WHAT'S HOT

January 2018

FACEBOOK NEWS FEED:
QUALITY OR QUANTITY?

NEWSBRANDS: BIGGER THAN THE
PAGE THEY'RE PRINTED ON

BUSINESS, BREXIT & BELLWETHER:
OUTLOOK FOR 2018

AGAINST THE STREAM:
IS IT REALLY ALL ABOUT NETFLIX?

CES®

DITCH THE CHERRIES
& GO FOR THE BIG IDEA

FACEBOOK NEWS FEED: QUALITY OR QUANTITY?

"RIP Facebook News Feed" – or so said Larry Kim, CTO of WordStream, after Mark Zuckerberg's big announcement this month.

After a 2017 rife with controversy for the social media giant – from Russian election meddling to anti-Semitic ad categories and the rise of Fake News – on Thursday 4th January Zuckerberg announced that his mission for 2018 was to "focus on fixing the important issues".

The co-founder and CEO has a history of taking up yearly challenges, which has seen him learn Mandarin, run 365 miles, and build an AI to run his own home. 2018's challenge will see him adjust the News Feed to focus on family, friends and communities rather than the 'centralisation' of Brands and Publisher pages.

Previously the News Feed algorithm served the most 'relevant' content based upon engagement history and how the post has fared with similar users. Zuckerberg's changes will switch that to now focus on posts that "spark conversations and meaningful interactions between people" with "long and thoughtful replies" and "back-and-forth discussions" being the new order of business.

So, what does this all mean for users? According to Facebook's research with leading US universities, 'passive' reading or watching is not good for our well-being and people are more likely to comment on or discuss a post shared by a family member than one shared by a business or brand. As a result, while Zuckerberg expects the time people spend on Facebook to decrease, the same time will also be more 'valuable', which will benefit brands.

Conversation on LinkedIn and other opinion forums has exploded, with plenty of leaders taking the opportunity to clear up the fog around the announcement. In general, however, there is agreement that organic reach for brand pages will reduce further and 'pay-to-play' will become an even more important feature.

Several pieces have focused on how these changes aren't as big as previously thought. John Battelle of NewCo shrewdly elucidated that to fix those issues Facebook would have to gut its advertising-driven model, thereby risking a reduction in revenue and profit – something the company cannot countenance.

All this then begs the question of how this will affect advertisers. At a macro level, it won't: Facebook will still be the same channel it was from a paid perspective. At a micro level, however, paid campaigns will most likely see an increase in cost metrics as more brands are forced into the paid space, driving competition for impressions higher. Combine this with the belief that users will reduce time spent on Facebook and increased costs become more likely.

The precise implications of this move is unclear – and how much change we actually see could vary substantially over the next few months – but any paid social activity should be planned around taking this into account.

NEWSBRANDS: BIGGER THAN THE PAGE THEY'RE PRINTED ON

The latest in a string of relaunches, repositions and revamps in the publishing industry, *The Guardian* has decided to join the rest of us this January in a bid to cut costs, downsizing with its long-anticipated move to tabloid.

The Guardian's move to the Berliner format 12 years ago was embraced by audiences and critics alike (even winning awards for its redesign), and while this may only seem a relatively short period of time in the history of the longstanding paper, readers will be nervous about this change.

There are quite a few positives for readers: the new pink-washed 'Journal' section is full of opinions, letters and great thinking, and will no doubt be much-loved among *The Guardian* loyalists. The 'Sports' section has bulked up, brimming with 20-pages of content. The integrated look and feel across their platforms has landed well across print, web and mobile, although some may mourn the loss of the blue masthead (seemingly because the colour blue may carry a premium at Trinity Mirror's print works).

With total pagination up to 96 pages, and stuffed with five supplements on a Saturday, readers will hardly be left short-changed by lack of content. With a presumed increase in ad sites available, *The Guardian* will be able to balance the loss to advertising sales of premium weekday outside back page and ditched front-page strip formats.

What has become most apparent is that publishers need to reduce hard costs in lieu of cover price revenue, and the cost of owning and running three printing presses under capacity seemed a step too indulgent for a publication that's far bigger than its quirky page size.

Other publishers are taking different approaches in order to maintain revenues.

