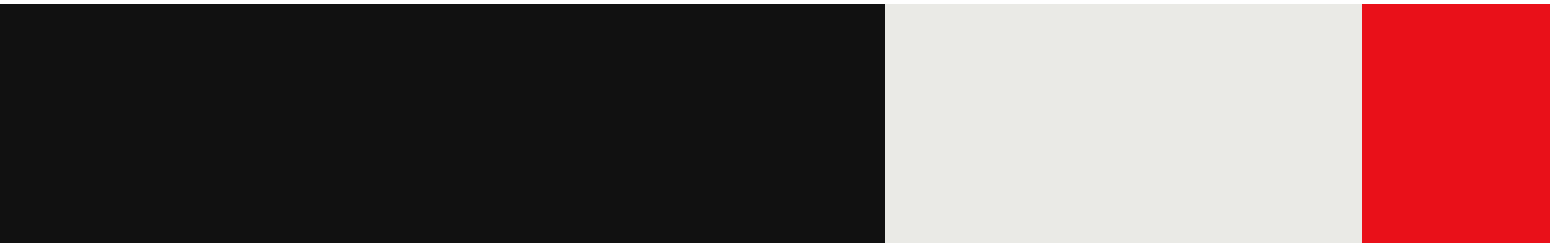



What trends will dominate 2023?

Article



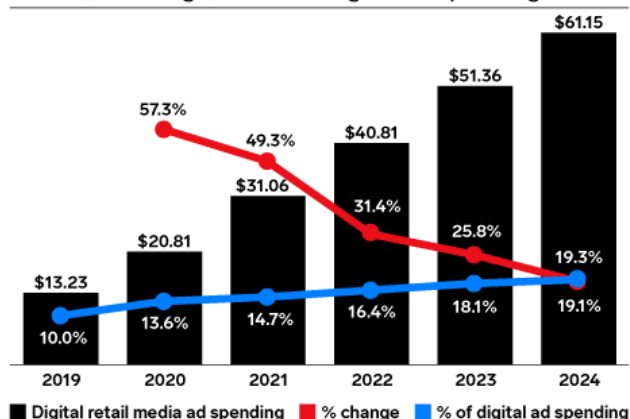
The overview: Retailers are entering 2023 amid a shaky environment as economic uncertainty deepens. While there are opportunities for growth, merchants will need to be nimble in order to thrive. Here are three storylines we expect to be talking about this year:

Retail media's disruption of the \$70 billion linear TV ad market: Retail media is aggressively moving into streaming TV.

- The US retail media market is evolving beyond search into upper-funnel advertising formats with streaming TV capturing the attention—and budgets—of major brands.

- For example, **Amazon** is deploying its high-powered targeting and attribution apparatus against highly rated TV programming: Thursday Night Football. This year Prime Video will also host the first Black Friday NFL game, offering brands valuable—even Super Bowl-esque—airtime.

US Digital Retail Media Ad Spending, 2019-2024
billions, % change, and % of digital ad spending



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps
Source: eMarketer, March 2022

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TikTok's social commerce push: Gen Z's favorite platform has started testing [TikTok Shop](#) with select US merchants. The company's latest moves point to a focus on commerce, which will offset a lowered ad revenue outlook. US ecommerce livestreaming and owned fulfillment centers are on the horizon—building on the #TikTokMadeMeBuyIt phenomenon (30 billion views and counting) to entice young shoppers.

- A major push into livestreaming will focus on Gen Z consumers and creators.** While sellers from China are already livestreaming to US users, transactions aren't frictionless. TikTok needs to find the right influencer-product-audience fit. The platform is also laying the groundwork for a professionalized livestreaming environment, limiting broadcasting to ages 18 and older.

Adults Worldwide Who Have Participated in/ Heard of a Livestream Shopping Event, Q2 2022

% of respondents

	Have participated	Have not participated
Denmark	21%	37%
US	21%	31%
Sweden	13%	37%
Australia	12%	34%
Norway	12%	28%
France	12%	37%
UK	11%	31%
Belgium	11%	36%
Germany	11%	38%
Ireland	10%	31%
Netherlands	10%	29%
Finland	8%	34%
Austria	7%	29%

Note: ages 18-76

Source: Klarna, "Shopping Pulse," Aug 8, 2022

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Challenges among mid-tier brands: Consumer bifurcation has hollowed out the middle. After experiencing wealth-accumulation growth over the past five years, the middle class is seeing it dwindle more quickly than other income brackets, according to Realtime Inequality.

- At the same time, wealthy consumers are fueling a boom in the ultra-luxury market. High-end fashion houses are spending freely on marketing—and some brands are being resold at a premium. We expect luxury retail sales will grow 6.7% this year.
- Brands and retailers that try to be everything to everyone will suffer. While ultra-luxury brands will remain relatively unscathed, aspirational luxury retailers will be hardest hit if they can't reposition themselves. The most at risk retailers in 2023? Mid-tier brands that aren't financially secure—like [Bed Bath & Beyond](#).

Go further: Dive deeper into our predictions for this year in our report [Retail Trends to Watch for 2023](#).

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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