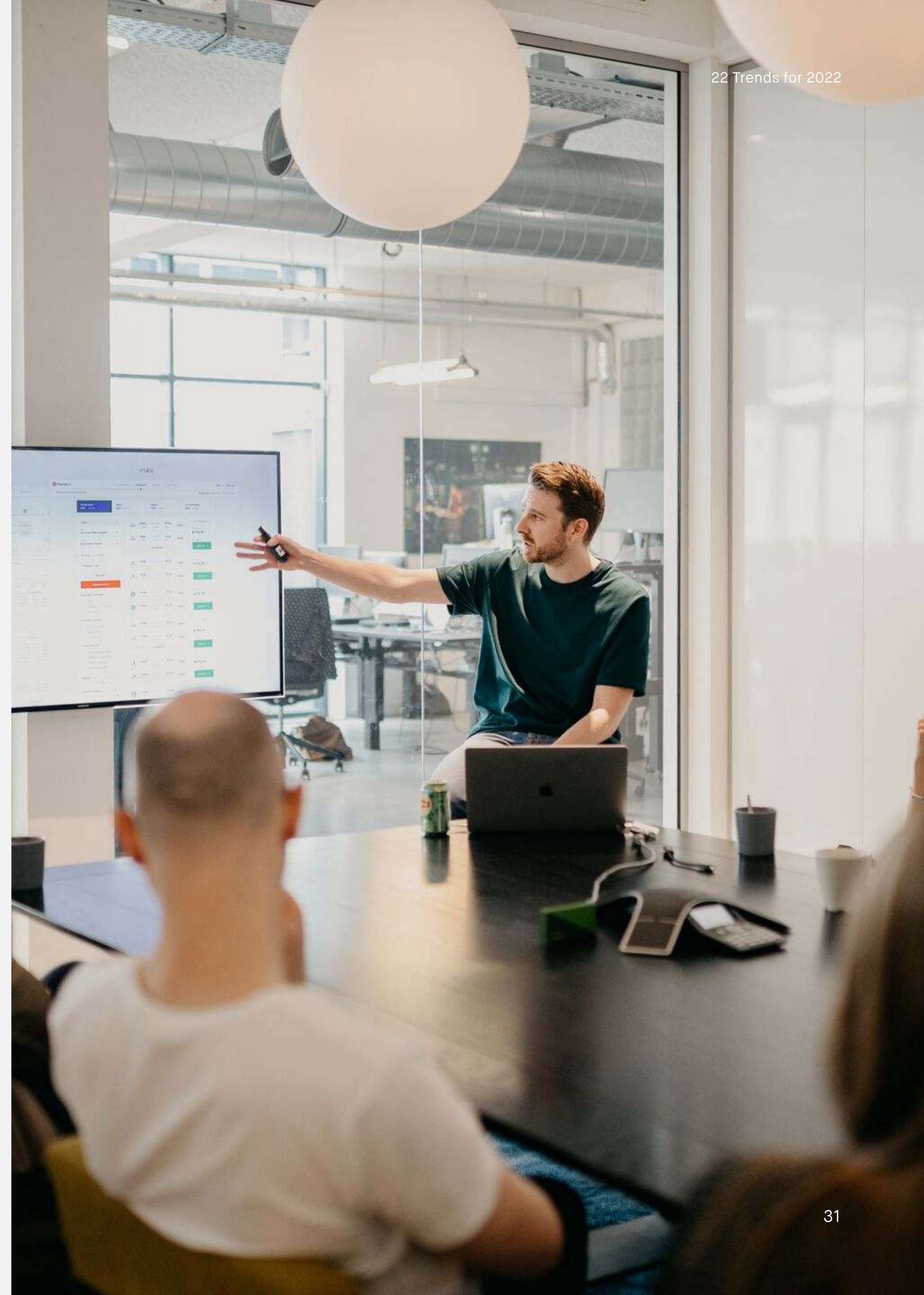
Helping people
and the planet

12

Doing well by doing good

Historically, profit and purpose have been at odds. So much so that we've often called companies who do good "non-profits," a denomination that implies profit and purpose are mutually exclusive. As we wrote last year, however, that idea's started to shift. Companies can do well by doing good. And now, that's more than just a possibility.