The i recently revamped its weekend offering, fleshing out its journalism with a more weekend friendly 'Life' section, abounding with interviews, arts and culture reviews and recipes, whilst keeping the delivery quality and concise. *The Mail on Sunday*, meanwhile, has introduced its own new lifestyle pull-out shuffling its homes and gardens, health and motoring sections to the centre of the paper. Both have made a concerted effort to bolster the number of pundits and high-profile guest columnists contributing to both their weekend and weekday offerings.

The Daily Telegraph is looking to broaden its audience base by augmenting its editorial team across its verticals, with Jamie Carragher joining sport and Charles Saatchi joining to write a weekly art column as notable examples. They are also keen to widen their age bracket, acquiring Gojimo, the UK's largest revision app for GCSE and A-level students, as well as launching a Snapchat collaboration with *Vice*.

News UK has decided diversity in media markets is optimum, snapping up several companies in non-print areas of the industry, gaining a presence in the radio market with its acquisition of Wireless group (Talksport and Virgin radio), content creation with Storyful, and content distribution with Unruly, giving them access to a larger pool of media spend.

Be it through reduced production costs or diversification of media offering, publishers are having to find profit beyond print. We can no longer view publishers simply as the broadsheets and tabloids they champion; instead publishers ask us to look towards the esteem their brands draw culturally, the access to audiences they garner at all touchpoints and the role they play in consumer's lives, agnostic of format and media channel.

BUSINESS, BREXIT & BELLWETHER: OUTLOOK FOR 2018

For the UK economy to fire on all cylinders in 2018, there appears to be one major stumbling block: Brexit. Still lingering with uncertainty, Brexit was cited as one of the main reasons 2017 ad spend growth closed at 1.4% and why there is estimated growth of only 0.3% in 2018 (IPA).

But looking further under the skin of this issue, another contributing factor arises: uneasiness around digital advertising, which, following several big scandals in 2017, resulted in much slower growth of internet ad spend in Q4. Interesting, especially when digital is the only channel currently pushing growth in total ad spend figures as more traditional advertising channels suffer. Indeed, 2017's final quarter saw the slowest growth curve since Q3 2016.

Here's What's Hot's view of what to expect amidst the economical and market uncertainty of 2018.

In 2017, living standards were squeezed but there is hope that things will get easier for UK households this year. While consumers may find some stability, businesses are likely to remain cautious until Brexit and our position in the single market is resolved. Rising prices were, however, a cause for worry, with fears it will depress sales and demand. Higher import costs were also viewed as a business threat, a particularly acute problem in retail.

Bloomberg is predicting inflation numbers will start edging back over the course of 2018 as the impact of the fall in sterling fades and wage growth picks up slightly. Speculation will continue around whether the Bank of England will raise interest rates again in 2018 – something experts are hinting is likely to happen.

Overall, Bloomberg is reporting the economy will grow by 0.4% a quarter in 2018 and 1.4% overall, underperforming a little compared to 1.8% in 2017.

In terms of advertising, the latest IPA Bellwether report released this month proved that internet advertising remains the best performing sub-category; one in 10 advertisers allocate more than 50% of their marketing budgets to digital.

More traditional formats like TV, press, cinema and radio underperformed, described in the Bellwether report as 'disappointing'. Direct marketing, meanwhile, saw growth of 16.7%, which some have attributed to GDPR and the resulting opportunities to focus on personalised communications from compliant and secure data.

GDPR drew a mix of concern and optimism. While some are worried the regulation will make it harder to contact potential consumers, others view it as providing an opportunity to win business from competitors and improve their direct marketing to potential customers.

In times of uncertainty, it makes for tricky investment planning. Advertisers may choose to default to cost-value areas such as direct response digital, down-weighting bigger-ticket media.

Unstable times require dynamic, responsive decision-making and an examination of the evidence available. The received wisdom of how to respond in a volatile market is to maintain advertising budgets and avoid over-spending in activation.

As 2018 progresses, we'd recommend maintaining SOV/SOM ratios as a minimum, and reviewing the short-term market for value if the market softens.

DITCH THE CHERRIES & GO FOR THE BIG IDEA

What happens in Vegas is meant to stay in Vegas. But as the dust settles on four days of gadget-based excitement at CES, there's a sense that the technology showcased across 2.5million square feet of exhibition space in the Mojave Desert will eventually have an impact on a global scale.

