WHAT'S HOT

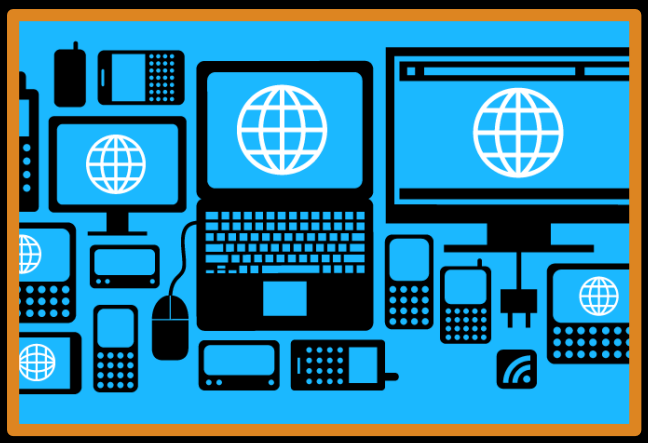
December 2017

2018

WHAT'S GOING TO BE HOT:
2018 TRENDS

Untangling
THE FAIRY LIGHTS

INSPIRATION FROM OUR
FESTIVE TRACKING STUDY



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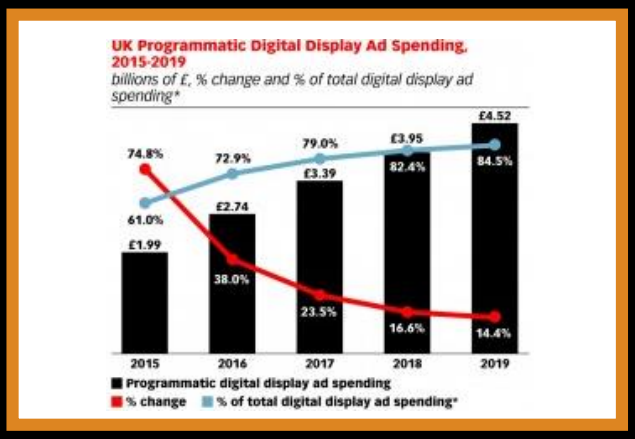

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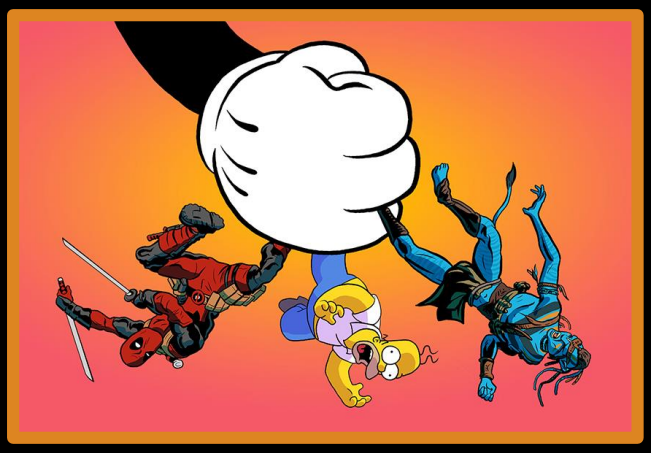

MICKEY MOVES IN
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OUT

WHAT'S GOING TO BE HOT: 2018 TRENDS

It's that time of the year where agencies across the world start releasing their trends for the year ahead. Over the past few months, What's Hot has been delving through everything from the fantastic to the fantastical so you don't have to. Below are our top five trends for advertisers in 2018.

1. Automation will continue to affect every element of communication. Expect automation to accelerate in 2018: chatbots will continue to change customer expectations of brand interaction; self-driving cars (set to hit New York streets in 2018) will present new media opportunities, and automated content creation will allow brands to produce a number of customised ads that would never have been possible before. Who knows, 2018 might even be the year the first What's Hot is written by a machine…

2. Automated buying opens up new possibilities in old channels. The rise of programmatic and automated buying in "offline" channels such as TV (Sky AdSmart), digital outdoor and digital radio will continue at pace in 2018. As well as increased targeting opportunities, expect automated trading to encourage brave advertisers to create branding campaigns with more personalised and relevant messaging than ever before. 2018 is the year we expect to see "one million" ads turned into a reality.