Demand for companies that do good is increasing, so much so that McKinsey has reported that in the future doing good will be "essential" for companies to do well. This was the strategy they suggested in the wake of the 2008 financial crisis and during the early stages of the pandemic. Now, with still larger social and environmental issues looming, consumers now expect that the companies they shop from will continue to show dedication towards a bigger purpose.

The latter is especially true of Gen Z consumers. The oldest members of Gen Z have barely graduated from college. And already they have experienced two separate "once in a lifetime" financial crises. Taken together with current societal and political issues, not to mention climate change, it's understandable that Gen Z is worried about the future. This is why Gen Z has become so active in their push for social and environmental change. Gen Zers are action-oriented and they expect the brands they shop from to be the same. Sustainability, transparency and authenticity were all more important to Gen Z than to the overall population in a recent survey of shopping behavior.

Companies that do good do well, arguably better than companies that only support a profit-driven mission. A global study surveyed 8,000 consumers from eight different countries and the results were clear. Consumers were four times more likely to purchase from a company that does good. More than that, they were four and a half times more likely to become champions of the brand and six times more likely to protect the brand in the event of public criticism.

McKinsey's research also shows that doing well by doing good doesn't just appeal to consumers: it has a positive impact on employees as well. Following the global and political upheaval caused by the pandemic, McKinsey found that nearly two-thirds of US-based employees they surveyed had taken time to reflect on their purpose in life. And nearly half said they were reconsidering the kind of work they do as a result. This trend isn't just in the US either, an increase in the number of purpose-driven companies in Europe shows that to win the ongoing war on talent, an employee-driven purpose to do good is necessary.

Certified
B
Corporation

At Dept, we're proud to have aligned ourselves with a clear-cut mission to balance purpose and profit. This year we became the first global digital agency to achieve B Corp certification. And we hope that our certification representthe start of a larger trend among digital agencies to take their own steps to do the same.

13

DE&I reality check

Last year we wrote that it would be a mistake to say that diversity finally won in 2020. Though BLM successfully spread awareness and sparked a flurry of pledges from businesses to new levels of commitment to Diversity, Equity, and Inclusion (DE&I) efforts, last year was just the beginning of a bigger mission.

A year on, it's time for companies all over the world to ask themselves: how are we doing?

The past 19 months have been a boom time for DE&I consultancies. The demand for their services recalls how sales for anti-racist reading skyrocketed in the summer of 2020 when books like Ibram X. Kendi's How to Be an Antiracist and Robin DiAngelo's White Fragility sold out across the US. White individuals and white-led companies are seeking crash courses to educate themselves.

On the one hand, this trend can be interpreted positively. It shows that companies are making the attempt to follow through on their DE&I commitments and educate themselves and their staff on unconscious bias and how to foster a more diverse and inclusive workplace.

But the reality seems to be that the consultancy boom is just an example of "diversity theater," going through the motions as opposed to taking real action. A 2020 survey on gender inclusion from Mercer, for instance, showed that while 81% of companies surveyed had pledged to combat gender disenfranchisement, only 42% had actually created a "documented, multi-year strategy" to implement their DE&I goals. The same is true for racial diversity.