CES gives us a glimpse into the future through a prism of technologies that are slowly beginning to embed themselves into consumers' lives. But we need to take a moment before jumping in.

Because of its rising profile, and the fact it remains slightly separated from the media industry, tech can be a distracting problem for agencies. In an effort to bridge the gap between these worlds, the temptation is to rush to add shiny, new technologies to an ever-expanding mix of channels.

In this context, technologies can become regarded as cherries, used to adorn the top of otherwise uninspired plans and sold as new channels to market. Worse, they are treated as ideas in their own right, as if people will flock to them by dint of their novelty alone.

Only these technologies aren't the same as channels or ideas – they're interfaces. They represent another means of interacting with consumers across channels but they don't necessarily bring together content and context into a fully coherent environment.

The likes of AR, voice, visual search, facial recognition, gesture control, VR, bots, are simply not environment-based verticals with their own unique behaviours. Neither are they communication ideas in themselves. But they are increasingly reaching into the 'traditional' channels to open up new possibilities.

As such, we need to start embedding them deeper into the communications plan, or ignore them altogether.

By freeing ourselves from the fallacy that technology by itself equals impact, we can start to think seriously about creativity in the channels where the majority of investment goes.

We should see the ever-expanding suite of new interfaces as part of an armoury of creative tools to bring to life the big communication idea that reaches across disciplines. A single audacious thought, writ large with ambition, and bigger than the sum of its parts.

These are the ideas that blur media boundaries entirely, get real people talking, and are impossible to ascribe to one box.

That certainly sounds like an exciting future to me. And there's not a cherry in sight.

AGAINST THE STREAM: IS IT REALLY ALL ABOUT NETFLIX?

After reporting the biggest quarter in its history with 8.3 million new global subscribers – as well as leapfrogging BBC iPlayer to third in a list of the top UK brands – everybody seems to be getting their fix of Netflix. The streaming service is riding high on YouGov's Brand Index with a Buzz score of 14, pushing iPlayer into fourth and leave it trailing discount supermarkets Aldi and Lidl.

However, it's not been all doom-and-gloom for iPlayer, which enjoyed a record week between Christmas and New Year as viewers turned off their traditional television channels in place of its on-demand streaming service. The 69.2m requests to watch programmes on iPlayer between December 25th and 31st 2017 ushered in a pulsating year-on-year increase of 18% [Source: *The Guardian*].

Television has always been synonymous with Christmas but now, with the power of on-demand services such as Netflix, the BBC has been forced to rethink its portfolio accordingly. The broadcaster now offers up popular programmes such as *Blue Planet*, *Peaky Blinders* and *Line of Duty* within its archives. Although it still trails Netflix's 132 exclusive shows in 2017, which included hits such as the second series of *The Crown* and *Stranger Things* and the launches of new critical successes like *Dark* and *Mindhunter*, the BBC is fast playing catch-up. In contrast, Amazon is finding its streaming service has hit a plateau, with BARB reporting the service had stopped growing in the third quarter of last year, just shy of 4m subscribers.

Sky, on the other hand, has begun fighting back, launching a low-cost plug-in stick set for release in February. Mimicking Amazon's Fire TV Stick, it will provide access to films, television shows and live sport on any TV set, providing a cheaper and more flexible way of watching Sky. It represents a continuation of the broadcaster's desire to go beyond its traditional focus on long-term contracts for its satellite TV packages. Moreover it is cheaper than the competition. Priced at £14.99 for the smart stick and remote, the user has the choice to buy a Now TV day or week pass, unlike Netflix and Amazon which cost less than £10 every month. Value and flexibility speak to viewers.

As well as increasing marketing spend and promotion for Now TV, Sky has also unveiled a broadband TV service that will allow customers who do want its full TV service to do so without the need for a satellite dish.