3. Data collection grows up. In years to come it might be that advertisers look back at 2017 as the high water mark of customer data. Arguably the biggest trend for next year will be the ripples that the General Data Protection Regulation (GDPR) sends through the business world. Next year is set to start with an update from the Information Commissioner's Office (ICO) on the impact of the new laws on online advertising – watch this space for updates as they come in.

4. Context returns to focus in the digital world. Recent years have prioritised the increasingly advanced targeting of audiences in digital. In this world: right ad, right time, right place has fallen down – with context being the primary issue. Revelations about brand safety on YouTube have dominated the media news this year, and we expect big advertisers to put a renewed emphasis on the context of their campaigns in 2018.

5. Social influence under the spotlight. 2017 was a breakthrough year for proponents of greater transparency in the advertising world, with topics that had been quietly ignored coming to the fore. In 2018, the spotlight of transparency will continue to shine, and its glare is likely to turn to newer channels, such as social influencers. Social media activities by political parties in Mexico and shady analytic firms around the 2016 US elections prompted the launch of major investigations last year, and state-sponsored influence was talked about like never before on social channels, with Russia and North Korea frequently the key suspects. Given that advertisers spent over $570m on social influencers in 2017, 2018 may well see the transparency conversation shift into the brand-driven activity on these platforms.

INSPIRATION FROM OUR FESTIVE TRACKING STUDY

With around 13% of all sales in the UK occurring in December (source: PCR) Christmas is the most wonderful time of the year – for most retailers, at least. Businesses fight to capture a chunk of the £42bn of sales that occur over the period, and to do this they need reliable, realistic and of-the-moment data to help influence their marketing strategies.

Christmas is hardly a new topic for researchers. With David Ogilvy's famous adage ringing in our ears – "Consumers don't think how they feel. They don't say what they think and they don't do what they say" – we partnered with independent market research agency, ResearchBods, to create the first study into festive behaviours that doesn't solely rely on what people claimed they had done retrospectively, or might do with future good intentions.

Monitoring consumer retail and media behaviours from November 2016 to January 2017, our study has just been shortlisted in the Mediatel Research Awards 2018 in the Best Tracking Project category. As Christmas is just round the corner, we thought we would share some of our favourite findings with you.

Firstly, busting the myth around stressful shopping – 53% of our participants enjoyed their experience, and only 4% found it stressful. It was a particularly sociable affair, with 1 in 5 Brits 'making a day of it' – eating lunch out, going to a pantomime, ice skating or taking part in a similar activity. This rose to 1 in 3 amongst the 16-24s, who by all accounts were most partial to a day of festive fun. The same proportion went out shopping with friends compared with a lonely 1 in 10 Brits aged 65+.

Over time, it's no surprise that motivations to shop change. Inspiration hunting was the modus operandi for 35% of shopping trips in late November but only 19% of those in the week of Christmas. So for brands, any content designed to encourage discovery and consideration, or to pull particular gifting items or categories to the top of mind, needs to be delivered early on in the calendar. Price comparison became less important the closer we were to Christmas, so limited time offers and price-led comms should kick in from mid-December onwards.

One particular surprise was that Brits spent longer on retail websites over Christmas weekend last year than any other weekend in December, and we saw traffic to retail sites and apps spike from 7-9pm on Christmas day itself. This was fuelled by women, who also drove the "things to do" searches between Christmas and New Year. Social media use during the key period was driven by the 65+, who spent 2h19m on average on these platforms versus 1h27m for the 16-24 group. This was largely fuelled by use of Facebook Messenger, as they sought to connect with friends and family who weren't with them on the day itself.