Pamela Newkirk, the author of Diversity Inc., a book about DE&I consulting, says that the consulting industry boom belies the truth about the current state of DE&I efforts. According to Newkirk, the numbers representing company diversity have barely moved. In fact, the only numbers that have gone up are those for the number of accusations towards companies for promoting diversity for optics.
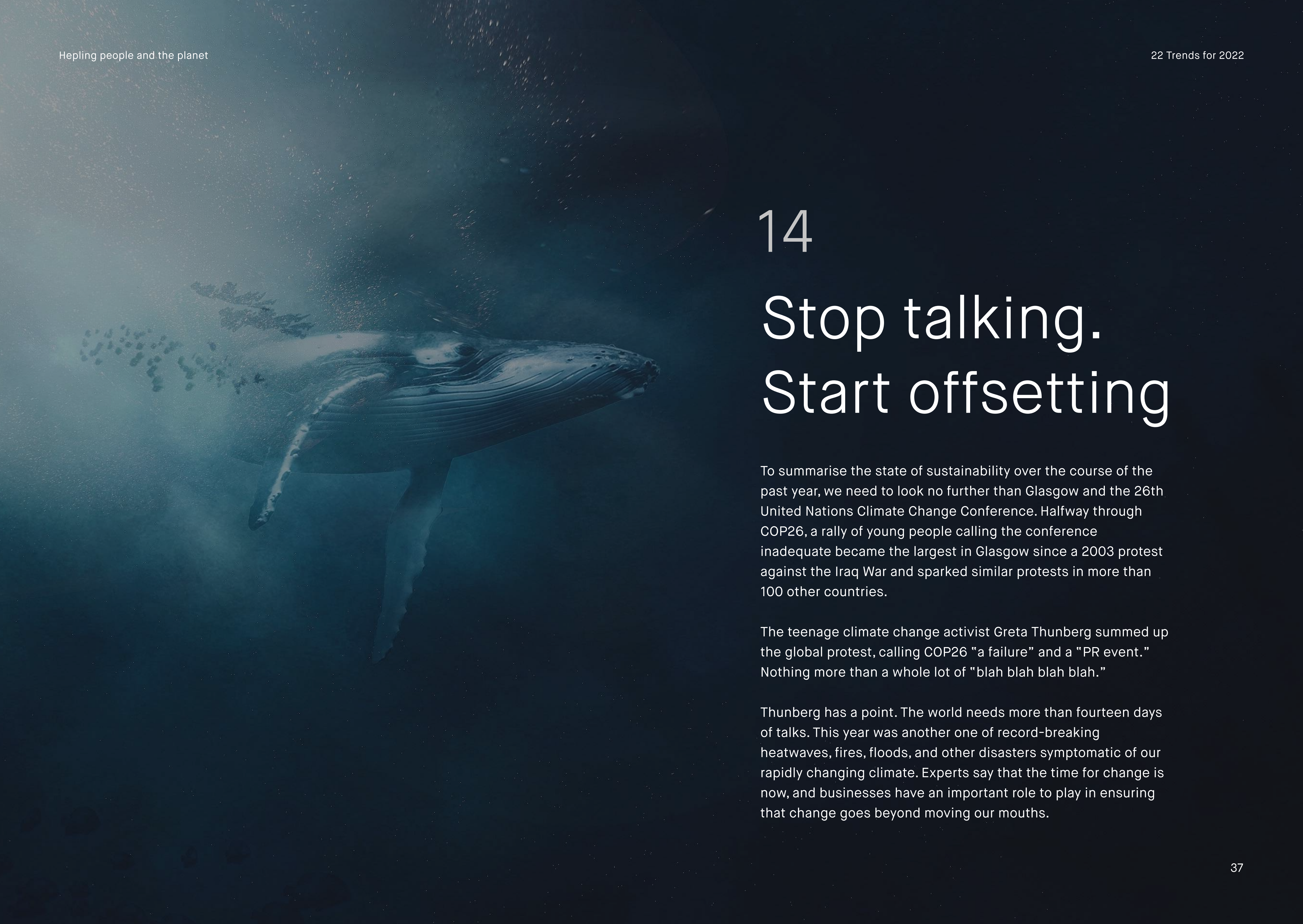
According to the BBC, the problem with DE&I training is that it's no silver bullet for eliminating bias in the workplace. Bias takes longer than a few hours or days to eliminate.

Moreover, diversity training is even less effective when it comes in the form of a corporate mandate. The best way to achieve change will be to create space for employees to have meaningful conversations with one another and to allow for employees to create their own POC or LGBT-led groups to consult on change.

Next year, the focus for companies everywhere should be on creating a documented multi-year strategy to make their DE&I commitments a reality. It should also be on improving the effectiveness of all the DE&I training from this year and using consultancies as consultants, not as their silver bullet.

14

Stop talking.
Start offsetting

To summarise the state of sustainability over the course of the past year, we need to look no further than Glasgow and the 26th United Nations Climate Change Conference. Halfway through COP26, a rally of young people calling the conference inadequate became the largest in Glasgow since a 2003 protest against the Iraq War and sparked similar protests in more than 100 other countries.

The teenage climate change activist Greta Thunberg summed up the global protest, calling COP26 "a failure" and a "PR event." Nothing more than a whole lot of "blah blah blah blah."

Thunberg has a point. The world needs more than fourteen days of talks. This year was another one of record-breaking heatwaves, fires, floods, and other disasters symptomatic of our rapidly changing climate. Experts say that the time for change is now, and businesses have an important role to play in ensuring that change goes beyond moving our mouths.

