



The Future of Advertising in Belgium Whitepaper Report

Foreword

Belgian advertising is at a pivotal moment of evolution. Sustaining a high value ecosystem will require local players to embrace new trends while sticking to traditional advertising principles,

Belgian advertising has been attempting to keep up with a rapidly changing landscape in recent years. While digital advertising and performance marketing has been an increasing feature of advertising campaigns, more traditional channels such as linear TV remain important to both advertisers and consumers. As such, the local ecosystem has become increasingly internationalized and pursuing balanced advertising strategies has become increasingly difficult. On top of this, changes to the use of data and increasing media fragmentation represent key challenges that the industry must address as a whole.

With these challenges come opportunities. Media and agencies have an important role in helping advertisers navigate increasing complexity, and efforts to build scale in terms of consumer reach and data will support this. Innovating with campaign measurement and leveraging channels such as advertising-based video on demand, branded content and native advertising will further sustain the ecosystem's development.

This collaboration between Deloitte and the United Brands Association (UBA) summarises the key trends and disruptors shaping Belgian advertising and how the ecosystem as a collective can respond.

The key trends and disruptors identified can be grouped into three core themes: data, audiences and content. The local ecosystem players can take a leading role in the evolution of Belgian advertising, and the study also identifies three key transversal themes underpinning success: skills, organisation and strategy.

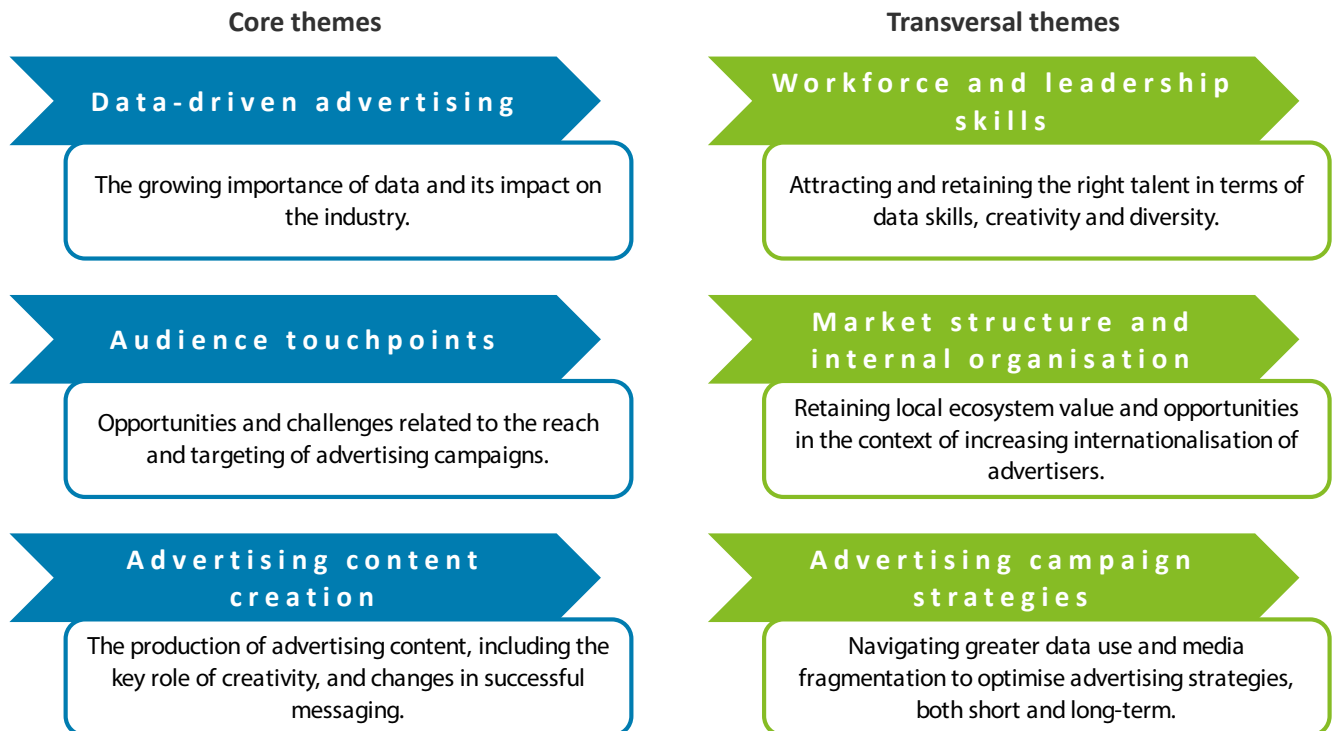


Figure 1- Core and transversal themes

The Belgian advertising ecosystem must act as a whole to forge a path forward.

Players across the ecosystem must work together to overcome the hurdles facing them. Issues such as data complexity, media fragmentation, the importance of sustainability in advertising, and the role of diversity and inclusion require end-to-end value chain solutions.

Regarding workforce and leadership skills, organisations need future-proof capabilities. All players can help develop an attractive talent market where creativity meets technology. In addition, focusing on diversity and inclusion can broaden the talent pool and support campaigns that reach broader audiences.

In addition, the ecosystem as a whole recognises the importance of long-term brand building in advertising campaign strategies, even while short-term performance advertising continues to grow. A balanced approach will require improvements in measuring long-term campaign effectiveness, supported by media and agencies, and advertisers can take the lead in improving the sustainability of campaigns.

Finally, trust and cooperation are increasingly important foundations for the ecosystem. Consumer and data strategies will require trust by design as media looks to build scale, supporting effective ecosystem partnerships. Building on this, the value of the Belgian advertising ecosystem will depend on how local players can complement increasing internationalization with key market insights.

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Introduction

1. Introduction

The advertising landscape in Belgium is transforming. The triggers for these changes are multi-faceted: while the industry evolves in response to macro-economic conditions,¹ emerging technologies such as Artificial Intelligence (AI) are rapidly disrupting traditional advertising. On top of that, generational differences in both attitudes, for example towards social issues, and content consumption preferences are adding a layer of complexity.

These challenges are affecting all areas of the advertising ecosystem and impact each party in the value chain. Every player – whether advertiser, agency, ad-tech provider or publisher – must reinvent themselves while striking a balance between embracing the new (technology and consumer preferences) and improving the old (traditional forms of media and creativity).

However, choices need to be made. Among the numerous trends and disruptors, organisations will need to choose which opportunities to seize and invest in, and which trends to discard. The choices these value-chain players make in the next years will define the quality and the success – or not – of Belgium's advertising ecosystem. With a landscape increasingly dominated by international players, the stakes are high to maintain and increase the value of Belgian advertising. While the opportunities abound, the challenges also bring the risk of creating a cycle of value erosion.

Given this evolving landscape, the United Brands Association (UBA) and Deloitte have collaborated to develop a new perspective on the future of advertising in Belgium over the coming years. This report leverages UBA's industry expertise and insights of members with Deloitte's marketing transformation experience and research capabilities. The study content is based on a combination of desk research and a total of 16 interviews conducted with stakeholders across the full advertising value chain. The variety of qualitative and quantitative data sources have been key in providing a holistic view of the industry.

1.1 The evolution of advertising

Deloitte's global study *The Future of Advertising* generalises the evolution of advertising and offers a guide to understand the potential paths for the Belgian advertising ecosystem. The scenarios developed are based on underlying social, technological, economic, environmental and political drivers shaping the global industry. These scenarios can be characterised based on two critical uncertainties: the future relevance of creativity and the future relevance of mass marketing. These can provide a guide to understanding the potential impacts of the trends and disruptors that are the focus of this report.

The Future of Advertising: Scenarios

- 01. The Transactional You:** Predictive targeting and transactional marketing prevail over brand communication. Large digital platform companies dominate the landscape, leveraging their user data and ad tech stacks to deliver personalised campaigns, while traditional media companies struggle as advertising decouples from their platforms. Agencies face a decline in relevance as data and technology take precedence over creativity and content.
- 02. The Creative You:** Human creativity takes centre stage, driving highly efficient campaigns that cater to individual consumer preferences. Advertising becomes personalised entertainment, forging strong relationships between consumers and brands. Advertisers benefit from in-house customer data, allowing them to initiate personalised campaigns and distribute products directly, fostering brand loyalty. Media companies focus on content production and creative skills to maintain their competitive edge, while agencies lose relevance as digital platform companies become primary partners for targeting and running customised campaigns based on deep data analytics.
- 03. The Entertained Masses:** Creativity takes precedence in advertising campaigns, compensating for limited targeting capabilities, restricted by regulations and consumer reluctance to share data. Advertisers rely on high-quality, low-volume premium content with mass appeal to secure broad reach. Large media companies thrive as the primary interface with consumers, delivering attractive content and consolidating the media landscape. Agencies play a crucial role in navigating various media channels and managing creatives, while digital platform companies retain relevance as sales-and-distribution channels, albeit with diminished competitive advantage in data and technology.
- 04. The Fragmented Masses:** Brand power takes precedence over personalised campaigns. Advertisers target specific microsegments using a variety of niche formats, relying on data and AI for creative processes. Digital platform companies serve as gateways to consumers, while media companies maintain their relevance as customer interfaces. Agencies face challenges as they struggle to match the data capabilities of digital platforms, and advertisers increasingly internalise AI as a commodity, reducing the intermediary role of agencies.

