December 2023

Over-reliance on Creative Testing Hampers Ad Creativity

“For years, pre-creative testing has been a popular method for determining the creative details that resonate most with a target audience," writes Barney Girling, ECD at Supernova, the7stars’ in-house creative team. Girling elaborates, "It’s a data-driven approach that ensures media budgets only support effective advertising concepts, but it’s not fool-proof, and research treated as gospel can have a disastrous effect on innovation and creativity.”

Uber Eats Rebuts the Research

Uber Eats’ campaign ‘The Art of Doing Less’ delivered phenomenal results when it launched last year, driving the brand’s highest-ever scores for TOM awareness and brand preference. But, if the team behind it had headed to the results of the pre-creative testing (where it crashed spectacularly), the concept could have been severely diluted. So much so that it would have been lost in the sea of content from the takeaway category screaming ‘look how quickly we can get you whatever food you want’ ad after ad after ad.

Rebutting the research clearly paid off for Uber Eats, but why take the risk? Quite simply, because the insight behind the campaign (reframing takeaways from the lazy option to a genius solution to busy lives) was solid and the team behind it trusted their instincts.

The Pitfalls of Creative Testing

To grasp the basic problem with creative testing, look no further than Antony Gromley’s Angel of the North or, if you live in the South, Damien Hirst’s pregnant ‘Veronica’ sculpture, or Frank Gehry’s Guggenheim Gallery if you live in Spain. All three of these giant public artworks were hated (and in some cases even campaigned against) by a public that detested the idea of them – not even the works themselves. All three are now lauded and celebrated by the same people and communities who once hated them.

Obviously, these examples all had time to grow within public consciousness, but ads work a little like that too. Uber Eats’ proposition was totally out of step with a cultural zeitgeist that celebrates productivity, ambition, and achievement. But the notion of ditching hustle culture is socially contagious, and the campaign shone a spotlight on something humans believe instinctively but rarely voice out loud.

‘The Research Said It Was OK!’

Of course, there are many rational reasons to pre-test ideas, and doing so can deliver huge advantages for ad effectiveness. Moreover, advertising is expensive, and marketers need to take every step possible to ensure campaigns are profitable. No one wants to shoulder the blame if a campaign backfires. But creative testing shouldn’t be used as a crutch to avoid making decisions. The Uber Eats example makes you wonder how many brilliant creative ideas have been shrunk to blandness by testing campaigns to death. Testing creative will only tell you what some members of a target audience say about an ad – and this clearly isn’t proxy for what they will feel, think, or do once exposed to it in their everyday lives.

It’s easy to imagine that trusting your gut on an unusual idea in the face of some adverse creative test results is commercially risky. But generic, easy-to-approve, unimaginative ideas are far riskier! As advertisers, it’s our job to understand the limitations of any form of research and have the guts to run with an idea without letting consumer feedback water it down.

AI's Role in Reshaping the Advertising Landscape

In a year rife with misinformation and global tensions, the UK's first AI Safety Summit at Bletchley Park, the historical site of World War II codebreaking, was more than symbolic. Here, representatives from 28 nations, including technological rivals the United States and China, grappled with a modern enigma: harnessing the power of AI without falling prey to its potential dangers.

This international meeting signified a shift in the narrative around AI. Once a subject of binary perspectives – either a magical cure-all or a catastrophic threat – AI has emerged as a complex, nuanced global challenge. Mustapha Suleyman, co-founder of the AI research lab DeepMind, draws a compelling parallel in his recent book, The Coming Wave, between AI's rise and pivotal historical moments like the Renaissance and the Industrial Revolution. He suggests we are at the brink of an evolutionary leap, poised to redefine our relationship with technology.

In the advertising industry, this wave is already making ripples. The fear that AI might render human jobs obsolete is a recurring theme. Elon Musk's provocative statement that a time may come when 'no job is needed' echoes the Luddite movement's concerns during the Industrial Revolution. Yet, there's a twist in the tale this time: the AI advancements are not just about replacing manual labour but also encroaching upon the creative domain, long considered a uniquely human stronghold. Recent updates from tech giants like Amazon, Meta, and Adobe emphasise their growing role in creative generation, raising questions about the future of human creativity in the industry. For data-driven media, we need tools to adapt, amend and personalise at scale, but do we really want these tools to generate the ideas too?