Last year, we saw the world's major companies take a firm stance against climate change by making commitments to become carbon neutral, or even carbon negative, by 2030. This year, the group expanded to include a host of SMBs, including Dept.

Now is the time to ensure that your business, whatever size it may be, is sustainable. McKinsey writes that a net of zero carbon emissions is now an "organising principle" for businesses and that translating a net-zero pledge to a net-zero strategy will help future proof your brand.

The benefits of going net-zero go deeper than just appealing to politically aware consumers, with COP26 it's likely that there will be ramifications for companies that fail to achieve carbon neutrality. Experts agree that carbon taxes will be a part of the business world's near future. That means that businesses will soon have to include carbon emissions in their annual budget.

With carbon taxes on the horizon, together with the increase of purpose-driven companies, carbon offsetting will go mainstream over the next year. And, with that, the prices of carbon offsets will increase. Currently, the cost of offsetting a tonne of carbon is as low as $3-5, thanks to years of build-up with offsetting projects. As demand increases and the supply of carbon offsets starts to level out, the cost of an offset is estimated to increase to as much as $20-50 by 2030. But the rising cost of offsets isn't all bad. Carbon offsets will become more effective as the industry around them becomes more valuable and better funded.

In short, next year sustainability stands to become less optional. And, as it becomes more of an expectation—even a requirement—it represents a real financial cost. But taking on that cost is a sign that your company is taking action and making real strides in making the change that young people like Greta Thunberg are calling for.

15

Building a brand for everybody and anybody

Brand inclusivity has been on a definitive rise since the death of the Victoria's Secret Fashion Show in 2019, which came shortly after ThirdLove—an inclusive lingerie competitor—published its letter to Victoria's Secret in the New York Times. Fast Company noted how the end of the fashion show signaled the "end of an era," that is, the end of an era in which products designed for supermodels could be construed as inclusive.

In the two years since, brand inclusivity has shifted from smaller, boutique brands and gone mainstream. For example, in 2019 plus-sized folks would have had to shop for inclusive sizing at brands like ThirdLove or Universal Standard where body inclusivity is a part of their brand identity. Now, people of all sizes can walk into stores as large as Old Navy, which launched their Bodequality campaign this year along with a full reconfiguration of their customer experience.

Campaign shots from Third Love

To quote McKinsey, "the age of the inclusive consumer is here," and that means inclusivity not just with size, but across a spectrum of race, sexuality, gender identity, ability, belief, and presentation. Doing so can appeal to markets that have long been overlooked, like the Black community, which McKinsey estimates would be willing to shift $260 billion of their annual spending power to brands that can better meet their needs. And achieving total inclusivity could open the door to what Morgan & Stanley calls a $1 trillion "blind spot" in the global marketplace.

It's also worth mentioning the people who actively seek out inclusive brands to shop from. Younger generations and, in particular, Gen Z, believe brands should be more inclusive. Members of Gen Z, who hold $800 billion in retail buying power, are 1.4 times more likely to support inclusive brands even if they themselves do not represent a minority group.

Going forward, brands everywhere, especially those in retail, will need to demonstrate that their products are inclusive. To quote a campaign Dept helped create for Philips's shaving products, they should be marketed toward "everybody and anybody."

⊙ Campaign shots from Old Navy

The future of work

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Rethinking the office

This year offices around the world reopened their doors. But after more than a year of working from home, it's safe to say that a return to the office felt more than a little awkward. Just take a look at this viral Belgian back-to-work parody.

A lot of different office strategies were tried out, and their reception varied. Across the board, people faced the same issue. People had grown accustomed to working from home and some people didn't want to return to the office. A return to pre-pandemic commutes and a 9-5 schedule might even have been impossible for employees with children. On the other hand, there were people who had been anxiously awaiting office reopenings.

Business Insider observed the spectrum of back-to-office strategies. At one end were companies like JP Morgan and Goldman Sachs, which wanted to make a full return to the office. Then there was Bank of America, who voted to have people return to the office only if they were fully vaccinated. At the other end of the spectrum were companies like Apple and Citigroup,

with hybrid strategies that asked employees to be in the office a handful of days a week. And, finally, there were those companies like Salesforce and Twitter who plan to allow employees to work from home indefinitely.

In observing the full array of strategies, Business Insider discusses that though there is no one-size-fits-all plan to bring employees back to the office, there is a model they call "strategically hybrid," which they believe is the best solution to an issue as polarising as this one.