1. This includes the impact of COVID-19, the sharp rise in inflation, the war in Ukraine, and low economic growth.

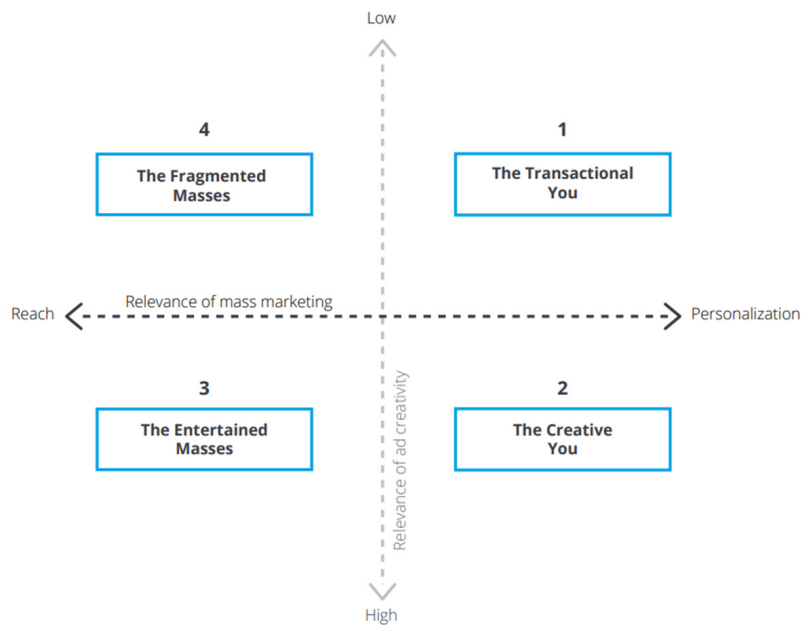


Figure 2- Scenario overview for the future of advertising in 2030 (Deloitte, 2019)

1.2 Report structure

The remainder of this report is structured upon the key trends and disruptors impacting the Belgian advertising ecosystem identified by Deloitte and UBA. These are organised into three core themes within the advertising value chain: data-driven advertising, audience touchpoints and advertising content creation.

Based on the trends and disruptors within these core themes, the future of the advertising industry will depend on the choices made by industry stakeholders: advertisers, agencies, ad-tech providers or publishers. These choices can be organised into three transversal themes covering workforce and leadership skills, market structure and internal organisation, and campaign strategies. These choices will determine the future of the Belgian advertising ecosystem.

The scenarios developed by Deloitte in its global analysis offer a guide to understanding potential futures and what the industry must do to successfully evolve. The next section provides the context for this analysis, looking at the current state of the Belgian advertising ecosystem.

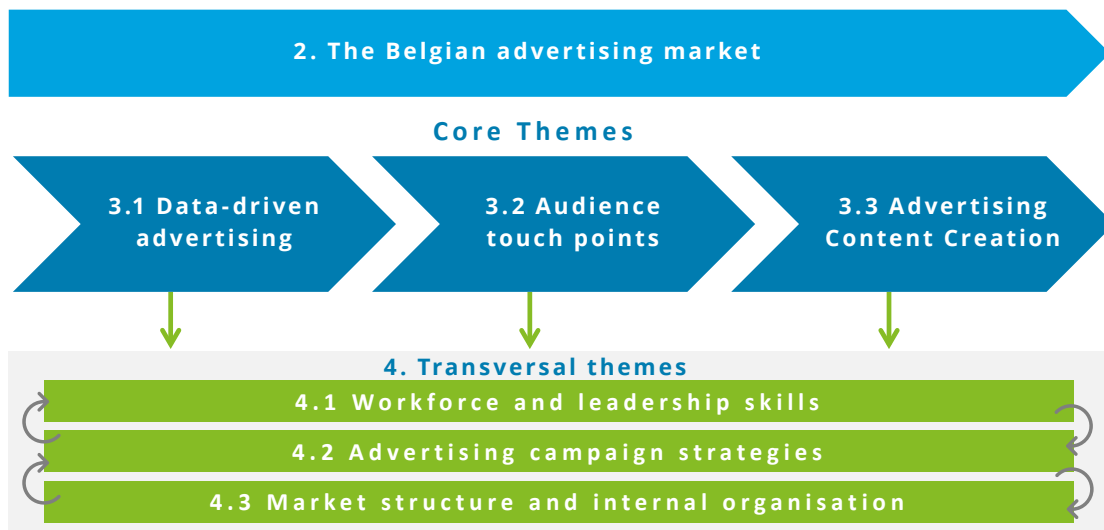


Figure 3- Report structure, numbering reflects report sections



The Belgian advertising market

2. The Belgian advertising market

With a total value of more than €3.8 billion gross² in 2022, the Belgian advertising ecosystem remains a significant force in the country's economy. However, the industry shrank by 15% between 2019 and 2020 in response to the COVID-19 pandemic, and although annual spending has since recovered, it remained 5% lower in 2022 compared with 2018. Indeed, comparing 2019 to 2020, Belgium (-15%) was more affected by the pandemic than the Western Europe average (-6%) (Statista, 2023).

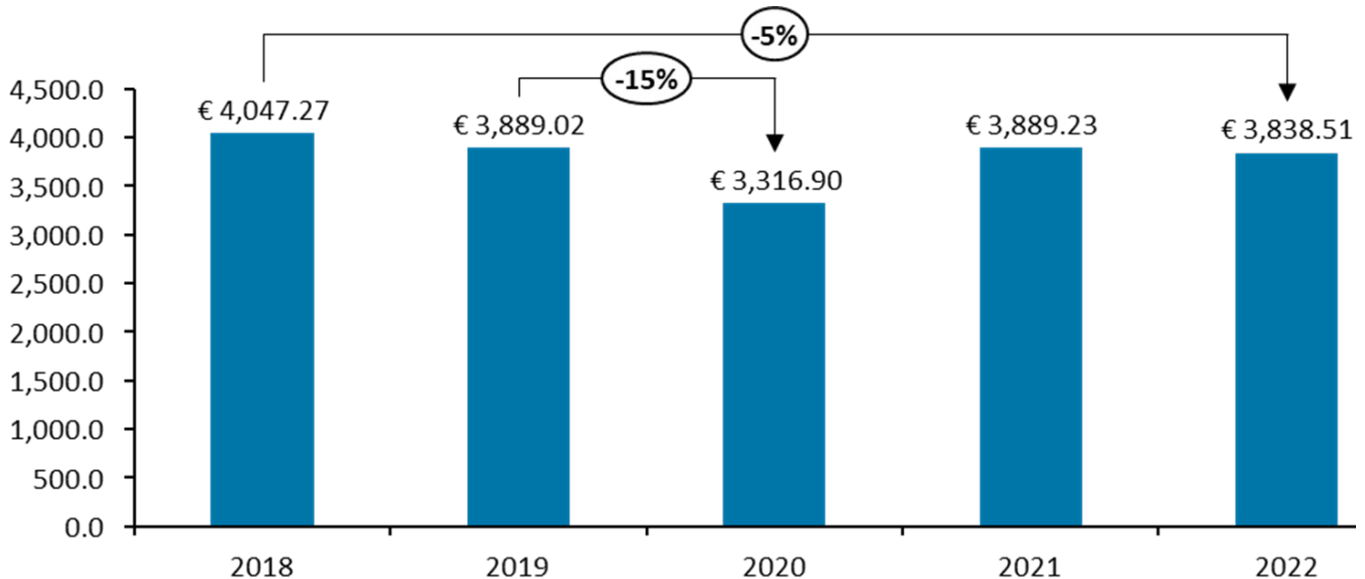


Figure 4- Gross advertising spending evolution in Belgium, billion EUR, 2018-2022 (Nielsen, 2022)

In the digital era, Belgians continue to have a strong attachment to traditional media. Despite the advancements in digital advertising, television remains the dominant advertising medium in Belgium by gross spend. It holds a share of 36% of the total, significantly higher than the rest of Western Europe with 21% (Statista, 2023). Neighbouring countries, including Spain at 25% (IAB Europe, 2022), France at 21%, Germany at 19%, and the Netherlands at 16% are indeed spending less on traditional TV compared to Belgium (Statista, 2023).

