What's HOT

May 2022

Cost of Living Crisis Bites the Streaming Market

Since the start of the year, we have been inundated with intel and opinions on the cost-of-living crisis; it has been a hot topic here at the7stars too. With articles across news brands discussing the severity of the situation almost every day, consumers are turning inwards to readjust their personal finances. The latest research from Foresight Factory highlighted that only 34% of consumers are happy with their current financial situation.

British households are looking proactively for more ways to save, and the subscription market is feeling the effect. Kantar reported 1.51 million subscription VOD services were cancelled by households in Q1 2022, up from 1.04 million in the previous quarter and 1.20 million a year ago, with over half a million cancellations attributed to cost savings.

Whilst the cost-of-living crisis isn't the sole reason consumers are cutting back on subscriptions, the end of COVID-19 restrictions and the return to socialising for many people has also had a knock-on effect. It is clear that the biggest reason for this is that UK consumers looking at their outgoings and deciding to cancel the additional subscriptions for which they previously signed up during the national lockdowns.

This month, in an effort to combat their first loss of users, Netflix reported that they are willing to allow ads to the platform with a tiered subscription model. This would give consumers the opportunity to access the content at a lower price in exchange for advertisements. Not only could this open the service up to new consumers by offering wider choice, but it could also mitigate the risk of pausing or cancelling subscriptions and increase the lifetime value of their consumers.

But what do consumers think of advertising-supported SVOD channels? Are they keen for video platforms to adopt Spotify's successful freemium business model? Many would choose to believe that consumers would be despondent towards advertising across subscription services, highlighting evidence of advertising fatigue. However, new research from Morning Consult highlighted that consumers in every country would choose to stream content with advertising if it meant they could access the platform more cost-effectively.

When given the choice, 46% of UK consumers would prefer to access low-cost content with advertising, while 25% are neutral, vs the 29% who would prefer to pay higher fees to avoid advertisements.

We know consumers are feeling the pinch of the cost-of-living crisis, with 38% cancelling SVoD services (up from 29% in Q4 2021) and stating 'wanting to save money' as the primary reason. Therefore, we can expect more and more subscription services to tap into this new mindset and capitalise on the evident acceptance of advertisements by introducing tiered payment choices.

Is the Rapid Delivery Revolution Here to Stay?

Readers across the UK will have spotted ads for rapid delivery services popping up in recent months. Having entered the UK market shortly before the pandemic, the growth of the rapid grocery delivery category has been, well, rapid. Backed by billions in investment – Getir recently secured $768m in funding – these services have expanded into most major UK cities, each time bringing a wave of OOH ad spend and leaving advertisers asking how it all works.

After the rapid delivery wave reached British shores, their popularity exploded during the COVID-19 lockdown, as house-bound Brits sought new ways to shop online, buoyed by attractive sign-up offers. By late 2021, the market was valued at £1.4bn, with growth expected to treble. But can this be sustained?

In short, it's unlikely. While the category does have room for growth, the crowding of the market and resultant SOV wars will eventually necessitate a maturing market. Already, some cannibalisation is occurring, with Getir acquiring rival Weezy, and Jiffy announcing it was ceasing delivery operations. Moreover, inflationary pressure has forced a revision of previously exponential headcount growth, with Getir and Gorillas in the process of laying off hundreds of UK employees. While funding should be enough to prevent an immediate crisis, such funds will eventually dry up, and investors will expect their return. Just look at Deliveroo, which continues to bleed cash despite healthy sales growth.

Such a turnaround is possible – Uber Eats finally became profitable in Q4, one quarter after its big sister – but it is likely only one or two brands will survive, with public image will playing a major role in this. With brands operating in the gig economy suffering greatly from negative PR, Getir chose to recognise its workforce as company employees, thus entitling them to sick pay and other benefits. While this positions them as category frontrunners, their closest rivals, Gorillas, entered into a 'voluntary partnership' with GMB Union this month in a bid to assuage critics.

So, how worried should traditional retailers be? Currently, any threat lies mostly in major cities. In February 2022, the7stars' Lowdown found awareness of rapid delivery apps among 16-34s in London to be 94%, versus 69% outside the capital. Moreover, half of current app users admit they only order when they have a voucher code – lucrative offers which are unlikely to be sustained once delivery apps pursue profitability.

Indeed, rapid delivery brands draw credibility from the quality of their offering, the key to which is held by legacy retailers. While supermarkets are unable to match delivery apps for speed, their products hold more appeal than dark-store lines. As such, many have sought mutually beneficial relationships. For example, Iceland partnered with Uber Eats to offer 20-minute delivery in the South East. Luxury retailers, notably Fortnum & Mason, have also dabbled, showing that rapid delivery's rise has caught the eye of both ends of the grocery sector.