Finally, as we down tools for the next few days, crack open the champagne and brace ourselves for the Brussels sprouts, remember that the 27th December is when most people start to think about booking holidays and stock up on party treats and booze.

WHAT DOES THE NET NEUTRALITY RULING MEAN FOR ADVERTISERS?

This month, the Federal Communications Commission (FCC) reversed the 2015 'Obama-era' US net neutrality ruling.

Under this ruling, broadband companies had to treat all data on the internet in the same way, and not discriminate or charge differently by user, content, website, platform, application or method of communication. Within this, they were specifically prohibited from the following practices:

- **Blocking:** ISPs could not discriminate against any lawful content by blocking websites or apps.
- **Throttling:** ISPs could not slow the transmission of data based on the nature of any legal the content.
- **Paid prioritisation:** Service providers could not create an internet fast lane for companies such as Netflix or premium-paying consumers, and a slow lane for everyone else.

Net neutrality not only prevented internet service providers from using the practices above to benefit their businesses, it also prevented consumers being charged on a 'bundles' model for their internet access.

As part of the new policy set, the FCC chair Ajit Pai has enabled the telecoms companies to abide by voluntary principles, which will be enforced in a limited capacity by the FTC (Federal Trade Commission).

Since the announcement last week, there have been a lot of articles – in *The New York Times*, *The Financial Times*, *The Guardian*, *Ad Age* and *The Drum* to name but a few – on the topic of net neutrality, all giving their views on what this may or may not mean for the US, and the consequences for the wider world. As yet, the implications are uncertain and most of the commentary is speculation. Below is our digest of these opinions pieces, about the effects it will have:

The Consumer: The assumption is that ISPs may push for a bundling system, with differing premiums for subscriptions based on users' data requirements. This would mirror the 'pay-to-play' model used by companies for mobile data. This could create a premium and economy class internet system – which, in our opinion, would be a terrible move.

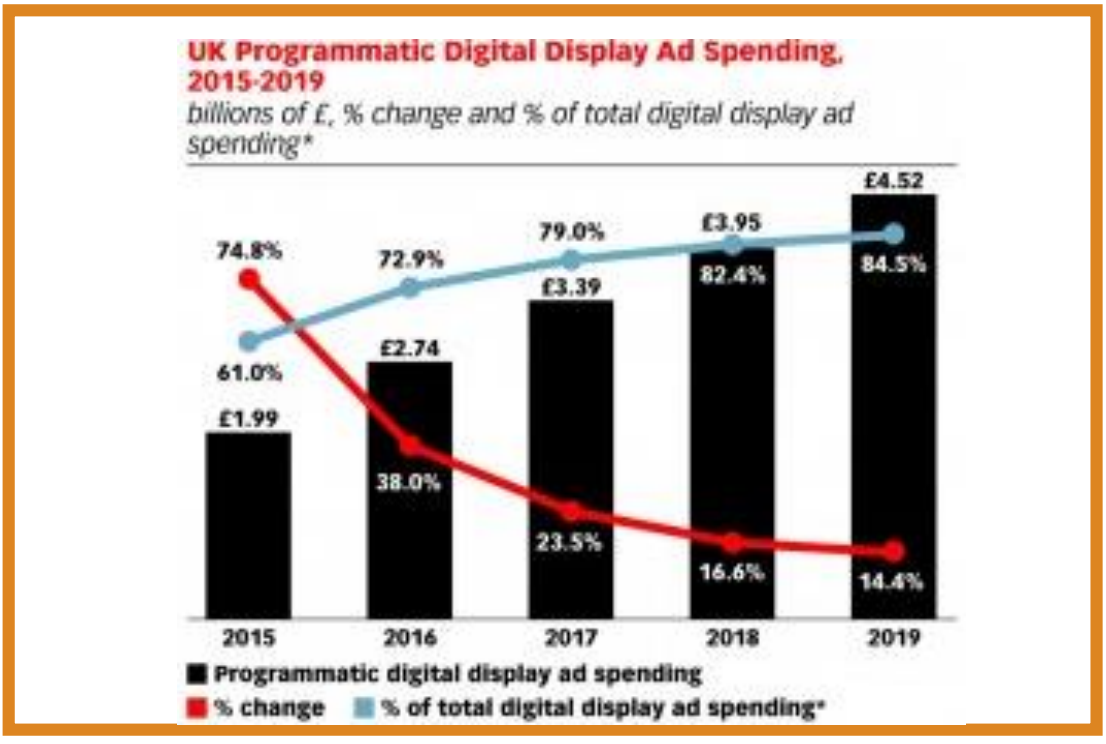
The Internet Service Providers: Some argue that net neutrality would enable ISPs to properly monetise their investment in broadband. This seems fair, especially when you consider the size of these companies in comparison to Google or Facebook, for example. The removal of the regulation however, means that the ISPs can charge, and do whatever they want, as long as they are transparent in doing so. In this scenario, it is the consumer or content providers who will pay the price.