2. Based on the public data available absolute advertising spend figures presented in this report are 'gross'. This represents the amount spent by advertisers including agency commission and not taking into account any discounts offered by agencies and publishers. Some of the breakdowns presented are based on 'net' figures, where commission is removed and discounts applied and in these cases this is specified. Absolute net figures are not reported for confidentiality purposes.

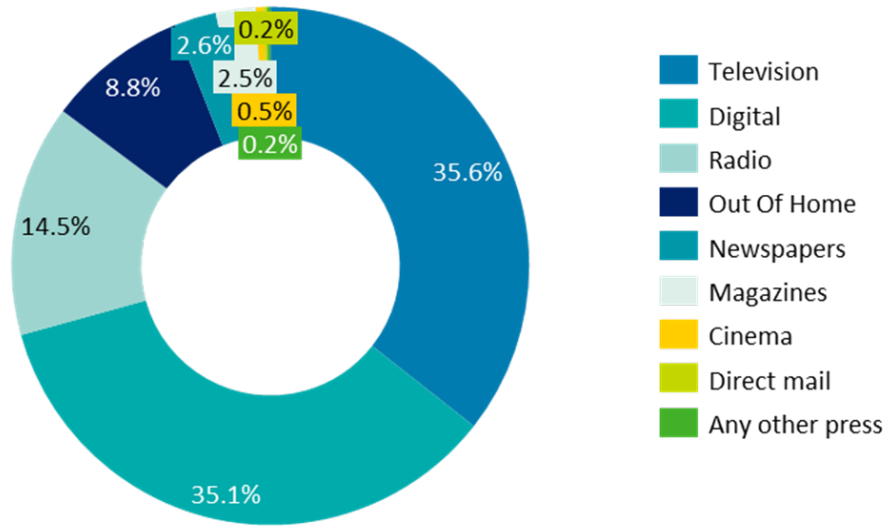


Figure 5- Belgian media mix (based on net advertising spend), 2022 actuals (Benchmark Media Investments 2022, 2022)

Simultaneously, digital advertising – including display, social media, search engine advertising (SEA), video, and other digital channels – has been steadily growing and now represents 35% of net spending.

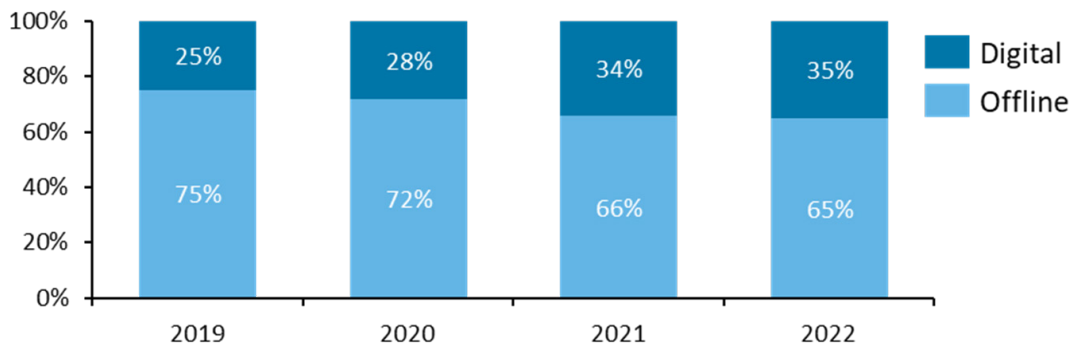


Figure 6- Evolution of digital and offline net advertising spend in Belgium, 2019-2022 actuals (Benchmark Media Investments 2022, 2022)

However, relative to other countries digital advertising spending is low in Belgium. In per capita terms, Belgian digital advertising spending amounted to €78, compared to the European average of €115 and €481 in the UK. Growth is also lower relative to other countries, between 2019 and 2021 growth in gross digital advertising spending was 22%, whereas the EU average is 38% (IAB Europe, 2022). This can partially be explained by the strong position of traditional channels in Belgium, especially television, and the lesser importance of e-commerce players compared to other European markets (see Figure 7).

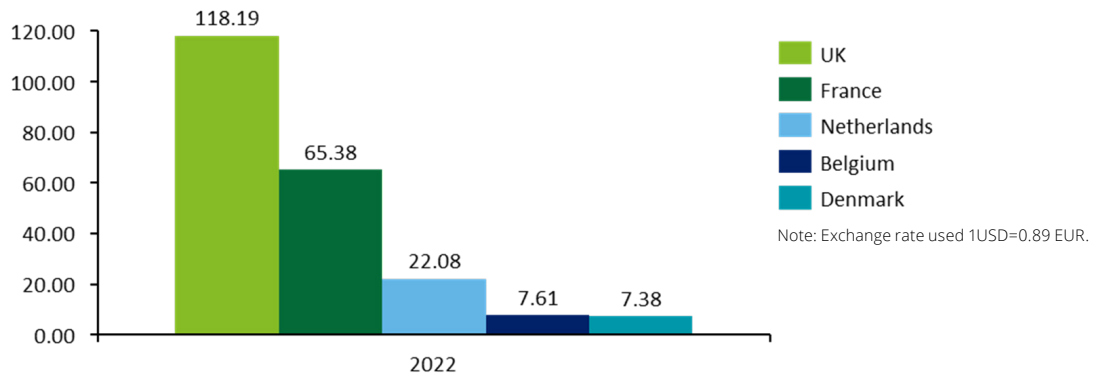


Figure 7- E-commerce revenue, billion EUR, 2022 actuals (Statista , 2022)

Zooming in on digital, social has become the leading digital touchpoint with 26% of net digital advertising investments. New channels such as digital audio, influencers, branded content, and digital out of home, also contribute to the growing importance of digital media in Belgium.³

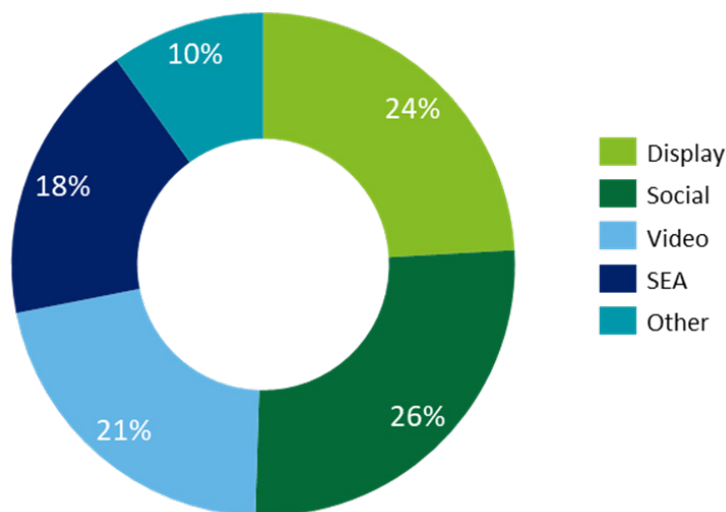


Figure 8- Breakdown digital channels in Belgium, 2022 net digital advertising spending (Benchmark Media Investments 2022, 2022)

International players are a large part of the Belgian digital advertising value chain and set to further expand as the digital landscape evolves. The share of the Meta, Apple, Microsoft, Amazon and Alphabet (MAMAA) in the Belgian digital advertising spend grew to 62% by the end of 2022 (Benchmark Media Investments 2022, 2022).

Within particular digital channels MAMAA retains a particularly large presence, receiving 100% of spending in the social media and search engine advertising (SEA).

In contrast to digital channels, Belgian local media players retain a high market share in traditional advertising channels such as TV and radio. Production of high quality local content by local media players may be a large factor and, as a result the share of local players within the entire advertising market is still 78%, with the remaining 21% invested through MAMAA (Benchmark Media Investments 2022, 2022).

3. These channels are included in 'Other' in Figure 7



Advertising trends and disruptors

3. Advertising trends and disruptors

This section focusses on the main trends and disruptors driving the transformation of the Belgian advertising ecosystem. Organised around the three core themes of data-driven advertising, audience touchpoints and advertising content production, these trends and disruptors set the scene for the choices that the industry must make to realise its full potential.

3.1 Data-driven advertising

Data-driven advertising is already well-established, however developments in how that data can be collected, and the technology used to derive insight will continue to disrupt the advertising ecosystem nationally and globally.