Let's be clear: the weekly trek to the supermarket is unlikely to be replaced by a scooter-bound rider anytime soon. Nevertheless, it's clear that, once they iron out their business models, delivery apps will have a role to play in consumers' lives. In the way that Just Eat disrupted a previously stable takeaway delivery market in the 2000s, the rapid delivery revolution threatens a shake-up of shop aisles in the 2020s. But such disruption need not be negative for existing supermarkets: if partnerships continue to blossom, benefitting retailers and delivery apps alike, the shopping experience may change for the better.

All's Fair in Representation?

Active representation of diverse audiences can be a crucial step to an equitable society when done properly. This is evident with the improvement in the visibility of LGBTQIA+ people represented in media in recent years, which is an amazing step in the right direction. In saying this, misrepresentation can be just as harmful as a lack of representation.

A recent study by Nielsen, conducted in collaboration with Dynata, found that LGBTQIA+ audiences felt that advertisers could improve inclusion by taking on the following recommendations:

- 50% of respondents recommend avoiding stereotypes
- 44% of respondents recommend more authentic and realistic depictions of LGBTQIA+ people
- 37% of respondents recommend involving the community when planning and creating ads.

From this, we can see a clear need to adjust the way that advertisers represent and engage with the LGBTQIA+ community to truly make the community feel included. When there is an apparent lack of authenticity, it can lead to a perception of tokenism. This results in people feeling excluded, rather than included.

What do we do now?

The UN Women Unstereotype Alliance survey found that 64% of advertisers had a fear of 'getting it wrong.' To avoid this, it is imperative that advertisers involve marginalised communities that they want to depict at all stages of the advertising process to ensure that the endeavour is authentic.

This means not only having LGBTQIA+ people in ads, but also in the room at the planning stage. This also extends to having LGBTQIA+ representation in the workforce, on consumer panels and gauging the community's feedback when testing creative/copy.

Beware the monolith

During LGBTQIA+ History Month in February, the7stars hosted a conversation on representation in media with members of our own community and the wider industry to discuss related topics. We drew similar conclusions to those of the survey, but a key point resonated with the group: the LGBTQIA+ community is not a monolith. One individual cannot represent the entire community.

So, even when seeking community feedback, advertisers should consider whether their counsel wants to be there and if they are an authentic and diverse representation of the lived experience in the story the advertiser is looking to tell.

The View from Ad Week: How Can Advertising Help Build a Net-Zero Economy?

High on the agenda at last week's Advertising Week Europe event, unsurprisingly, was the climate emergency. In an inspiring session MPs, Advertisers and Media professionals came together to discuss what we as marketers can do to help.

Advertising has an astonishing impact on CO2 Emissions and the environment, be that from the placement and running of media to the excess and waste that come out of production. The average IPA agency produces 84K tonnes of CO2 from its business practices (for reference, an elephant weighs one tonne). As Europe's largest advertising industry, the UK can and should lead the way in transforming our industry's impact. Ad Net Zero was launched in late 2020 to ensure that, as an industry, we achieve real net-zero carbon emissions by 2030. They set out a five-point plan of action that agencies should take to reduce their impact:

1. Curtail operational and individual carbon emissions
2. Curb emissions from production
3. Curb emissions from media planning & buying
4. Curb emissions through awards and events
5. Harness advertising's power to support consumer behaviour change

Making these changes need not be at the expense of growth for brands. From the standpoint of enlightened self-interest, we should care about climate change not just because we are environmentalists but because we are businesspeople. The impact of climate change will affect a huge number of industries – we have a responsibility to act now to mitigate that risk as well as maximise our opportunities.

Last week also heralded the arrival of the Campaign & Ad Net Zero Awards which will recognise work from across the industry that promotes more sustainable ways of living and building a net-zero economy. These awards will act as a benchmark of excellence and inspiration with categories awarding great work across more green media planning, production, events, and business transformation. Creating and placing work with as low a carbon impact as possible is vital; so, it is fantastic to see this work being recognised by the industry. It's equally important to consider your overall impact. Campaigns that promote a green message but don't consider their impact has fallen foul of consumers' opinions and the work has been accused of green-washing. The most successful campaigns will work over the longer term to promote an environmental message and won't overclaim their impact.

Here at the7stars, we are dedicated to ensuring that our media planning and buying is conducted in a way that minimises the impact on CO2 emissions and on the environment at large. This is why we joined the IPA for the launch of the Media Climate Charter in 2021, providing agencies across the Media industry with a series of tools and resources to actively tacking the industry's carbon footprint caused by media activity. This came hand-in-hand with a Carbon Calculator (which is available to all of our clients) that allowed advertisers to measure the overall carbon emissions that came from media planning and buying, creating a method for identifying areas that be adjusted to reduce the environmental impact of running client campaigns.

Marketers have the right skill set to effect change. The work we create over the course of our careers can inspire positive change in consumers and help deliver a mindset shift in the wider population. All those small acts towards a sustainable and lower-impact economy will be fundamental in helping us achieve the limits on climate change.