Tim Harford, an economist, author, and podcaster, offers a balanced perspective: while technology might not lead to mass unemployment, it can disrupt livelihoods, yield unforeseen consequences, and consolidate power among a few. The advertising industry, at this AI juncture, faces a choice: to let AI take over or to harness its capabilities to enhance efficiency and creativity. The hope lies in using AI to eliminate mundane tasks, freeing up time for more meaningful, human-centric activities – less screen time, fewer virtual meetings, and more real-world interactions.

As AI continues to evolve, the advertising industry stands at a crossroads. The path it chooses could redefine not just how it operates, but also how it influences society at large.

Navigating Christmas Amid Economic Challenges

It's safe to say there has not been a 'normal' Christmas for a while, after successive years impacted by Covid lockdowns and the enduring cost of living crisis. But, while the usual turkey tasting, snow speculating and Home Alone marathons will return in 2023, persistent high inflation rates and stagnant spending power mean Brits will have to continue to adapt.

With Christmas just weeks away, households across the UK are planning ahead to ensure the festive season lives up to expectations. According to the7stars QT, 47% of adults started buying presents in early November. Here's what else our research this quarter has told us:

Reimagining Black Friday: Historically, Black Friday has provided the chance for self-indulgent consumers to splurge on everything from widescreen TVs to designer denims.

This year, Brits are curbing self-interest and targeting the sales event for Christmas shopping. Nearly a third of adults, including 49% of 18-34s, intend to use Black Friday to hunt for holiday gifts *(the7stars QT, Nov 2023).*

The Regifting Revolution: We've all received ill-fitting socks, but Brits are famous for our sneaky recycling of unwanted gifts. Nevertheless, the stigma now seems to be lifting. Some 80% say they have no problem with second-hand gifts, while 1 in 5 admit they regularly regift presents to others *(the7stars Lowdown).*

Pre-loved presents remain something of a taboo, with 38% admitting they'd prefer not to know if an item they receive is regifted. However, the data points to a widening trend as more than a fifth (21%) of adults plan to buy more pre-owned or second-hand gifts this Christmas.

Sustainable Switches: While sustainability remains high on the agenda for most, the hunt for value takes priority. With inflation stubbornly high, Christmas shoppers may be dissuaded from seeking eco-friendly gifts if they come with a high price tag.

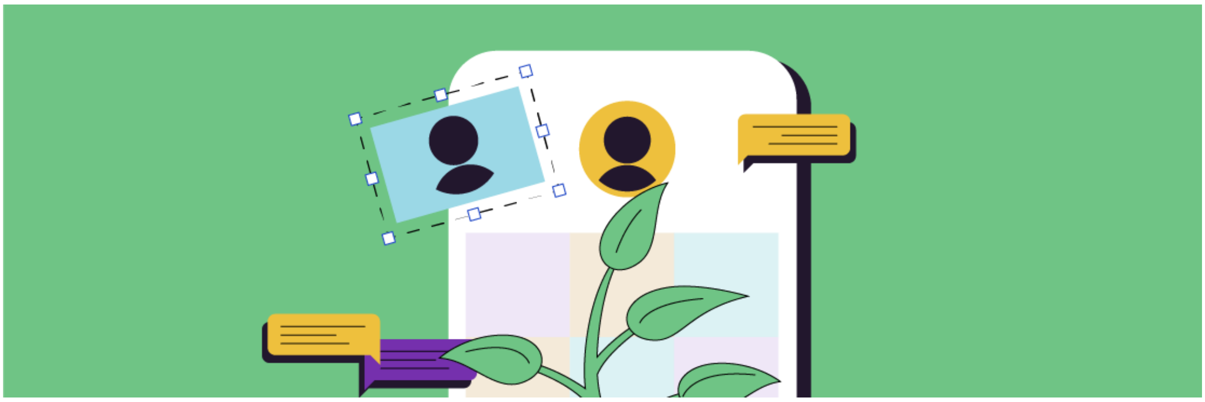
UK data from Google Trends supports this: in December 2022, searches for 'sustainable gifts' were at their lowest point since 2018, a more than 40% drop-off from 2021. This year, the onus is on brands to provide affordable gift options that don't break the bank – or the planet.

Curb Your Expectations: As Christmas draws near, frugal willpower may falter. According to Forbes, while consumers are expected to cut back, rising prices and the post-pandemic retail bounce-back meant overall retail sales grew in 2022.