Data has emerged as a crucial asset for companies seeking to connect with their target audience.

The digitalisation of our society and economy has led to a substantial increase in data production by individuals and businesses. This growth in the volume of data produced is exponential. It is driven by the ability to collect and store increasingly unstructured data in real-time from multiple sources, such as sensors and devices. In that context, businesses have shifted their advertising approach from traditional methods to data-driven strategies. By 2030, data collection and analysis is expected to become the basis of all service offerings and business models (Deloitte).

Considering these circumstances, the monetisation of data is a key source of revenue for companies. It will mainly involve leveraging data internally to create new products and services, enhance existing products, or improve internal operations (e.g., decision-making support). This will generate indirect value (e.g., marketing), but data will also be sold through a "data broker" for direct value. However, data may still be underutilised, for example 80% of collected industrial data⁴ are never used or monetised by European companies (European Commission , 2022).

Programmatic advertising will be enhanced by new technologies

Programmatic advertising is used to automatically purchase and place ads, based on the available data regarding location and target audience. In Europe this market is expected to grow by 42% in the next 4-5 years.

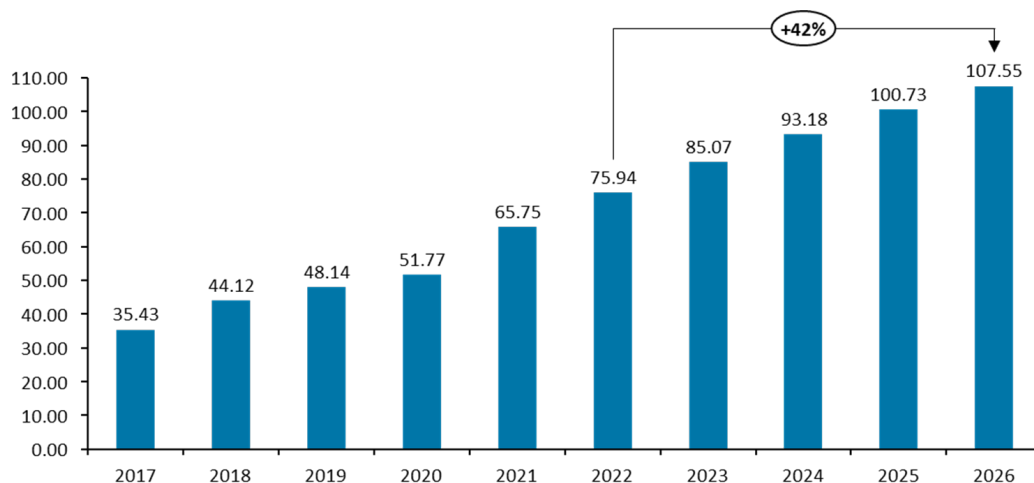


Figure 9- European programmatic advertising market size, 2017-2026 estimates, billion EUR (Exchange rate 19/07/2022: 1USD=0.89 EUR) (Statista, 2023)(Benchmark Media Investments 2022, 2022)

Programmatic advertising is not new: it is already used for over 70% of all Belgian digital advertising. However, its relevance is increasing, for example being used across more channels such as out-of-home advertising and is being enhanced by AI and consumer data analytics

4. The European Commission defines industrial data as the data generated, collected, or processed within industrial processes, operations, or systems in various sectors such as manufacturing, energy, transportation, and healthcare. It encompasses a wide range of data types, including machine-generated data, sensor data, production data, maintenance logs, and other forms of digital information that are derived from industrial activities.

Focussing on AI, the current top AI use cases in programmatic advertising include targeting ads, personalising content, and calculating conversion probability (Statista, 2022). However, with continued improvements in AI technologies, new marketing use cases will emerge in the next five years and increasingly disrupt the way companies conduct their advertising campaigns.

In particular, the utilisation of AI is expected to bring significant advantages, primarily through its ability to handle vast volumes of data and which it can leverage to optimise programmatic advertising and beyond. It will not only improve targeting by identifying new customer segments, finding patterns in consumer behaviour, improving automation and testing of campaigns. It also supports human intelligence in the execution and repetition of marketing tasks, freeing up time for higher value and more creative tasks (Deloitte, 2023).

“AI will support intelligence and in the end create more (and different) jobs. AI won’t replace intelligence of human beings.” Sylvie Irzi, Telenet

The increasing exposure to data regulations and consumer privacy concerns will impact the way companies use consumer data

With the increasing reliance on these data to inform advertising strategies and target specific audiences, stakeholders in the advertising market are confronted with a complex web of regulations governing data collection, storage, and use. User consent, data security breaches, and the protection of personal information have become critical issues for the industry, who must strike a delicate balance between utilising data effectively and safeguarding individual privacy.

In this context, two acts recently passed by the European Parliament are expected to regulate the way companies operate online in terms of competition and transparency (Deloitte, 2022).

01. The Digital Services Act (DSA) augments user protection and establishes transparency within digital services. The DSA is expected to bring forward new consumer protection rules in the online environment and provide opportunities for digital businesses (Deloitte, 2022).
02. The Digital Markets Act (DMA) centres around competition law that establishes precise guidelines for operating large online platforms. The DMA will impose a set of regulations on “Gatekeepers”, such as search engines, marketplaces and social networks, that provide gateway services between consumers and businesses.

These two acts – only part of the comprehensive “Europe fit for the Digital Age” plan – are expected to disrupt the advertising industry in different ways. The DSA is likely to expand disclosure obligations to both regulatory bodies and consumers, while the DMA has the potential to level the playing field and reduce the dominance of existing Gatekeepers.

Companies are in-housing their data capabilities and adopting AI solutions

This growing exposure to data regulations combined with the development of “privacy by design” and the demise of third-party cookies is pushing the value-chain players to develop their own strategies to gather first-party data. If correctly implemented, this phenomenon of data capability in-housing and developing relevant data strategies brings several benefits for companies, including competitive advantage, real-time tracking and enhanced relationships with customers, based on trust and transparency.

In fact, high-growth brands lead the way in developing first-party data strategies. A Deloitte survey showed that 61% of high-growth companies are shifting to a first-party data strategy, while only 40% of negative-growth companies say the same (Deloitte Global Marketing Trends Deloitte, 2022).

On top of that, high-growth companies are also more creative in the way they use first-party data, especially in two areas.

01. Personalised content delivery through dynamic creative optimisation shows a greater adoption rate among high-growth companies (51%) compared to negative-growth companies (36%) (Deloitte, 2022).
02. Using data to serve ads to consumers through programmatic media demonstrates a higher prevalence among high-growth companies (49%) compared to negative-growth companies (29%) (Deloitte, 2022).

Moreover, building a more efficient data strategy has been classified as the top priority by 42% of companies that took part in the “State of In-housing 2022” study conducted by Bannerflow (Bannerflow, 2022).

Finally, Belgian media consolidation has led local players to develop stronger first-party data propositions. Less fragmentation compared to neighbours such as France and Germany, means they are in a stronger position to replace digital players phasing out third-party cookies and counter players pushing for open-market programmatic and universal ID solutions. Consolidation among regional players such as DPG Media Belgium and Ads & Data will also be a factor in successful data strategies given the increasing returns to scale in terms of data volume and expertise.

In this context, companies that effectively utilise these emerging data streams and embrace innovative technology solutions, particularly AI, will be at the forefront of driving the future of advertising.

Bottom line: Data driven advertising

The **exponential growth of data** presents an abundance of opportunities as well as challenges throughout the full value chain of the advertising industry. Companies that are able to **monetise this data**, either by leveraging it themselves or selling their data or insights to external parties, add a key source of revenue streams to their turnover.

In that context, the advertising industry is increasingly reliant on **data-driven methodologies** including **programmatic advertising**. New technologies, among them AI, are optimising the implementation of programmatic advertising, driving its continued growth.

With the growth of data-driven advertising strategies, the industry needs to navigate data regulations as well as building trust with consumers who share their data. To meet requirements, organisations will need to rethink the way they capture, store and exploit data, and develop smart data-centric and trust-building strategies.

As a result, companies are moving towards **in-housing** data and data capabilities, benefiting those in the advertising value chain with existing reach and scale. Implementing a data strategy in the right way, as well as being creative in how it is leveraged, will be crucial to remain relevant and **connect with audiences**. Partnerships around data may also feature more heavily in the industry, although these will be specific and need to be transparent, safeguarding consumer privacy. Finally, how data is used to deliver intelligence and insight, for example in improved campaign Key Performance Indicators (KPIs), will be a key feature of success for local players.