The Content Providers: Under the new net neutrality policy, content providers are at the mercy of the ISPs. While the internet giants can afford higher premiums to be in internet 'fast lanes'; smaller content companies would lose out, further disrupting the publisher ecosystem.

The Advertisers: There are two trains of thought for advertisers. The first is exciting, with suggestions of new advertising opportunities being created, new ad units developed, and new approaches to consumer experiences: which may include "unlimited" or "free" bandwidth offers. The second, however, suggests that the costs of reaching customers online may increase, with data becoming more valuable. It's hard to say at this stage how this will pan out.

The new policy set by the FCC chair Ajit Pai is due to come into effect in about six weeks' time. Eric Schneiderman, the Attorney General from NYC, along with a number of US states have promised they will challenge the FCC in court. We'll be monitoring developments over the coming months and assessing what, if any, the impact could be on UK consumers and the world of advertising.

UK PROGRAMMATIC SPEND TO HIT £3.4 BILLION



Programmatic ad spend in the UK will increase by 24% and reach some £3.39 billion by the end of 2017, accounting for 79% of total display spend, a new report from eMarketer has found. The word programmatic is used commonly across most digital buys now, having become an umbrella term for digital automation or data-led decision making – so, as every digital screen quickly becomes connected to centralised platforms, what will this mean for advertisers?

Programmatic (as we all know it) started in 2007, with the first Demand Side Platforms coming on the market. This allowed agencies to access inventory and own the buying decisions across display (banners, native, video, audio), utilising machine learning to optimise display buying, focusing on buying audiences not impressions.

The teenage years weren't pretty though. With more and more spend pushed into programmatic platforms, we have seen some big topics arising: hidden media inflation, transparency, viewability, ad fraud, and brand safety.

Thankfully we have fixes in place as the tech world catches up with the growth:

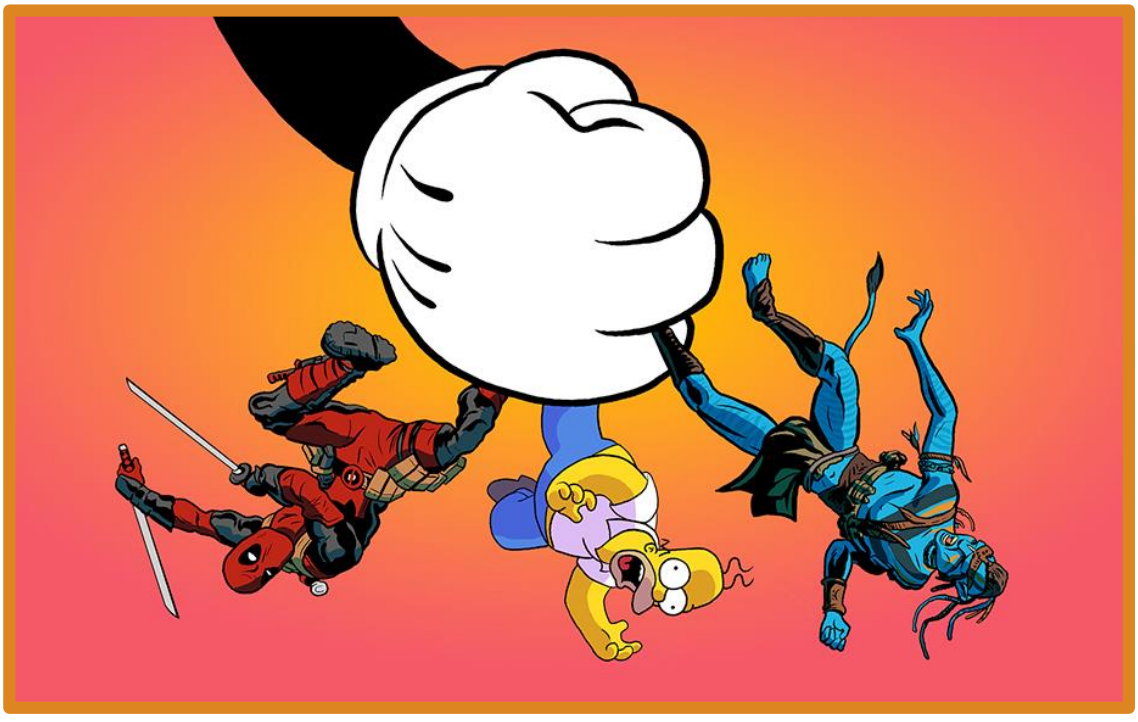
- Ads.txt combats fraud through an agency-publisher buying confirmation code.
- Viewability is no longer a major issue as publishers have adapted to demand, and agencies continue to advance their measurement techniques.
- Fraud and brand safety measures are all there, but media owners still have to remain vigilant with any monetised UGC inventory.
- The solution of header bidding has allowed for access to a more agnostic supply for programmatic.

New solutions such as blockchain also have the potential to change online ads forever, further solving fraud whilst allowing website visitors to be part of the transaction through crypto-currency.

Now that programmatic has matured, with more connected supply sources and having the ability to connect all digital channels, we've seen increased discussion around innovations using AI, machine learning and automation.

So, what does programmatic now mean for buying media? It looks as if almost all digital inventory will be accessible programmatically, meaning that buyers can decide where to buy, ad-by-ad, across digital display (banners, native video, audio), broadcaster VOD, addressable TV and the scale of outdoor. This will ultimately mean more advanced holistic planning, less media wastage, more relevant/dynamic ad content and will lead to better real-time measurement and optimisation of ATL media.

MICKEY MOVES IN WITH THE FOX: DISNEY BUY-OUT



The Walt Disney Company has acquired 21st Century Fox for $53.4 billion. The deal includes the acquisition of many of Fox network resources including: Twentieth Century Fox movie and TV studios; a large proportion of its cable networks; and international assets such as India's Star network and Europe's Sky.

The acquisition also means Disney will assume Fox's 30% stake in the American subscription video-on-demand service Hulu, taking its total ownership to 60%, with the remainder shared between Comcast/NBCUniversal and Time Warner. Earlier this year Disney announced plans to pull a number of its branded titles from the Netflix catalogue, and the purchase of Fox will result in Mickey and Co providing even more quality content to Hulu. As such, the play from Disney is likely to drive audiences to Netflix's largest competitor – turning consumers heads away from Stranger Things and towards Lion Kings.

The deal is also seen as a touchdown for Walt Disney in the sporting world as Fox's regional sports networks will combine with Disney's ESPN. The new Fox will keep ESPN competitors Fox Sports 1 and Fox Sports 2 as well as the Big Ten Network, Fox News Channel, Fox Business Network and the Fox broadcast network. With tech giants Amazon and Facebook still keen on entering the bidding war for Premier League streaming rights, Disney may also be attracted, even though ESPN was unsuccessful in its attempt at broadcasting top-flight football in the UK.