At Dept, we had our own strategically hybrid model emerge that, so far, has been well received by folks at other digital agencies or in similar industries. This hybrid "clubhouse" model was rolled out by Rocket Insights (part of Dept) after too few people wanted to return to their main office in Boston. Rocket decided to ditch the Boston office, leaving them with a small satellite office in a suburb outside the city. The initial idea became that people could continue to work from home and, should they choose, they could come into the satellite office. Surprisingly, the smaller office proved to be extremely popular, becoming a kind of workplace "clubhouse" (aided and abetted by a few newsworthy kooky improvements). Now, Rocket's plan is to stay work-from-home-optional but to open up a handful of additional "clubhouse" offices to allow people to truly enjoy offices again.

In short, to find the office strategy that works best for your company, don't be afraid to go against the precedent set by others. Ask your employees what they want and see what sticks.

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The war on talent

Maybe you've noticed, but there's a lot of people #hiring on LinkedIn. The global war for talent, and especially technical talent, has reached new heights.

There are a few reasons for the global tech talent shortage. One of the foremost is the rapid digital development brought on by the pandemic. As lockdowns forced us into an online-only world, the major technology companies were forced to scale at hyperspeed. During this period, Facebook announced it would be hiring 10,000 new engineers and Amazon began a hunt for 20,000 tech-related roles. But technology companies weren't the only people hiring top tech talent either. Across industries, people were and still are looking for engineers to beef up their digital capabilities. Though this trend was already apparent before the pandemic (more than 40% of software engineering hires in the US in 2019 were made by non-tech companies), the rapid-fire scaling of Big Tech together with the digitisation of virtually every other aspect of our lives created unprecedented demand for talent and a shortage of workers.

The shortage creates obvious problems both technically and economically. The biggest barrier for 64% of global emerging technology adoption, including machine learning, augmented reality, virtual reality, and more, is the shortage of experienced workers. And should the shortage continue, there will be an estimated $8.4 trillion in unrealised revenue globally by 2030.

Solving the shortage would require ensuring that approximately 85 million roles are filled in the next decade. To an extent, it's impossible. Just based on population and demographic trends, the countries facing the greatest shortages won't have the young people needed to fill every role. But there are ways of mitigating the problem.

For companies to win the war on talent, they will need to devote time and attention to creating loyalty. With the demand for talent so high, experienced engineers will go to jobs that don't just pay well, they'll go to places where they actually want to be.

Top of the list for McKinsey when it comes to creating the ideal workplace is fostering inclusivity. Companies will need to realign to ensure that on a peer-to-peer and employee-to-leadership level, that employees are heard, that they are respected, and that they are supported by one another and advocated for by their managers.

Companies will also have to bear in mind that fair pay is more important than ever. With the rise of remote work, wages are no longer reflective of a specific city's standard of living. To ensure that potential hires will be happy with their pay, it's vital to be open to negotiation.

Finally, one excellent method for creating loyalty and a pipeline for new hires will be developing an in-house training program. Airbnb, for instance, was lauded by TechCrunch for its in-house

data science university, which allows Airbnb to educate and recruit from within its own ranks.

In short, going forward the shortage of technical talent will persist and, with it, the war for talent we see today. With that will come a need for companies to listen to their current employees as well as their potential hires to learn what they can do to create a desirable, inclusive work environment. In the meantime, in-house courses can turn an inexperienced but promising hire into a talented engineer.