3.2 Audience touchpoints

This section on audience touchpoints explores the challenges and opportunities related to the reach of advertising campaigns and audience targeting.

Media consumption fragmentation increases the complexity of audience targeting

Media consumption fragmentation is a trend that has been shaping the world of advertising in the last decade. It has been driven by a proliferation of devices and diversification of the types of media that can be consumed across different platforms. In Belgium, 92% of the population have access to a smartphone and of these 94% use it on a daily basis. Other key devices include smart TVs and smart watches, with usage of games consoles and VR headsets growing (see [Figure 10]).

Belgians use these devices for a variety of purposes, as shown in [Figure 11], among the most popular being engaging with social networks, messaging and reading the news. Watching live TV remains more popular than short videos, reflecting the strength of traditional media channels within Belgium, however given generational differences in media consumption this is likely to change. Taken together this poses enormous challenges for advertisers to identify the right channels to effectively target their desired audiences.

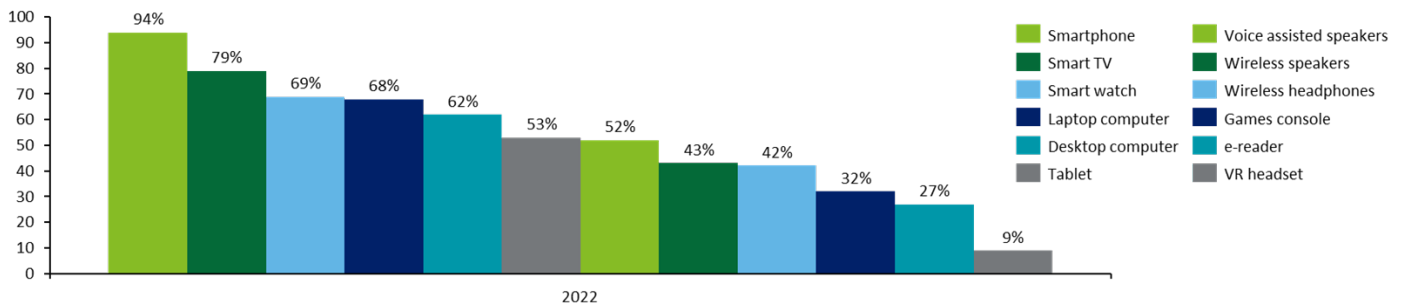


Figure 10- Devices Daily Usage by device owners, (Deloitte, 2022)

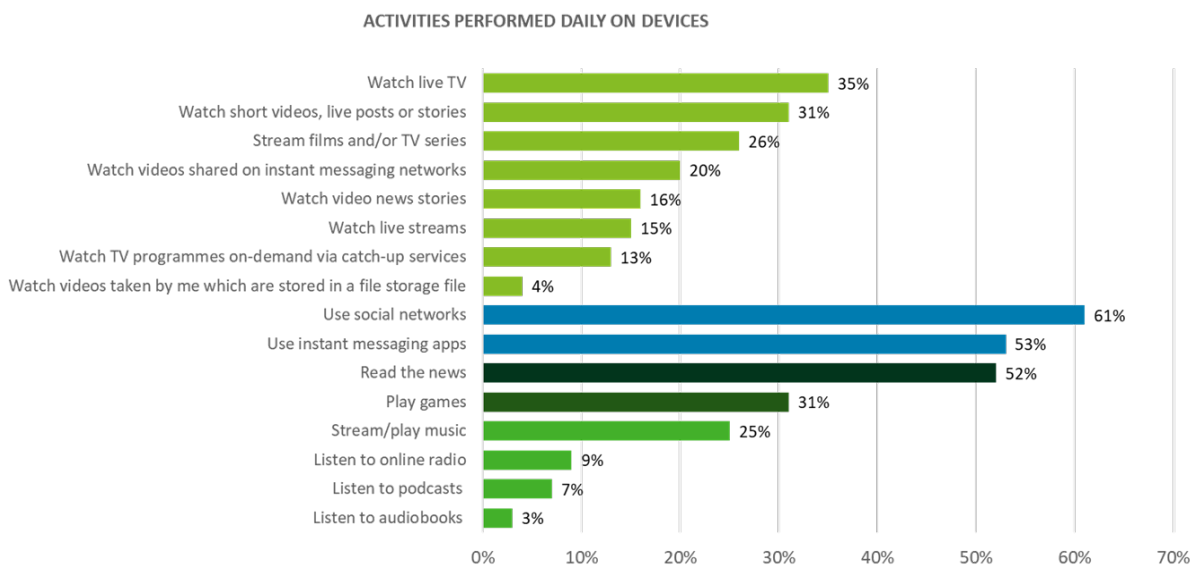


Figure 11- Activities performed daily on devices (Deloitte, 2022)

“The pandemic has acted as an accelerator for media consumption fragmentation, even encouraging more elderly audiences to use their smartphones and stay in touch with their children.”
Fons Van Dyck, BBDO

While fragmentation, measured by usage of multiple devices, is high across all generations, there are significant generational differences regarding the preferred channels and type of content consumed. Baby Boomers are more likely to stick with well-established channels and platforms, for example watching live TV and using Facebook (daily usage of live TV among Baby Boomers is 51% and weekly usage of Facebook is 96%). In contrast, Gen X and Millennials are scattered across a multitude of channels and social media platforms: growing up with numerous social networks, they have a habit of using 5-6 different platforms weekly. In terms of content type, the younger generations prefer shorter video forms and ‘snackable content’ and platforms that are dynamic such as Instagram and TikTok (INDIGITAL, 2021).

Media consumption fragmentation is also complicating the performance measurement of online versus offline campaigns. Different performance metrics are used for different channels, which cannot be compared to one another. A holistic view on campaign performance via cross-touchpoint efficiency measurements is missing. Therefore, brands are increasingly struggling to evaluate the results of their efforts, which impacts their advertising strategy and data decisions.

While SVOD is expected to reach its limits, AVOD services are growing into a promising solution for advertisers to reach their audience

Looking at particular channels, subscription video on-demand (SVOD) services and revenues have grown exponentially over the last decade and the worldwide media landscape is continuing to move away from linear TV to on-demand solutions.

Although Belgium has also shifted towards on-demand consumption, linear TV remains a dominant medium. Some in the industry attribute this to the quality of the content produced in the Belgian market.

“Local players in the Belgian ecosystem have been able to survive against international players due to high-quality content and high local reach.” *Gino Baeck, GroupM*

Traditional TV is expected to remain an important feature of the ecosystem in the coming years (Figure 12). As a consequence, SVOD is underdeveloped in Belgium compared to other markets: for example, the Netherlands has a more mature SVOD market with 73% of penetration compared to 53% for Belgium (GroupM, 2023).

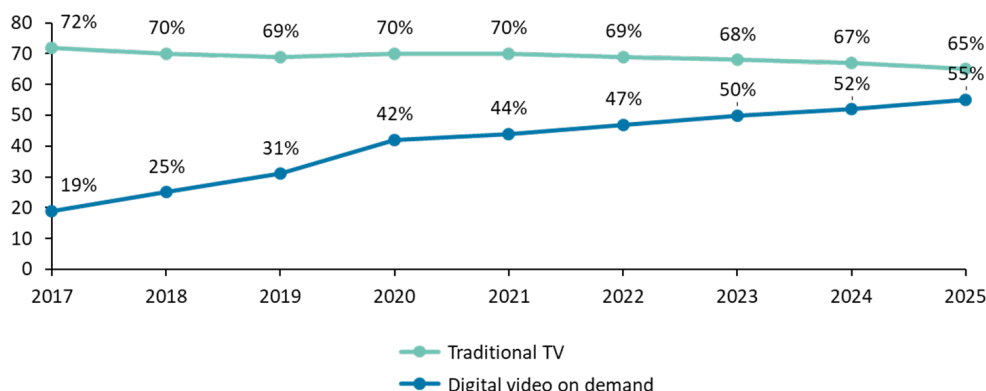


Figure 12- Evolution of average daily reach of traditional TV and video on demand in the BeNeLux (Deloitte , 2023)

Due to the uncertain macroeconomic situation, it is expected that the number of SVOD subscriptions per household will reach a plateau. Early signs are already noticeable in the rising subscription prices of Disney+ and Netflix, as well as the loss of subscribers to multiple giant media players, including Disney+ (Kollewe, 2023), Netflix (Sweney, 2023) and HBO MAX (Munson, 2021).