The purchase of Twentieth Century Fox movie and television studios will once again provide more inventory to the Disney portfolio. Fox's TV studio produces several of television's biggest hits for a variety of cable and broadcast networks, including *This is US, Modern Family* and *Empire* on Fox*;* cable sister channel FX meanwhile is a awards regular and critic favourite with shows like *The Americans*, *Legion* and *American Horror Story.*

Followers of the comic-book-turned-cult-cinema genre will be the first to sign up to the content streaming platform as the deal will join the *Marvel Universe* with *X-Men, Fantastic Four* and *Deadpool,* allowing yet more complex worlds of inter-related characters and stories – cue a very green rom-com between Gamora and The Hulk.

From a content perspective, the business goals are clear. In its report on the merger, weekly American entertainment trade magazine *Variety* stated that "Disney expects to realize $2bn in cost savings from combining Disney and Fox's overlapping businesses within two years of the deal's closing".

The acquisition signals Disney's intent to become one of the major broadcasters, including in streaming services, live sport and the creation of new television and movie content; Disney could have a stranglehold on the market if executed well.

HOTLINE

THE STORIES THAT LIT UP OUR MEDIA WORLD THIS MONTH

Apple has acquired the music and sound recognition company Shazam this month in a deal worth $400 million. Making a name for itself by identifying songs, movies and TV shows for users by listening to short sound clips, Shazam is thought to be a good fit both for Apple's own Music offering and its Siri voice assistant service. The most likely immediate outcome of this will be to shut down the referrals of users to Spotify from the Shazam service – an immediate competitor of Apple Music. Shazam is a major traffic driver for both platforms, generating a combined 1 million clicks a day for Spotify and Apple Music.

Under pressure from MPs and news outlets, Twitter is the next online platform to harden its policies around the removal of inappropriate content and protecting users from abuse. To that effect, Twitter has suspended the accounts of Jayda Fransen and Paul Golding – the leader and deputy leader of far-right group Britain First, the former of whom recently made the news after being re-tweeted by US President Donald Trump. Along with YouTube and Facebook, Twitter was hauled in front of the Home Affairs Committee this week as MPs demanded they did more to tackle illegal and inappropriate content on their site. Nevertheless, the debate on the limits of allowing freedom of expression on these platforms persists.

After a ten year feud between Sky and BT over carrying one another's channels, the two companies have agreed a landmark content sharing deal that will give their customers access to on another's channels. BT TV customers will have access to all of Sky's sport and entertainment channels, including Sky Atlantic and the NOW TV offering, while Sky customers will enjoy access to BT's sport channels – which provide access to the Champions League, Premiership Rugby and Premier League matches they can't currently watch without a separate subscription. The move is particularly beneficial to BT, whose subscriptions numbers have been dwindling recently and is keen to quickly accelerate growth. The short-term result of this is likely to be a slowdown in the rampant price inflation of TV rights in recent years, where Sky and BT would view to outbid each other.

Alongside being home to both the world's longest road tunnel and oldest preserved ski, you can add another interesting fact to your knowledge of Norway: it has become the first country to end national radio broadcasts on FM. Only local radio stations will now be broadcast on FM, with national channels moving to digital audio broadcasting (DAB), which claims to offer users better sound quality, more channels and functions at an eighth of the cost of FM. Critics have argued, however, that there is not enough DAB coverage in Norway to warrant this switchover; with only 49% of motorists being able to listen to DAB in their cars and the high cost of new receivers it has not been the smoothest transition. Britain is currently scheduled to follow suit in the coming years; we can expect to hear similar arguments here.

AGENCY OF THE YEAR

MEDIA CONSOLIDATION

ELON MUSK'S 100MW CHALLENGE

BRANDED POP-UPS

DAMIAN GREEN

NET NEUTRALITY