The next normal
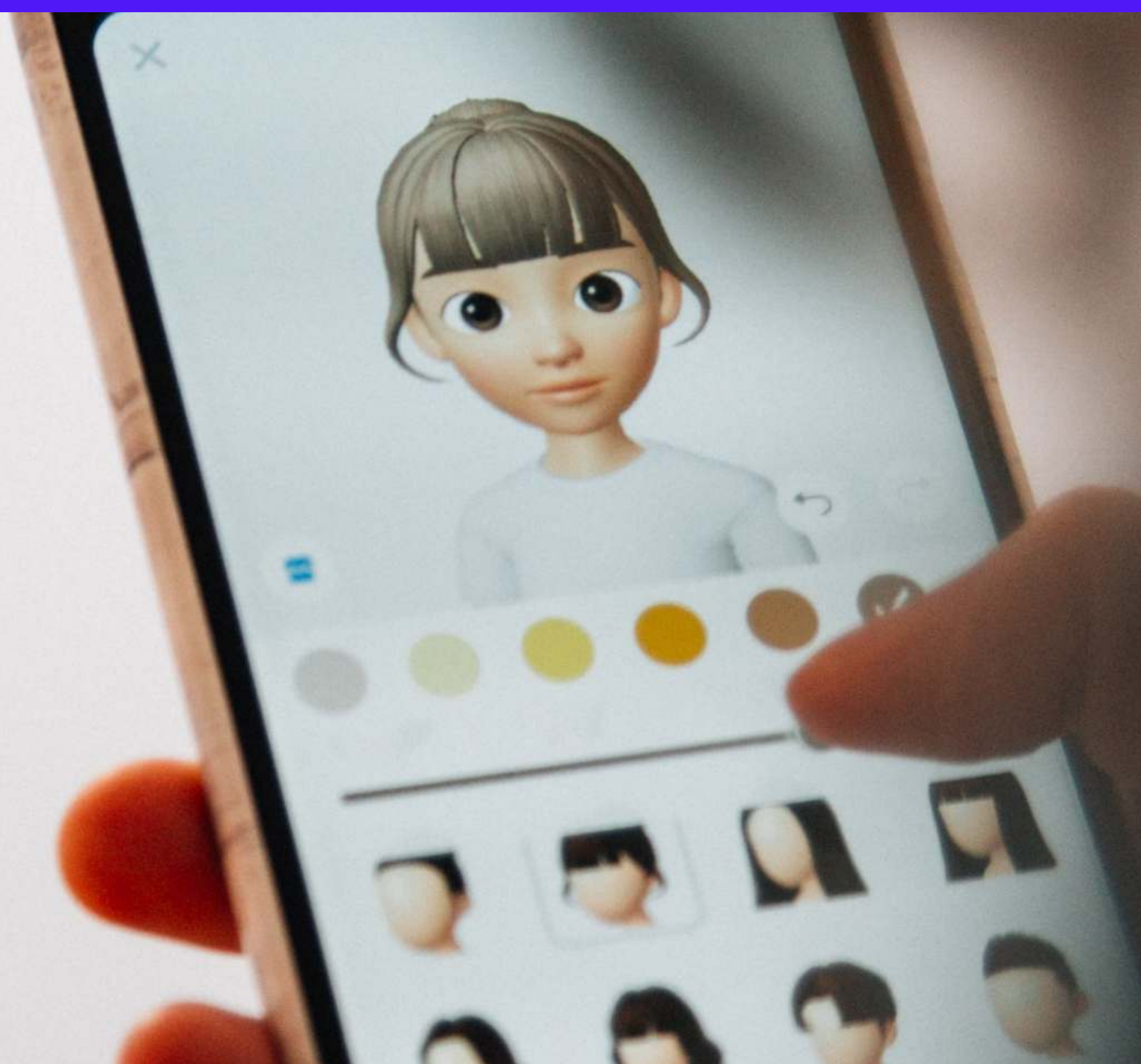
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Connected commerce

Connected commerce refers to a customer experience that integrates commerce across all aspects of the customer's life. This is across any and every touchpoint, from online to in-person to delivery & subscription services, to everywhere in between. The only goal is to make a product as accessible as possible and make purchasing it as instantaneous as possible. This opens the door to some exciting innovation, so much so that we can define connected commerce across a few forms.

The first of these, live shopping, has been described by its pioneers as a combination of "QVC meets Facebook Live meets e-commerce." It's a form of connected commerce that has been around since 2018, though one that's lived exclusively in the Asian marketplace. Now that's changing after Alibaba reported revenue of $74.1 billion during their 11-day Global Shopping Festival in 2020. Western brands and fashion brands, like Gucci and H&M's Monki, have already dipped their toes into live shopping with notable success.

Additionally, connected commerce can inhabit what some folks have dubbed the "phygital" world, where digital and physical overlap. The phygital world is perhaps where the most innovative aspects of connected commerce take place. This is the area where exciting new technologies like virtual reality (VR) and augmented reality (AR) are being applied, usually to maximise and integrate a brand's omnichannel offerings. It also allows brands to go big and bold with their approach to customer experience.