As advertising-based video on demand (AVOD) services offer on-demand video at lower cost, they may grow significantly in the coming years. In Belgium, 60% of subscribers are unwilling to spend more on subscriptions, at a time when prices are rising, while 31% are willing to accept ads in exchange for free access to streaming videos. Just recently in May 2023, the well-known Belgium VOD service, Streamz, owned by the large Belgian media player DPG, launched a new AVOD subscription model (Dee, 2023). Additional research has found that one in three SVOD subscribers in Belgium would consider switching from their current SVOD subscription to an AVOD subscription (Figure 13).

Taking all this together, media players offering on-demand video services will need to investigate hybrid VOD business models, combining SVOD with AVOD, to attract new customers segments and uncover larger potential growth in the future.

“AVOD is going to be critical to generate sustainable value in the media market.” *Luc Suykens, UBA*

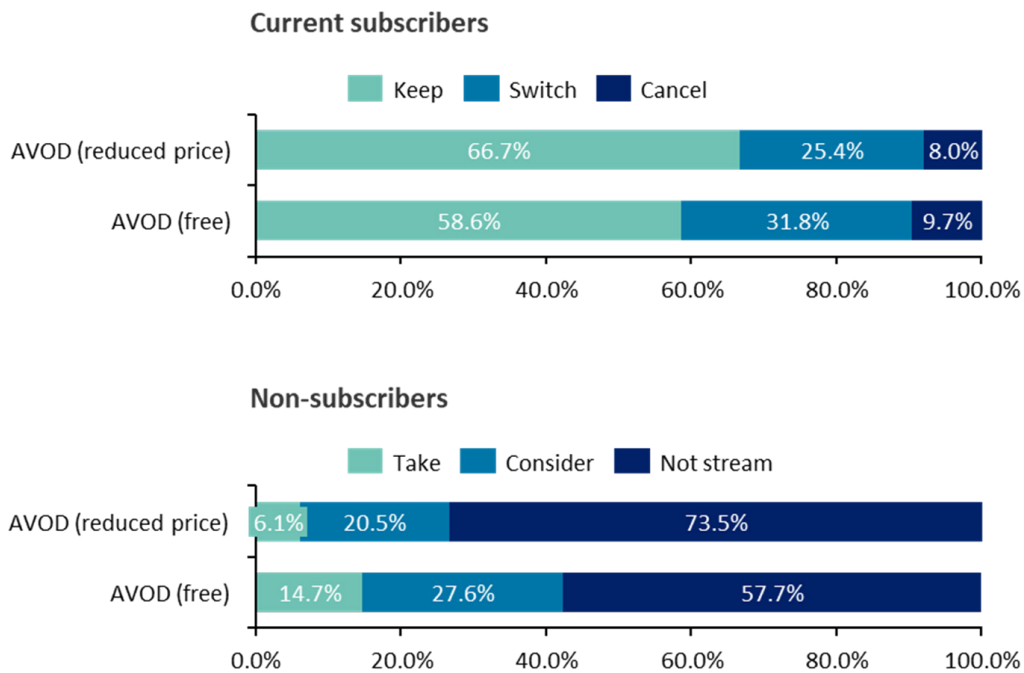


Figure 13- Growth potential if SVOD would also offer and AVOD alternative, in Belgium, 2022 actuals (GroupM, 2023)

Media channels across live events streaming, esports and gaming will represent new opportunities for advisers to reach key audiences

While increasing fragmentation poses challenges to effectively targeting key audiences, innovations also present new opportunities for advertisers. Among these opportunities is the introduction of new media channels across live events, streaming esports and gaming.

"Live and premium content will become more important as it allows for diverse gatherings and creates emotions that audiences associate with your brands" *Jean-Paul Philippot, RTBF*

In a world where entertainment is increasingly on-demand, live content becomes more unique in creating an exclusive but shared emotional experience for consumers. The benefits of leveraging live events include the scale of the audience and the opportunity to create bespoke and impactful content. Technology will also create opportunities to augment the overall experience, for example with immersive technology, which advertisers will need to include in campaign planning.

Within live content, esports is a growing segment. In the European market especially, esports is gaining momentum, having grown six percentage points over the last three years to an overall esports reach⁵ of 36% (Figure 14). Within Belgium, 16% of the population are at least occasional viewers of esports, in line with the European average.

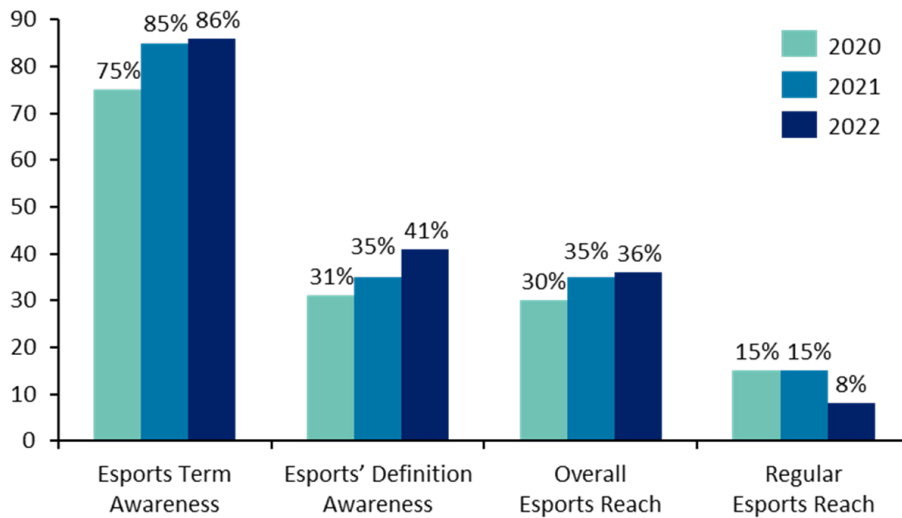


Figure 14- Development of esports engagement maturity (Deloitte, 2022)

Online retail media provides a new channel for first-party audience targeting that avoids customer privacy issues

Online retail media is another promising channel that holds opportunity for advertisers. Not only does it allow them to reach customers at the point-of-sale, it also enables collection of first-party data on customers in this purchasing context, addressing challenges related to data-driven advertising.

The strength of retail media is that advertisers can monitor campaign performance via closed-loop measurement capabilities. The collected data can be immediately exploited by providing a direct connection between advertising spending and actual customer purchases. Moreover, retailers with rich consumer databases can create more personalised advertising, and this way provide their consumers with a targeted and seamless experience (BCG, 2022).

5. Reach in marketing is the measurement of the size of the audience that has seen your ads or campaign content. Reach measures your actual audience, and marketing reach measures the potential customers a campaign could reach. These can refer to specific audience segments or to a broader percentage of the population (Amazon ads, 2022).

Today, 92% of advertisers and 74% of media agencies are already partnering with retailers to reach their consumers. Of those not yet engaged with retail media as an advertising channel, 88% of advertisers and 77% of agencies plan to do so in the next 12 months (IAB Europe, 2022). Retail media is therefore expected to grow in the coming years worldwide, as well as in Belgium (Figure 15).

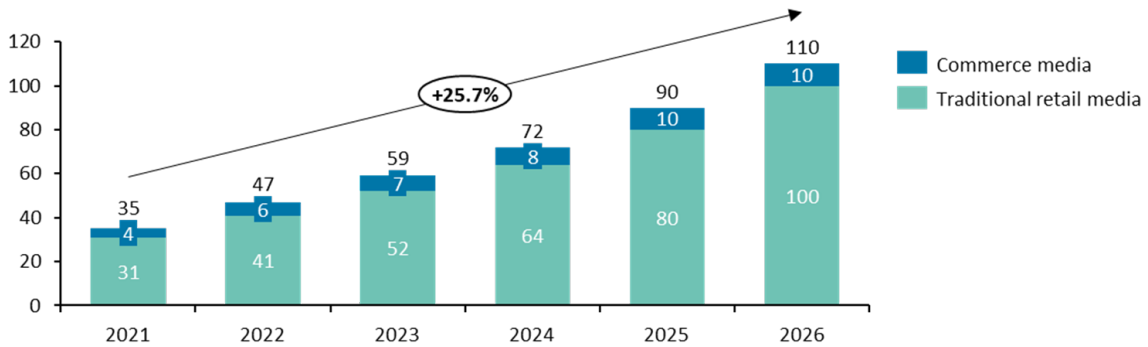


Figure 15- The retail media market in the US is expected to grow by 25% annually over the next 5 years (BCG, 2022)

However, the success of retail media may depend on other activities, not least the use and analysis of data to deliver insights and support successful strategies. Partnerships with retailers are a key component as well as understanding local audiences, their preferences and purchasing habits.

