

# Reality Check by IAB MENA

## Part 1

October 2023

As the level of computing power continues to rapidly advance, MENA consumers now engage with a variety of immersive, digital experiences through their mobile devices and hardware on a daily basis. In 2022, the marketing and advertising world witnessed an explosion of headlines, big predictions and hype on all things AR, VR, Mixed reality and Web3.

In 2023, so far we have seen the launch of a Metaverse academy in Riyadh; Majid Al Futtaim launching their Mall of the Metaverse; Bain is forecasting the metaverse could be a \$900bn business by 2030..but what now?

IAB MENA has brought together a group of industry thought leaders from our membership to do a 'Reality Check', to get their perspectives on the implications of mixed reality on our industry, covering practical considerations such as 'who should own Web3' and mixed reality within companies, agencies and marketing functions and if we see any real-world success that we can learn from. In the first of this 2-part series of Reality Check, hear about the state of readiness in MENA today to capitalize on the mixed reality opportunity.



*With all emerging technology, there is often a challenge when it comes to the question of who should 'own' it within a given organization. Who do you think should own the testing, development and potential implementation of 'Mixed Reality'?*

**Anthony Nghayoui - Omnicom Media Group:**



Asking who will own Web3 is like asking who owns the internet. In today's early stages, tech giants and specialized companies or startups should champion the development and improvement of hardware and software to increase adoption across Web3 /mixed reality services. Without mass adoption, the opportunity for advertisers and agencies will remain minimal. On top of that, every new ad product that emerges from the advancements in mixed reality and Web3 must pass the effectiveness test to become one of the pillars of the media mix, including the ability to reach a

scaled audience, create demand, and generate sales. Marketing is all about numbers and outcomes and, without proven effectiveness, any campaign becomes just another vanity project.

In media agencies, we see MR as a new form of digital media and digital itself has a split ownership. There's a digital transformation element to Web3 (think blockchain-powered product lifecycle tracking from manufacturing to distribution or tokenization as a proof of ownership and authenticity in retail). There's also a media element that comes with mixed reality, which today is more present through AR than VR due to the difference in adoption levels. Like any ad product, AR media goes through ideation, planning, production, buying, and measurement with multiple owners at each stage.

Not all businesses or agencies will take the same approach when it comes to Web3: a few might set up a dedicated unit and, eventually, appoint a chief officer that drives the internal Web3 agenda, while others will split its ownership across their divisions. It all boils down to each company's positioning and priorities.

#### **Nabil Moutran - Division:**



I believe that the ownership of technology depends entirely on the strategy of any organization and that technology has been designed to achieve. However, the ownership of any technology needs to be built to serve and solve a problem and hence benefit the whole eco-system. At DIVISION, we have a Chief Product Officer who is responsible for driving the development and evolution of our technology. He is essentially responsible for working with our partners, engineering and design teams to ensure we are constantly ahead of the competition. Having said that, I do not believe we will be needing similar roles in agencies like we used to have dedicated departments or teams in digital because digital adoption has now matured into a digital first space.

**Richard Fitzgerald - Augustus Media:**

In short, no. There has been very little exposure to these technologies on a personal level or at a company level. That said, it's important for professionals and practitioners in the digital space to be aware of emerging trends. 'How much they need to know' and whether they should allocate time to learning is dependent on their role, the business objectives and their future prospects. What we have learned since the emergence of digital advertising is that it's almost impossible to be an expert in every area. Right now, it's not needed to make big calls on how much time is invested internally or hope their clients should spend on Web3 technologies, but we may be in that position one day. Money talks. If there is a more defined commercial opportunity with consumers or across the marketing industry, you will see more involvement. Simple as that. However, usually investment, or at least the intention to create opportunities in emerging technologies is needed to bring in more revenue. It's my personal view that there is a direct correlation between the number of skilled professionals in digital media, and the rise of ad spend in that area. That can be part of one's role, or something they are interested in, but it does need expertise and has more of a chance of growing if it's a business decision to do so.