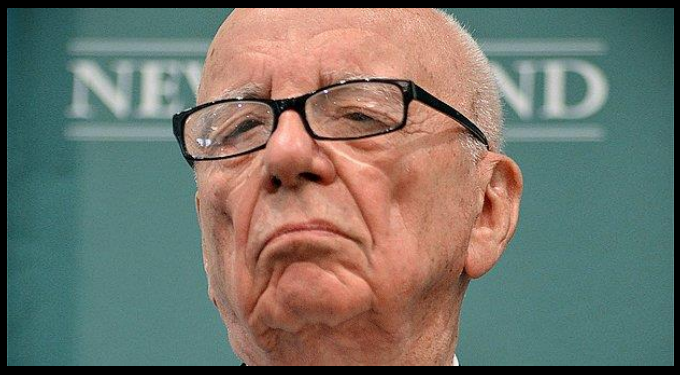
But there are some warning shots for advertisers, should its rise continue. Co-founder and chief executive of Netflix, Reed Hastings, stated that keeping its platform commercial-free is its key differentiator from competitors – a hammer-blow to advertisers hoping to capitalise upon the strength of the platform.

"We are having great success on the commercial-free path. That is what our brand is all about. So we're going to continue to expand the relevance of a commercial-free service around the world and make that so popular that consumers are very used to and appreciate Netflix," said Hastings.

With a third of British households now paying for a TV streaming service [BARB] and Netflix leading the way, competitors, as well as the UK television industry, must once again raise the bar to compete with the extensive funding available for programming with international appeal. While the first set of the year may have gone to Netflix, the ball is still firmly in the court of TV and its on-demand streaming services.

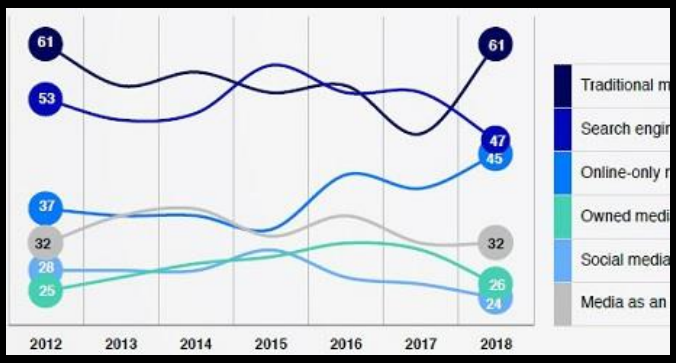
HOTLINE

THE STORIES THAT LIT UP OUR MEDIA WORLD THIS MONTH



The Competition and Markets authority has thwarted 21st Century Fox in its attempt to buy 61% of Sky Media. The CMA blocked the bid from Rupert-Murdoch-owned Fox due to fears that the Murdoch Family would have too much control over news providers across all media platforms. With the recent Disney takeover of Fox, this would be a merger of Leviathan proportions, with potential to crush any chance of diversity and competition in our already narrowing public news agendas.

The latest Trust Barometer has been released by American public relations and marketing consultancy firm Edelman. In the UK section, the barometer based on a survey of 3,000 Britons unearthed significant findings such as: an increase in trust in 'experts'; a decline in trust in social media companies; and general consensus over a lack of trust in government as a default position. Trust in media in general was a flat 32%, and there was a general trend of declining interest in news as a whole. Reasons given for this included the news agenda being too depressing or biased, as well as the news being influenced by hidden agendas.



The IPA Bellwether report on fourth quarter marketing budgets recorded the slowest growth rate in two years. The report stated that cost pressures led marketing executives to cut their marketing budgets by 15.2% quarter-on-quarter. It noted that this is likely to be a reflection of marketers taking a cautious approach when planning their budgets due to a general uncertainty from the wider geo-political situation. However, these numbers fail to reflect the little impact this will have on the best agencies, who will have even stronger motivation to prove value and effectiveness than ever before.

Kantar Millward Brown revealed that UK consumers are dissatisfied with the current state of advertising in the UK. The recent study revealed that three quarters of Brits say they see more ads today than three years ago. When British consumers were asked their opinion on advertising, a third found them irritating and another third find them confusing. The research also noted differences in the mindset or thought process behind a consumer compared with that of a marketer: 58% of marketers think online targeting is very or somewhat reliable, whereas only 27% of consumers shared the same opinion.

SUPERMOON

ANTHONY JOSHUA

CES 2018

BLACK CAB PROTEST

GRAMMYS

TRUMP'S BIG BUTTON