March 2022

The Misinformation War

Some things pale into insignificance during events as devastating as the Ukraine conflict. Plenty of companies have pulled or suspended their business operations from Russia in the past month, many out of solidarity with Ukraine. This includes media companies – but not just for economic reasons.

Social media platforms are an increasingly key source of information to Ukrainians, Russians and the rest of the world when trust in state-controlled media becomes questionable. But they are also powerful tools of misinformation and conspiracy, as has been well documented in the last few years through Brexit, presidential elections, and the pandemic. As such, another war is afoot for control of the social media narrative.

The response has been relatively swift from the platforms. Snap and Twitter halted all advertising sales in Russia at the beginning of the month, followed by Meta. In part, this was to prevent the potential for scaled misinformation from Russian entities. In fact, Meta's first step was banning ads from Russian state media and demonetising their accounts. Google similarly blocked YouTube channels connected to Russia Today and Sputnik across Europe.

Moscow responded in kind, most recently, by blocking Instagram and labelling Meta an 'extremist' organisation. Surprisingly, YouTube has escaped such a ban, despite previous threats that it would be. Thus, it remains a precious source of information for the Russian people. How Russia values their current control of the narrative on this platform remains a matter of conjecture.

These issues have brought brand safety and media responsibility back into focus, highlighting the scale of misinformation and dangerous content within social media. Naturally, there is a question over how brands should navigate this territory and evaluate the type of content adjacent to which their ads appear.

The Global Alliance for Responsible Media has aided in a collective drive to tackle the issue of brand safety across platforms over the past couple of years. Most platforms sign up to their definitions of unsafe content across all key categories, from illegal activity to adult content and child exploitation. Across these definitions YouTube, for example, can now report that 99% of their content can be considered 'brand safe' against what is considered an objective industry standard.

Most advertisers apply relevant platform controls and placement exclusions – sometimes overzealously. What's debated less is the subjective nature of brand suitability, specific to each individual brand, which cannot follow a shared definition. It's not a default exclusion or block list. The same study that reported YouTube content as 99% brand safe also determined that over a 1/3 of views still may not be considered 'brand suitable'.

Whether to appear in proximity with certain content remains an issue each brand must examine with their agency. But the final decision should be theirs alone.

How Brands can be Heard over New Waves of Podcast Content

Podcasts have been the talk of the town over the last few years. Michelle Obama launched her own series and controversy has surrounded Joe Rogan's. Now consumption is higher than ever, with over 19.1m listeners in the UK last year (Statista). With core streaming platforms building out their ad models and opportunities, brands have increasingly invested in the channel and, with increased competition, the fight for attention is on.

Set to be the biggest growth channel this year, with 20% of UK consumers planning to listen more in 2022 (YouGov) Podcast audiences have increased, so advertisers have followed. The total UK ad market grew by 26.4% from 2020 to 2021 (AA/WARC), with Podcast ad spend up 35% to £46m (Statista).

Accelerated in part by a restricted world, the relative ease of Podcast production allows creators to excel and talent to flourish. It's no surprise that consumption is up: content is better than ever and people are listening more to combat screen fatigue.

While Podcast ads may seem expensive on a CPT basis, attention adjusted rates are much more favourable. Given Nielsen's finding that host-read ads drive a brand recall rate of 71%, direct in-headphone listening is gaining attention.

Attention is a core precursor to Mental Availability (Karen Nelson-Field) and campaigns with a large impact on mental availability have a stronger impact on all brand metrics (Rob Brittain and Peter Field, 2021).

Measurement has evolved with the channel, moving from DR redemption codes to Brand Uplift studies and attribution possibilities via first party data connections. This measurable effectiveness is being seen by brands and earning Podcasts their place on plans.

But will people become 'deaf to the ads' with clutter increasing; and how can brands continue to cut through?

As with all channels, creative is one of the strongest factors in campaign success and ideal for leveraging disproportionate levels of attention. Digital Audio offers a wealth of opportunities beyond sponsored 'Host Reads' for relevance.

Dynamic creative messaging, 360 binaural ads and utilising data and context for personalisation of ads are all fantastic tools in the battle to be heard. A Million Ads research shows that dynamically personalised creative delivers on average 52% uplift in Ad Recall, along with a 2.4x increase in Conversions.

New opportunities abound to create great experiences and relevance for listeners, such as Gousto's 'That Sounds Delicious', matching Spotify listener habits with dinner recommendations and Coral's bespoke series 'All To Play For'.

Podcasts are here to stay, but attention must be gained. Brands who embrace the medium as a soundboard for creativity will thrive in the space, continuing to cut through when ad fatigue sets in.

The Cost of Living Crisis: How are Consumers Reacting?

Across the UK, very few households have not been affected by recent increases to the cost of living. Whether we're filling our tanks at BP, nipping to Iceland for essentials, or popping into Greggs for breakfast, our eyes are popping at increasing prices.

Consumers are well accustomed to inflation – often humorously described using the humble Freddo, which now costs two and a half times its turn of the century price – but rarely does it touch all categories. In February, inflation rose again to 6.2%, its highest level since the early 1990s. Yet, this still pre-dates the increasing of the energy price cap, and the impact of the ongoing war in Ukraine on global supply chains is yet to be fully felt.

So, how will this impact consumer behaviour, and what can brands do to manage backlash?

Naturally, in times of financial pressure, consumers reassess their priorities. As the cost of filling a typical family car edges closer to £100, consumers are finding savings in their budget elsewhere. According to the February edition of the7stars' QT, 74% of UK adults will buy fewer personal items for themselves, while 33% will take shorter or fewer holidays this year.