One good example is the 3D virtual world Dept helped build for De Bijenkorf, the renowned Dutch department store. By combining 2D and 3D elements with the power of storytelling, Dept created a magical branded experience designed to transcend traditional shopping routes. Campaigns like this blend commerce with marketing, using an amplified customer experience to delight their current customer base, attract a new one, and make brands, above all else, memorable.

Finally, when it comes to talking about connecting commerce to all of the various touchpoints in a consumer's life, the elephant in the room is a 4.48 billion-user swarm: social media. With such a massive user base (nearly 60% of the global population), many social media platforms have rolled out commerce functions to greater and greater effect. Instagram added their shopping tab to the app's navigation bar last year. TikTok began testing a partnership with Shopify this past summer. And between 2019 and 2020, the number of people shopping on social media grew by 25% from 64 to 80 million, with the expectation this number will surpass 100 million by 2023. It all goes to show that for a brand to successfully infiltrate social media, creativity is key. And supporting your commerce efforts with a marketing campaign that has a digital punchline is even better.

Over the course of the next year, connected commerce will become an integral part of the world's next normal. To meet the customer's demands, brands will need to adopt connected commerce solutions to be more personable, more memorable, and bolder with their customer experience.

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Space, the next tech frontier?

A new space race is underway. And buying in requires billions of dollars.

This past year, Amazon's Jeff Bezos and Virgin's Sir Richard Branson successfully launched into space with the help of their respective space exploration companies, Blue Origin and Virgin Galactic. Not to be outdone, Elon Musk's SpaceX also completed a successful launch but without the Tesla billionaire himself on board.

Another billionaire, Jared Isaacman, who privately funded the mission, was aboard. The billionaire space race is fascinating. And controversial.

On the one hand, with space exploration, billionaires have created a ceiling for the privilege that is both literally and metaphorically astronomical. It begs the question: how far is too far for billionaires? The European Space Agency has already criticised Elon Musk, saying that he's opened the door to "writing his own rules" when it comes to satellite connectivity. SpaceX owns 1,750 working satellites in orbit and serves around 140,000 users in 20 countries. To put that in perspective, there were only 3,372 working satellites as of January 2021.

On the other, these corporate giants stand to pave the road to some exciting new innovation. Forbes relates this space race to the original space race of the 1960s, the result of which was a whole new sector of the technological world that created an estimated 400,000 jobs. This space race stands to also create a whole new realm of technology and jobs as the industry around it grows. And it is growing. Over the course of 2021, $8.9 billion was invested in space companies. Morgan Stanley even hypothesizes it could be the next trillion-dollar industry.

Already, these billionaire-driven space companies have created new technology with the potential to change the world. SpaceX might own the majority of the world's satellites, but their Starlink project will use them to provide high-speed, low-latency broadband internet across the globe. This far-reaching internet stands to connect even the most remote areas of the world. As our world continues to rapidly digitise, Starlink could help ensure developing nations keep abreast of change.

Going forward, more and more new world-changing developments will emerge as a result of the billionaire space race. Bezos and Musk both foresee the construction of colonies on Mars, which Bezos believes could lessen the burden that humanity has placed on Earth's sustainability. A goal perhaps nearer in the future is civilian space travel and exploration. If you're game, Blue Origin, Virgin Galactic, and SpaceX have all already created sign-ups for people to join future missions. And, no, having a net worth in the billions is not a requirement to book a flight.

The rise of Gen Z

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Microwork is the new 9 to 5

Gen Z is breaking cultural norms left and right. They are controversial, seemingly by nature, and understanding their unique perspective is key for your brand's success.

For starters, careers are starting to look different. As Gen Z enters the workforce, more of them are steering away from traditional 9 to 5s.

Who can blame them? A survey of older millennials found that 47% wished they had chosen a different career path. This sense of dissatisfaction with a more traditional career path gives Gen Z a different outlook and set of values when it comes to when and how they work.

On-demand business models like Deliveroo, Gorilla and Uber allow Gen Z to work on an as-needed basis, giving them the freedom to live in the moment. Another rising source of income, (micro) investments in cryptocurrency, also afford Gen Z greater daily freedom. Then there's NFTs, which some Gen Z'ers have used to successfully kickstart lucrative artistic careers, and which others are taking advantage of to make money playing video games.