“While there is a notion of retail media capabilities growing at the expense of traditional media, there is still room to play for classical advertising when it comes to making the first part of the funnel (awareness building, consideration, etc.) more data driven.” *Tamta Mamistvalovi, Colruyt*

Advertisers will need to evaluate how to adapt their audience targeting to reach under-served audiences within the Belgian market

There is increasing recognition of the diversity of people and communities within Belgian society. However, diverse audiences can be hard to reach with traditional marketing, not least because of the challenges the Belgian marketing ecosystem faces in diverse and inclusive talent and representation (UBA, 2021).

In Belgium, diversity within society is increasing. For example, the share of Belgians with a Belgian background decreased from 81% in 2002 to 67% in 2022, while the proportion of non-Belgians increased from 8% in 2002 to 13% in 2022 (StatBel, 2022).

It is therefore important for advertisers to move towards more inclusive targeting solutions with a variety of channels and languages, and use diverse advertising teams to implement the advertising strategy. Only in this way will advertisers be able to reach the full spectrum of cultures within Belgian society.

Bottom line considerations

Media consumption fragmentation is creating additional complexity across the advertising landscape and impacting the way advertisers reach audiences. **Technology** contributes to fragmentation by expanding the number of devices that consume advertising and through generational differences in technology usage. But it also offers new **opportunities** to reach audiences. Live content, AVOD and retail media offer alternative channels to reach customers.

3.3 Advertising content creation

This final subsection considers the key trends in advertising content creation, deep-diving into the way advertising content is produced and the messages brought to audiences. The role of creativity is a crucial part of this theme.

Diversity, equity, and inclusion (DEI) and environmental, social, and governance (ESG) considerations are increasingly important to communication and content creation strategies

DEI and ESG have increased in the social conscience as key issues in recent decades. They will remain important to effectively connect with customers, and likely grow as younger generations increase their purchasing power. A survey of global brand purchasing decisions by consumers indicated that, while overall secondary to price and quality factors, sustainability is a key factor for younger consumers in purchasing certain products such as beauty and personal care products and overall 57% of consumers are loyal to brands that commit to solving global inequities.

In Belgium as globally, younger consumers, as well as women, are most concerned with ESG issues. Out of 18-34 year old Belgians, 68% are worried about climate change, the most of any age group, and 74% report significantly changing their purchasing patterns to address climate concerns. For women, these figures are 62% and 67% respectively. In contrast, only 28% of consumers aged over 55 years are willing to pay more for sustainable products relative to 59% of 18-34 year olds (Deloitte 2021).

Perhaps in response to these divergent attitudes, Belgian companies take a nuanced approach to DEI and ESG issues. Some companies view these issues as 'hygiene factors', necessary to address as a basic requirement but not differentiating, whereas others characterise DEI and ESG issues, sometimes in the form of 'purpose', as central to the company's strategy and engagement with customers. In studying how attitudes to purpose differ between high-growth and low-growth brands the largest differences are in accountability, with 93% of high-growth brands developing KPIs to measure progress against purpose relative to 72% of low-growth brands, however across other activities related to purpose there is less of a gap⁶. The issue of measurement will become more salient as brands increasingly report scope 3 emissions, which include the impact of advertising campaigns and purchasing, and so need to be addressed by the industry.⁷

In terms of DEI, diversity in the advertising workforce is of growing importance. Increasing diversity in Belgium means there is greater need to create content and advertising campaigns for diverse audiences. This requires diverse teams working within the advertising ecosystem to produce content and campaigns that resonates with different communities.

However, the Belgian advertising ecosystem faces challenges, employees of non-Belgian origin are nearly twice as likely than their Belgian counterparts to say they are likely to leave their current company or sector due to lack of inclusion (14% compared to 8%) and less than half of employees believe their company is taking steps towards greater diversity and inclusion (UBA, 2021).

"The industry has a big DEI problem. We need diverse creative talent, not just creative talent. We're not diverse within and we don't recruit nor retain diversity sufficiently enough." Luc Suykens, UBA

6. High-growth brands are defined as those that achieve annual revenue growth of 10% or more while low-growth companies are those with no or negative annual growth.

7. Scope 3 emissions refer to all indirect upstream and downstream emissions that occur in a company's value chain, excluding indirect emissions associated with power generation (scope 2).

Even though DEI and ESG considerations are imperative, they remain a brand-specific choice and have multiple dimensions, including addressable market, brand identity and changing demographics specific to the region. Brands will need to identify for themselves what considerations to include and how, so that it fits within their long-term vision and naturally becomes part of their actions and reactions.

Branded content has the ability to capture the attention of audiences

While digital advertising has grown so has digital advertising fatigue. One-in-four internet users implement ad blockers (Mann & Walgrove, 2022) and “banner blindness” means that most online users no longer notice ad banners (Dens & Poels, 2022).

Moreover, viewability is different from attention that an ad receives. While viewability refers to how the ad is loaded onto the viewer’s screen, attention is defined as how the viewer responds to the ad. In this context, attention metrics need to be better developed to track consumer responses to ads. In fact, in their “Attention in Context Research 2022” study, Amplified Intelligence, Yahoo and OMG found that while 53% of all ad formats met viewability standards, they achieved less than one second of active attention (Yahoo, OMG, 2022).

Branded content, which includes native advertising, content marketing, influencer marketing and brand placement, represents an important response to the consumer desensitisation towards traditional online advertising. Some expect the branded content format, and more specifically native advertising, to become the preference of advertisers by 2025. Branded content puts the consumer experience first and brings non-intrusive storytelling that cannot easily be avoided (Dens & Poels, 2022). On top of that, it is also estimated to perform much better than traditional advertising.

- The click-through rate of native advertising is 40 times higher than traditional advertising (APM, 2022).
- Content marketing is 62% cheaper than traditional marketing, while producing three times the leads (Hill, 2022).
- One way to use branded capture and maintain consumer attention is to “go immersive”. Platforms with immersive (native) content provide greater ground for attention (Yahoo, OMG, 2022).

Consequently, the branded content market is expected to grow exponentially in the next five years. AdYoulike even estimates the global native advertising market to be worth \$400 billion by 2025, a 372% jump from 2020 (Mann & Walgrove, 2022).

The essence of branded content is to create authentic storytelling encompassing your company’s values to create a personal connection with your consumer. However, this raises legal and ethical concerns as branded content is harder to recognise as commercial content. To maintain a personal and trustworthy connection between the brand and consumer, it will be crucial for both advertisers and publishers to provide transparency and disclosure of sponsored content (Dens & Poels, 2022).

“We’re moving towards advertising where brands include storytelling in a correct way with respect for their consumer and a real purpose. Fake stories are no longer acceptable as consumers become more marketing savvy.” Wilfried Celis, DPG Media

Generative AI is playing a supporting role for the creatives in content creation

The rapid growth of generative AI⁸ presents interesting opportunities for the advertising industry, especially with regards to its content-creating potential. Within the industry, the attitude towards AI’s role in content creation is mixed, especially concerning the speed and extent of adoption. While some sources believe AI will replace creation work in a very short timeframe, there is greater consensus about AI playing a supporting role in content creation.

“70% of the more standardized creative work will be replaced by machines in the next two years. At some point in the future, AI will even be able to break through convention and create as well as tell stories.” Tim Van Doorslaer, DPG Media

8. Generative AI is an emerging tool within the wider ecosystem of artificial intelligence. This section is specifically referring to generative AI due to the role it may play in the creation of content. However, AI as a whole will have a disruptive impact on the advertising industry as discussed in the section “Data-driven Advertising”.

Some in the industry believe that current creative work has become adapting previous ideas rather than genuine creation, bringing less creative value in the advertising industry. If implemented in the right way, generative AI can be used as a supporting tool to increase the value of creative thinking.

While generative AI is not a creative tool or idea generator, it is able to adapt existing content and build upon what has been invented previously. By taking over this adaptive part of the work, it leaves creatives with more time for conception work where new ideas are generated. Therefore, embracing generative AI could increase the creative potential of humans due to the increasing rate at which ideas can be generated. AI may thus raise the bar on creativity.

While generative AI is still new and not particularly deemed the main disruptor for the next five years, it could still have a substantial impact when companies figure out exactly how to use it.

“At GROUPEM, ChatGPT will be used to support the creation of different ads. While it will ease our work and inspire the creatives, it will not replace it” *Gino Baeck, GROUPEM*

Companies globally are already experimenting with content creation augmented with AI. As shown in Figure 16, AI is now mainly used by marketers to support them in the generation of ideas, but also in the translation of texts into different languages to adapt content to diverse audiences.