What is less obvious is which expenditures will make way, and which will survive. As purchasing power shrinks, brands must prove their relative worth to customers. For example, a person might view their recipe box subscription as one luxury too far. Yet, compared to the cost of a weekly takeaway, the subscription is a relative steal. And as 77% of Brits aim to cook more at home to combat price increases *(QT, February 2022),* the benefits of the box might keep the customer from cancelling.

Furthermore, brands which offer purchase reassurance will benefit. Flexible booking policies and cancellation grace extensions, like those offered on holidays at the height of the pandemic, will help. As Mintel observe from past financial crises, brands taking risk to support consumers often win loyalty once the crisis ends.

However, this is not your parents' inflation. Since 1992, when inflation last peaked to this point, our lifestyle has changed dramatically. Buy Now, Pay Later schemes will offer a lifeline to many unwilling to lose their luxuries, while others will use hybrid working to curb rising travel costs. According to the7stars' *Lightbox Lowdown*, 30% of Brits plan to work from home whenever possible to avoid paying for fuel.

Of course, with 6.2% inflation, price rises are inevitable. But largely, as Mark Ritson argues, brands transparent about the issue and who give customers notice, like Pret in raising its coffee subscription, will be forgiven for doing so. The full effect of this crisis will not be felt overnight. Like brands, consumers need a little longer to adjust.

The Evolving Future of AV

In 2021, the broadcasters celebrated record numbers in ad revenue, with ITV announcing a whopping 22% increase YoY. In truth, revenue increased much more than the market predicted which, when coupled with large declines in linear impacts, led to unprecedented levels of inflation in the TV market (particularly from September onwards). We have seen this trend continue into 2022, with January and February both seeing increases in revenue and a decline in impacts across most audiences.

Interestingly, even established 'appointment to view' shows underperformed, such as The Masked Singer (30% decline YoY), and even ITV's new drama Anne struggled to deliver (averaging less than 2.7m impacts, compared to The Pembrokeshire Murders in 2021, which averaged 9.3m).

The good news is there are multiple ways that we can stem the decline in reach and inflation in the market. One way is good old fashioned audience and insight led TV planning and buying. At the7stars we've been saying for years that a scatter-gun approach to TV simply won't work. Linear campaigns should be specifically tailored to target audiences, particularly the lighter TV viewers. And importantly, brands should not be held back by old fashioned trading mechanics and rigid share deals.

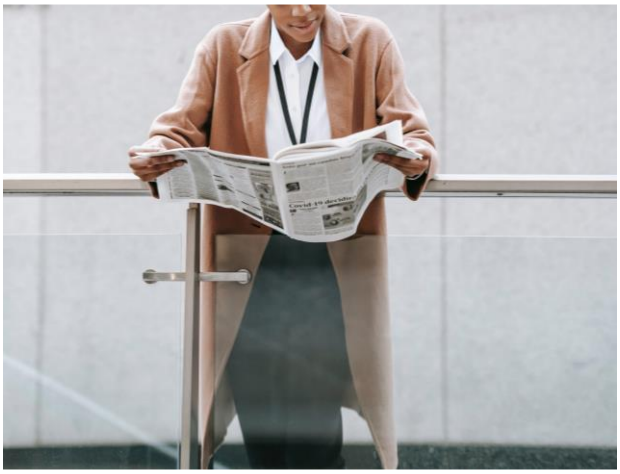
BVOD is now fundamental for almost all audiences when planning an AV campaign. According to Dovetail data via Techedge, BVOD views in January 2022 were over three times higher than in 2020, a clear indication that the changes in viewing habits during lockdown are here to stay. And with C-Flight officially launching later this month, we'll be able to measure the true effect that BVOD has on reach. BVOD also unlocks a multitude of targeting, measuring and buying opportunities, with the broadcasters all placing their streaming services front and centre of their business growth strategies for 2022 and beyond.

The recent launch of ITVX is a great indication of where ITV sees their future. ITVX is set to launch in November this year and promises an additional 11,000 hours of content. ITVX will predominately be an AVOD service. However there will also be a paid-for service, which will be ad-free, and will include BritBox.

Whilst it is predicted that linear pricing will stabilise from Q2 2022, we have fantastic opportunities to reach audiences in high quality video content, including the likes of YouTube, CTV, IMDbTV, and cinema. TV is still the best way to reach audiences at scale, in terms of effectiveness and ROI. However, if we combine this with the ever-flourishing BVOD, SVOD and AVOD streaming services, and the wealth of data and targeting that they deliver, then AV will be truly unstoppable.

This Month's Mini Stories

ITV have furthered the progression of the QR code's jump from print to the TV screen by launching a new service called QR Ads. The service is available for both linear and ITV Hub ads and has already been used by advertisers including Iceland, Ancestry and Pandora. The QR code launch was the product of ITV's recent innovation arm AdLabs and is the first of many shoppable pilots that are in the pipeline. ITV are following in the footsteps of fellow broadcasters Sky and Universal who have also sold the addition of QR codes to TV ads.



Recent data from Pamco has revealed that 91% of British adults read newsbrand or magazine content on a monthly basis. The latest data has reinforced the narrative that newsbrands are integral to audience consumption habits, and the significant scale should cause brands to reconsider the importance from a planning perspective. Unsurprisingly, smartphones were the most popular way to consume newsbrands and magazine content, followed by print, computer and tablets.

Facebook, Google, Twitter and Tiktok have signed up to join forces with the Advertising Standards Authority to help enforce online ad rules. The aim of the scheme is to bring about greater accountability and transparency to online advertising, involving online, demand and supply side platforms. Each has agreed to provide information to the ASA to prove that they are complying with the ASA's principles. The aim of the scheme is to use the information gathered to identify gaps in the ASA's ability to enforce the CAP Code online, and to learn how it can better police online advertising.