**Nabil Moutran - Division:**

Mixed Reality and Web3 are still in its very early days and hence, learning and adoption will be slow. However, the adoption of Mixed Reality and Web3 is inevitable and we believe that demand will be slow in the beginning and then achieve a tipping point in a few years. Any business that has innovation as a strategic objective will need to build an opinion on the role this plays in their organization and execute accordingly. Having said that, we do believe that we need the eco-system as a whole to embrace it in order for this to take up more attention of senior leaders. This includes brands, agencies, and platforms.

**Joanne Chehab - TikTok:**

In the ever-evolving landscape of Web3 and mixed reality, the readiness of media and creative agencies is a critical consideration, especially given their integral role and collaboration with platforms.

**Agencies:** Some agencies choose to manage both ideation and execution in-house, while others opt for specialized external firms, resulting in a diversified approach without a definitive right or wrong choice. Nevertheless, irrespective of the chosen approach, agencies must maintain a profound understanding of creative execution to ensure a unified vision. They are tasked with owning the non-production facets of the process, such as comprehending the brief and formulating concepts, even when delegating specialized execution to experts. This approach empowers agencies to evaluate the final product's alignment with initial references and briefs.

**Specialists:** Survival in the realm of Web3 and mixed reality often hinges on specialists' ability to offer more than mere execution. Specialists who can innovate and provide creative direction based on their expertise are the ones most likely to thrive, as they would be bridging the gap between agency needs and the rapidly evolving technological landscape, offering insights and suggestions to enhance the final outcomes. Furthermore, the key to success for specialists is not just their technical and creative skills but also their ability to integrate seamlessly into agencies and platforms' long-term business models. Long-term partnerships, subcontracting arrangements, and participation in vendor programs like TikTok Marketing Partners enable specialists to stay relevant and contribute effectively to the ever-changing demands of the industry.

**Platforms:** Platforms play a vital role in (1) simplifying technology; (2) training the ecosystem to utilize it effectively; and (3) creating a marketplace for it. For instance, (1) TikTok's Effect House is designed to accommodate designers and developers of varying expertise levels, significantly lowering the entry barrier to mixed reality; (2) TikTok workshops and partner trainings are there to upskill the ecosystem; and (3) TikTok Marketing Partners, a portal listing TikTok's partners across various fields, including AR, makes specialists more accessible to marketers.

## Sarosh Waiz - GroupM:



Agencies understand the significance of Web3 and its potential to revolutionize the way brands engage with audiences. However, the level of preparedness and expertise within each agency can vary. Some are exploring this space under the innovation agenda; others may have invested in specialist teams; while the rest are still figuring out how to expand into these services when clients are hesitant to risk their marketing dollars. Regardless of clients' appetites in this space, agencies will continue to seek partnerships and potential collaborations with specialized technology providers, blockchain experts, or digital innovation firms. This will allow them to enhance and expand their capabilities as they see consumer trends shifting. But it is unlikely that outsourcing to specialists will be a long-term solution if Web3 is to grow to be a significant area. If agencies only outsource, they risk not fully understanding the nuances and complexities of Web3. To mitigate this, collaboration with specialists as partners (not just as vendors) will be critical to reducing the knowledge gap within the agency. In addition to this, investments in internal training programs can be developed in collaboration with specialist partners to help agencies bring their teams up to speed. This training, combined with pilot projects will inculcate a culture of experimentation. It will also enable the industry to identify and understand which metrics matter, the challenges involved, and the solutions that work for specific verticals and clients paving the way for agencies to develop tools & skills in this new space. Taking this hybrid approach is the key; combining it with the agency's wider marketing capabilities and understanding of client needs will enable them to navigate through the complexities of this space. It will also help them scale up or down as required to provide sound consultancy for clients on how they can best utilize Web3.