Considering Phobias Within Advertising

The need for brands to consider mental health in how they communicate with consumers has been under the spotlight over recent years and, rightly, continues so in a cost-of-living crisis and a post-pandemic world. But an issue somewhat overlooked is how creatives reflect both common and uncommon phobias within their visuals.

A recent article posed this question in relation to a new Malibu advert triggering trypophobia, a phobia which is a significant aversion or negative reaction to the sight of clusters of small holes, bumps or irregular patterns. It prompted a conversation around the lengths to which brands should go in trying to avoid triggering more common phobias in their adverts. Whilst this is not a popularised discussion, it is an area in which the ASA receives complaints, although a limited number are eventually upheld. Whilst there's no record of complaints or banning of an advert based on trypophobia, this is not the case regarding snakes (ophidiophobia), insects (entomophobia) or clowns (coulrophobia).

Clowns are perhaps the most interesting to consider in this question of how far brands should concern themselves with phobias in their creatives. Horror films such as 'IT' would be nothing without the reveal of Pennywise the clown in its trailer, but this was delivered across all channels ahead of the film's release without any question of removal – even though it's arguably at the extreme end of triggering coulrophobia. Whereas Norfolk Dinosaur Park had its Halloween event poster removed due to the placement of the advert, this was more to do with the 'scariness' of the image in relation to its proximity to children.

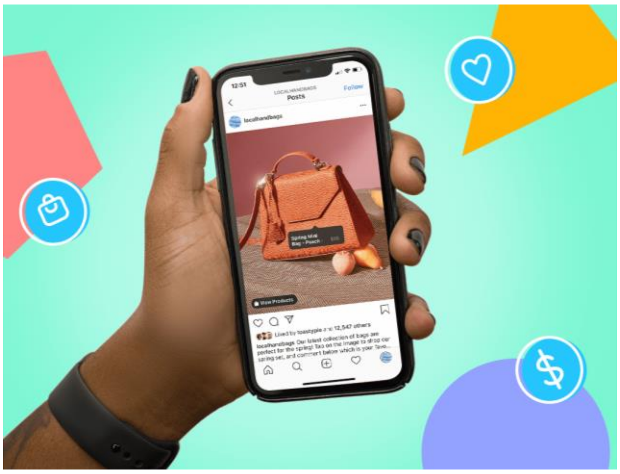
Even when looking at these examples, the ASA judge adverts by their propensity to create a negative reaction. However, this is more to do with the subjective view of how 'unsettling' it is, based on the context of how the phobia-triggering element is depicted. For example, a Norfolk Dinosaur Park poster of a blood-soaked clown will be removed, even though McDonald's built a brand by championing the clown Ronald McDonald. So, is the consideration of phobias actually a motivating factor in any complaint decision? Perhaps not.

The question for brands, therefore, is this: to what degree is the triggering of phobias amongst an audience a risk for which they need to plan, when briefing creative agencies and generating ideas. Creativity is all about a defined, yet open, platform to produce the best asset possible, but can you do that when the potential list of phobias is never-ending? Or is putting the question of 'is this idea/creative potentially triggering to a large number of people?' on the QA checklist enough to ensure it's been factored into discussions?

It remains a tricky subject and one for which no precedent is likely to be established soon. For now, bringing phobias into the early discussion of campaigns, in the same way as mental health stigma or diversity, is the most effective way that brands can ensure any decisions are proactive and not reactive. Inclusion of elements that are potentially phobia triggering can then be opt-in, after relevant consultation, rather than dangers that are left to chance.

This month's mini stories

With social commerce seeing a gradual rise over the past few years, experts across the advertising industry are predicting 2022 to be the year that it reaches a climax on traditional platforms. This comes after reports that 'lipstick brother' Li Jiaqi sold almost $2 billion worth of products on China's Singles' Day. Meta and Twitter are planning to launch live shopping this year; Snap are exploring shoppable augmented reality (AR) and Google are backing Discovery ads. So, brands are being implored to consider why shoppable media might be of benefit to them and how to make use of it effectively.



ISBA and the IPA have launched the Pitch Positive Pledge, aiming to ensure all pitch processes are necessary, efficient and mindful of mental health. The pledge has over 70 signatories from advertisers, agencies, intermediaries and brands. The goal is to improve the pitch process aiming to drive better outcomes such as greater transparency, better mental wellbeing, higher quality work and fewer costs. This comes off the back of the All In Census which surveyed 16,000 people and found that nearly a third reported feeling stressed and anxious.

Google and Meta, amongst other suppliers, will have to explain their algorithms under new EU legislation. Named 'The Digital Services Act,' the new legislation will look to reshape and police the online world. New obligations include removing illegal content and goods on a faster basis, being more transparent about their algorithms, and policing fake news more closely – then taking action more strictly when misinformation is spread. If companies fail to comply with the new legislation, they face up to 6% of their annual turnover as a fine. The act hopes to ensure that platforms and brands are held more accountable for the risks that their services could potentially pose to EU consumers.