According to Steve Sadove at Mastercard, festive spending in 2022 'looked different than years past...consumers diversified their holiday spending to accommodate rising prices and an appetite for experiences and festive gatherings post-pandemic.'

Buy Now, Pay Next Year: According to Bloomberg, British shoppers are forecast to spend a record amount on credit over Christmas 2023, with spending rising 9% vs. last year. With consumers seeking to spread the cost before cutting back in Q1, brands should seek to offer responsible, flexible payment options to customers to assist with the festive planning.

While hopes of a 'normal' Christmas may have to wait for one more year, Brits are hungry for a stress-busting celebration. As the sleigh bells begin to ring and the nights draw in, 'tis the season for brands to step up and lend a helping hand.



Tackling the Environmental Impact of Digital Advertising

It is increasingly important for companies to track the environmental impact of their produced video content and video advertising. New Digital Age recently reported that the internet contributes more than 3.7% of all global emissions, of which online video now represents 80%, and is expected to grow exponentially by as much as 25% per year.

With many more individuals and companies producing video content, we now see the gap closing between them and the volume of people consuming it, with calls for an industry-wide effort to reduce the environmental impact.

The advertising industry uses a high volume of processing power to deliver digital video and display advertising, via programmatic and data driven approaches, paired with an improvement in high quality creative assets.

Advertisers, agencies, and media partners need to collaborate to reduce their impact. There is no uniform approach, but we highlight below several areas and approaches that they should be thinking about to reduce digital processing and environmental impact of digital campaigns.

Data processing

One pivotal area demanding attention is data processing. It is imperative to encourage the reuse of data processing outputs across various facets of an advertiser's business, agency, or media partners. Exploring the use of renewable energy sources for data processing by media partners is another avenue that can optimise campaign activity, diverting it away from less eco-friendly traffic. Embracing custom campaign bidding approaches focused on efficiency metrics, such as viewability and attention-based criteria, not only enhances campaign performance but also contributes to reducing emissions.

Inventory Supply

Educating advertisers on the intricacies of the digital supply chain is paramount. This involves pinpointing emission hotspots at each stage of the supply chain. Additionally, supporting media partners in excluding sites from their inventory supply that fail to meet sustainability thresholds is a proactive step towards reducing environmental impact. Implementing technologies that stream video content only when actively viewed, automatically pausing during inactive periods, is a practical approach within the inventory supply chain.

Creative and On-Site/App Experience

Examining the creative and on-site/app experience is crucial for minimising environmental impact. Scrutinising colours, brightness, and font usage in ads, and reevaluating the necessity for high-definition assets, can significantly contribute to a greener digital landscape. Utilising online tools to optimise creative images for improved loading speed and encouraging the reuse of existing assets prevent unnecessary production. Exploring features like Dark Mode Browsing, which enhances user experience and speed, can result in a 32% increase in conversion rates, as reported by Google.

Example Partner Initiatives

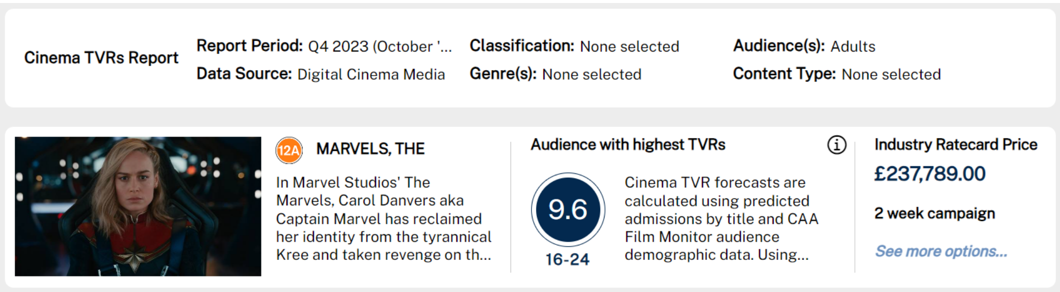
Several initiatives from industry partners exemplify a commitment to reducing the carbon footprint of digital campaigns. Scope3's integration with safety partner IAS measures digital campaigns' carbon emissions, enabling advertisers to optimise away from high-emission, low-performing inventory. Sharethrough builds custom private marketplaces (PMPs) contributing a percentage of CPMs to carbon removal projects, aligning advertising efforts with environmental sustainability. Greenbids develops custom bidding algorithms for digital campaigns, optimising for media KPIs while concurrently reducing carbon output against sustainability goals. Seen This provides adtech that minimises carbon emissions through lower data transfers on ad campaigns, estimated to be 25% lower than conventional technology.