The shift to this internet-based "microwork," means that Gen Z is also shifting away from traditional savings and monthly income. Big purchases and ownership of things like cars don't matter as much. Gen Z is spending money differently and brands must adapt their offerings accordingly. Instead of cars, start offering more micro-options, like car-sharing apps and rentable electric scooters.

Balenciaga x Fortnite collaboration

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Collab. Collab. Collab.

Brands that want to successfully connect with Gen Z will need to reach them by collaborating with platforms and other brands that they know and value.

Collabs can span multiple categories, from fashion to influencers. Surprise appearances from famous faces and co-productions of events with other brands that are already Gen Z staples can go a long way in attracting Gen Z's attention and sense of humor in a way that's different and more genuine than traditional advertising.

According to Forbes, "Gen Z is ... the content generation. In a nanosecond they distinguish ads, sponsored content and other jargon from entertainment, whilst on endless pursuits for virality." Opening the door to organic content via collabs on off-the-cuff platforms like TikTok and Twitch puts your products ahead of the curve and future-proofs your brand with the latest generation.

Of course, with the rise of Web 3.0, collabs these days now mean going beyond taking advantage of influencer marketing and social media.

A recent study from Snap in partnership with JWT Intelligence showed that 51% of Gen Z believe that their generation is more creative than previous generations. Additionally, Gen Z believes that creativity is utilitarian. In other words, that creative self-expression is vital to successful interaction.

Digital, NFT-based collectibles and brand collaborations within gaming platforms like Fortnite and Roblox represent new avenues for marketers to cut through the noise and impress Gen Z with the power of sheer creativity.

For instance, RTFKT Studios, a digital sneaker company with an eye on the metaverse, collaborated with Gen Z NFT artist FEWOCiOUS to produce a limited run of drippy sneakers worth $3 million. Needless to say, the collab was well-received: RTFKT X FEWOCiOUS sold out in under 7 minutes.

Other brands are also tapping into the creative power of digital collaboration. Selfridge created a virtual fashion capital via their Charlie Cohen X Pokemon Electric City campaign. And the Balenciaga X Fortnite collab turned heads in Times Square with an impressive 3D billboard advert.

To attract Gen Z's attention, brands will need to get creative and, fortunately, with Web 3.0 there are more tools than ever at your disposal to deliver. But to really supercharge a creative campaign the best method is to collab, collab, collab.

Charlie Cohen X Pokemon Electric City collaboration

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TikTok as a cultural powerhouse

It's all happening on TikTok.

Now more than ever, the social media platform's tagline hits hard. In 2021, just five years after its global launch, TikTok surpassed the 1 billion user mark. That's nearly half the time it took for other social media heavyweights like Facebook and Instagram to reach the same milestone.

And, looking at those 1 billion users, one thing stands out: 60% are members of Gen Z.

As Gen Z enters the global marketplace with a whopping $143 billion in spending power, brands everywhere are turning heads. The generation of digital natives not only carries immense spending power now, but Gen Z's identity and interests also reflect the future of spending. As a result, brands aren't just looking to connect with Gen Z, they *need* to.

Unfortunately, brands are also discovering that marketing to Gen Z is difficult. Sponsored advertisements on Instagram via its cohort of influencers don't cut it anymore. According to ESCP Business School, "Gen Z has been exposed to more advertisements than any generation before them, which means that they are less likely to be attracted to traditional marketing techniques."

That said, what's the best way to reach a generation with a sixth sense (and zero tolerance) for insincerity? A booming social media platform known for its informal, off-the-cuff style. Moreover, according to Forbes, 81% of Gen Z consumers list "friends" as being their top influence when deciding what to buy. As a social media platform, TikTok represents a digital meeting point or "campfire" for Gen Z. It's a place where they can interact with friends and also a place where jokes, challenges, and other cultural trends are born.

For example, Dept created a TikTok challenge with a branded hashtag and branded AR filter for ASOS, all based around one clever idea: It's pronounced AY-SAUCE. The resulting campaign, #AYSAUCE generated over 1.2 billion impressions on TikTok in just three weeks. In short, TikTok has cemented itself as a cultural powerhouse.

And, to market successfully to Gen Z, companies will have to create a unique personality for their brand that can speak for itself without the help of an influencer. Only then will they be able to enter the fray of a platform that dares to make everything and anything entertaining.

⊙ #AY-SAUCE campaign for ASOS

For more information, or if you have any questions, please contact us:

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