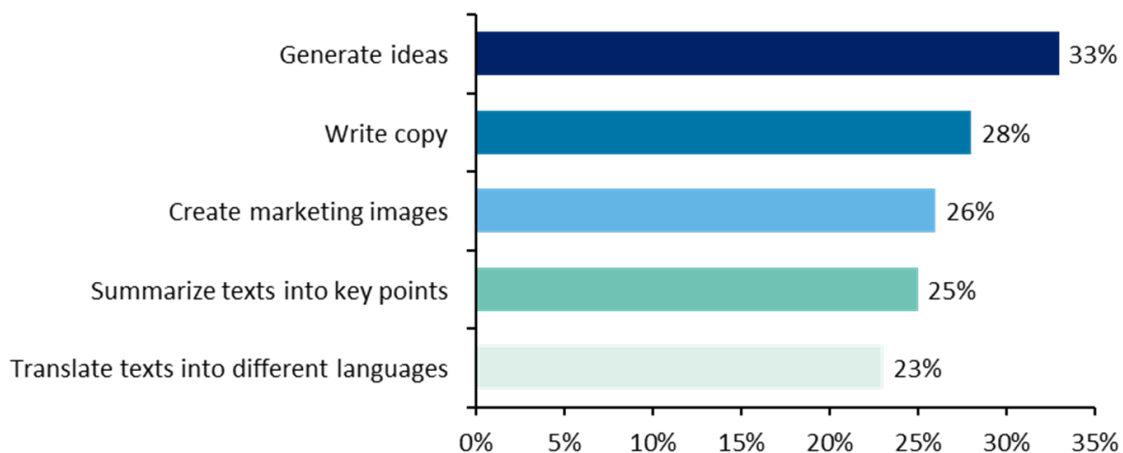


Figure 16- Top 5 ways AI is used by marketers (HubSpot, 2023)

Bottom line considerations

DEI and ESG will continue to grow as key factors in content and advertising strategies. This will be important not only to the messages conveyed but also the representation of diverse backgrounds in the content production process. Younger generations attach a higher degree of importance to **DEI and ESG**, forcing companies to recognise and include these considerations in their company values and the messages they bring. However, brands will need to take a nuanced approach to DEI and ESG, with no one-size-fits-all way to reach audiences with divergent attitudes.

Consumers are also becoming less responsive to traditional and digital advertising. Organisations are therefore shifting towards branded content to create authentic and personal relationships with their consumers.

The role of creativity in the content creation process is also changing: with generative AI promising the capability to reproduce content, creatives can focus on the intense creative side of their campaigns and enhance the ability of advertising to create an emotional connection.



**Shaping the future of
Belgian advertising**

4. Shaping the future of Belgian advertising

Having explored the critical factors that are set to disrupt the advertising industry in Belgium over the coming years, this section offers a forward-thinking outlook for its key players. Undoubtedly, the disruptors identified in this analysis will have diverse implications for all actors across the value chain. Some may face increased pressure to adapt to changes or suffer from reduced presence in the value chain, while others may find themselves with opportunities to grow and lead the transformation of the Belgian advertising ecosystem, or even both at the same time.

4.1 Workforce and leadership skills

The Belgian advertising ecosystem is currently encountering significant challenges in attracting and retaining the right talent. Areas that are most required to be addressed for the sector to transform are:

- 01. Data skills:** There will be a need for profiles that are able to manage the upcoming technological innovations and disruptions, as well as the data collection and exploitation. Advertisers, publishers and ad agencies will need analytical talents able to manage increasing amount of data and generate insights, including development of KPIs to measure campaign strategy.
- 02. Creativity:** The emergence of technologies and increased reliance on data in the creation, personalisation and placing of advertising campaigns will enhance the importance of creative talent. Indeed, because AI will facilitate daily tasks, the most valuable creative talents will be those with the greatest capacity to use AI technologies to support content creation, interaction with audiences and personalisation. Creativity extends far beyond brand communications and advertisements. It encompasses inventive thinking that shapes the design of systems, transforms challenges into opportunities, fosters employee collaboration, and enables organisations to engage effectively with customers and other stakeholders. Compared to lower-performing companies, high-growth brands (defined as those with annual revenue growth of 10% or more) are in fact more likely to foster creative ideas (50% vs 42%), encourage risk-taking (40% vs 33%) or promote creative collaboration (48% vs 33%) (Deloitte, 2023).
- 03. Diversity:** Diversity in the workforce enables advertising content and campaigns to effectively reach more diverse audiences. However employees from diverse backgrounds are more likely to want to leave the Belgian advertising ecosystem. For this reason, improving the experiences of these employees will be a first step towards increasing diversity within the wider workforce.

"Creativity will be the marker that makes you stand out and drives attention by creating an emotional response with your consumer."
Bart Demeulenaere, Ads&Data

4.2 Advertising campaign strategies

The increasing use of data, combined with more AI use cases and growing media fragmentation, has impacted the way advertising campaign strategies will be developed in the future. On one hand, data insights that leverage AI have the power to increase personalisation, predict consumer purchasing decisions and improve segmentation. On the other hand, growing media fragmentation is now making it more complex for advertisers to reach their audience in the overloaded media landscape. In this context, the following will be important.

- 01. Advertisers must balance strategies between short-term performance marketing and long-term brand awareness building.** There is pressure to prioritise short-term marketing at the expense of long-term brand building. This is driven by the increasing availability of and reliance on data, an emphasis on short-term key performance indicators (KPIs), internal budget pressures and macroeconomic conditions. To safeguard long-term value, advertisers must also build brand visibility and trust with consumers.

“Media is becoming extremely expensive in Belgium which could contribute to more short term sales activations to the detriment of Brand building campaigns. But today, even more than in the past, it’s essential to build strong brands and find the right balance between long and short term strategies.” *Diane Faynsztein, Nestlé*

- 02. Advertising agencies must further develop analytics and intelligence that can be layered on top of data to provide insight.** Agencies have an opportunity to provide the additional intelligence that many advertisers seek to make sense of the growing amounts of data and increasing fragmentation of media consumption. Related to this, developing KPIs to measure long-term brand building activities would offer valuable support to advertisers, ultimately enhancing the effectiveness and sustainability of their advertising strategies.
- 03. Advertisers must lead the rest of the value chain in becoming more sustainable.** Growing sustainability reporting requirements will have an impact on advertisers and media agencies, as advertiser’s Scope 3 reporting will now encompass the media mix of their advertising campaigns. As a result, integrating environmental considerations will become increasingly crucial in shaping campaign strategies. To address the pressing need for collective action on environmental sustainability, there is a growing opportunity for platforms to emerge that facilitate the sharing of carbon footprints and wider ESG performance across the entire value chain. Such platforms can play a crucial role in enabling organisations to report and track their Scope 3 emissions.

4.3 Market structure and internal organisation

As international players take a growing share of the digital advertising market over the coming years, the Belgian industry will need to reinvent itself to ensure local players remain relevant and are able to feed local market knowledge into the wider international advertising industry. This reinvention is crucial to maintaining the value of Belgian players and will require several industry actions in the next years.

- 01. Local agencies and publishers:** The internationalisation of brand decision centres combined with the increased presence of global platforms within the advertising landscape is putting pressure on and creating opportunities for, national and local agencies and publishers, including media houses. They will therefore need to reorganise themselves to deliver local market insights and intelligence, add value to advertising campaigns, and offer increasing scale in terms of data and audience reach.
- 02. Publishers:** As the local media market becomes more consolidated, Belgian publishers looking to increase reach will face the challenge of maintaining a focus on the local audience while expanding. Furthermore, local publishers will need to enhance their services intelligently and deliver greater value to advertisers and agencies. This may involve automating more of their processes through programmatic techniques or improving user-friendliness to enhance the overall customer experience.
- 03. Agencies:** Media agencies will need to continue bringing value to both advertisers and consumers with intelligence and value-added services, by analysing audiences, designing high-quality content, taking into account ESG and DEI considerations and creating emotional bonds with audiences.
- 04. Retailers:** Retailers will become important sources of consumer data due to their position in the market and ability to collect first-party data via retail media networks and point-of-sale advertising. With the increasing reliance on retail media, retailers might see their position in the market reinforced as owners of consumer data.

05. Potential new partnerships: The decline of third-party cookies may give rise to new forms of partnerships between advertisers and publishers, potentially brokered and managed by third parties, wherein brands could establish curated lists of trusted partners with whom they exchange consumer data.

Securing the future of the Belgian advertising ecosystem requires immediate action. The tools are available and there is already a set of strong foundations on which to build. Collaboration across the ecosystem and building trust between players and with consumers will be key pillars of that success. We encourage all players to consider their moves with a long-term perspective and look for mutual gains across the value chain.

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