Brands must choose strategies that best accommodate their sustainability goals, while achieving their advertising objectives. The time to measure impact is now, so that collectively we as an industry can adapt and thrive.

Forecasting Cinema TVRs for 2024

Mediatel and DCM's Cinema TVRs forecast system has been out for around six months now and clear advantages are emerging. We're already starting to see the benefit across AV, especially when demonstrating the scale of films vs top programming across the linear channels. This forecasting tool also allows us to examine the impact across seven multiple audiences. Therefore, we can determine whether each opportunity is effective for our specific audience, making the investment a much more efficient buy.

Their new Q4 2023 data provides a forecast for the coming 12 months' worth of major cinema releases. The service allows users to filter by genre and demographics, identify the audience with the highest TVR or admissions forecasts, and locate the industry rate card prices.



With Christmas right around the corner and 2024 in sight, now is the perfect time to consider some major releases coming out in Q1 and how they're expected to deliver vs a variety of different audiences.

Let's start with Migration, which is an animated comedy following a family of ducks trying to convince their Dad to go on a family trip of a lifetime. Set for release at the beginning of February, this Universal Pictures offering is expected to deliver strong results across the board. Unsurprisingly, HP+CH are due to benefit the most from this with TVR delivery as high as 8.7.

The hotly anticipated musical remake of Mean Girls by Tina Fey brings her Broadway adaptation to the screen in January. The film is expected to do well against the younger audiences. 16-24s are expected to deliver 3.5 TVRs and 16-34s are expected to deliver 3.3 TVRs. HP+CH will also expect to do well here with around 2.4 TVRs forecast to deliver.

Our final choice is Argylle which follows a reclusive author writing best-selling espionage novels about a secret agent. This joint production by Universal and Apple TV+ presents a star-studded cast, including Dua Lipa, Bryce Dallas Howard, and John Cena just to name a few. We're hoping this will bring in some big numbers for Q1 with the audience of ABC1 Men due to be the strongest (similar to Kingsman) and planned to deliver 4.3 TVRs.

We have only pinpointed a few films here but, by using the tool, you'll be able to explore and compare values across the full film list. As an agency, we'll be looking to use this tool more and more to help with client briefs and demonstrate the real scale of Cinema and why we should be considering it for all budget sizes. With admissions rising and expected to deliver more in line with 2019, we can expect TVRs to increase too, making Cinema a great channel to consider in 2024.

This month's mini stories

Advertisers are poised to break last year's record by spending £9.5bn during Q4 2023, a 4.8% increase over 2022, reveals data from the Advertising Association (AA) and WARC. Broadcast video-on-demand (BVOD) leads the surge with a 20.2% jump, followed by cinema (+11.5%), out-of-home (+10.3%), and online display (+9.1%). TV retains significance, with an expected spend of £1.5bn, but 80% of ad budgets will focus on online platforms. AA's research highlights that 48% of adults credit Christmas ads for inspiring gift ideas, and 70% of those aged 25-34 view them as the ultimate festive mood booster.

Marketreach, in collaboration with WARC, has unveiled a groundbreaking report: "The Attention Advantage: Exploring the Impact of Mail in an Attention-Scarce World." Delving into emerging consumer behaviours, the report spotlights mail's unparalleled attention advantage and its pivotal role across the marketing funnel. Enriched with expert interviews, it provides a strategic blueprint for brands navigating the complex seas of audience engagement, with actionable insights for brands seeking to thrive amidst the evolving dynamics of consumer attention. Visit this link for the full report.

New data reveals that UK TV exports for 2022-2023 have hit a record high, surging 22% to £1.85bn, marking the highest level since reporting began in 2017. Over half of the exported programmes (53%) were sold to international streaming and video-on-demand platforms, with North America leading as the biggest market, contributing £525m. Notable double-digit growth was observed in European markets such as Spain (79%), Poland (39%), Germany (26%), and Italy (21%). Scripted dramas played a pivotal role, representing 49% of revenue. Despite the impressive growth, industry experts caution that the exceptional performance may not lead to a sustained double-digit trend, anticipating challenges in the global financial climate and rising production costs in the coming year.