WHAT'S HOT

January 2019

2019: A YEAR OF CHANGE

SETTING UP SHOP: THE FUTURE OF RETAIL

MARKETING MASCULINITY: WHERE DID GILLETTE GO WRONG?

BREXIT: UNCERTAINTY IS THE NEW NORMAL

THINKING OUTSIDE THE (BIRD)BOX

SWEET DREAMS: HFSS BAN EXTENDED

2019: A YEAR OF CHANGE

Over the last few years the world has gone through a period of huge political and social change. The fall-out has already been felt worldwide and will continue to have an impact on a global scale throughout 2019.

The drama in the global political landscape – the election of Donald Trump in the US and the Brexit vote in the UK – reverberated across the world. Social division was widely felt in 2018; a year that was characterised by the ongoing Brexit debate and the #MeToo movement, among others. And all of this has given rise to a number of trends which we will see continuing this year in the media industry and beyond.

New Needs

In the midst of disruption consumers seek certainty more than ever. The appetite for social change means that we will continue to witness grass roots movements – like those initiated by Nike and Colin Kaepernick, for example – gaining momentum from digital platforms and online pressure groups.

Environmental issues will remain contentious in cultural discourse, brought to the fore by the banned Iceland and Greenpeace's Rang Tan campaign.

62% of Millennials want more control over their future and brands are seeking to answer this need in a number of different ways. Digital disruptors like Monzo or Metro Bank in the finance sector are adapting successfully to this new need for control.

Consolidation Continued

It remains to be seen what 'media mergers' will form in 2019 following a year of consolidation. Comcast acquired Sky for $39 billion and U.S Broadcaster DAZN made a play for sports content with their exclusive Matchroom Boxing deal.

Netflix is now an established portal in the TV marketplace and competitors seek to knock the company off its pedestal, with Disney removing all content in preparation for the launch of Disney+.

Meanwhile newly founded Global Outdoor will likely reveal its plans in the OOH space following its triple acquisition of Exterion, Primesight and Outdoor Plus late last year.

Gaming Goes Mainstream

After the knockout success of Fortnite gaming will become fully adopted by the mainstream. The scale of the sector has been rising in recent years, with eSports forecast to double its audience to 600 million people in 2020, and generate revenues of more than $1bn globally.

Gaming is creating large marketing opportunities and it has become apparent that this will not be limited to brands with a gaming angle. As the technology of AR and VR improves this paves the way for marketers in other sectors to capitalise on the use of this same tech.

Digital Detox

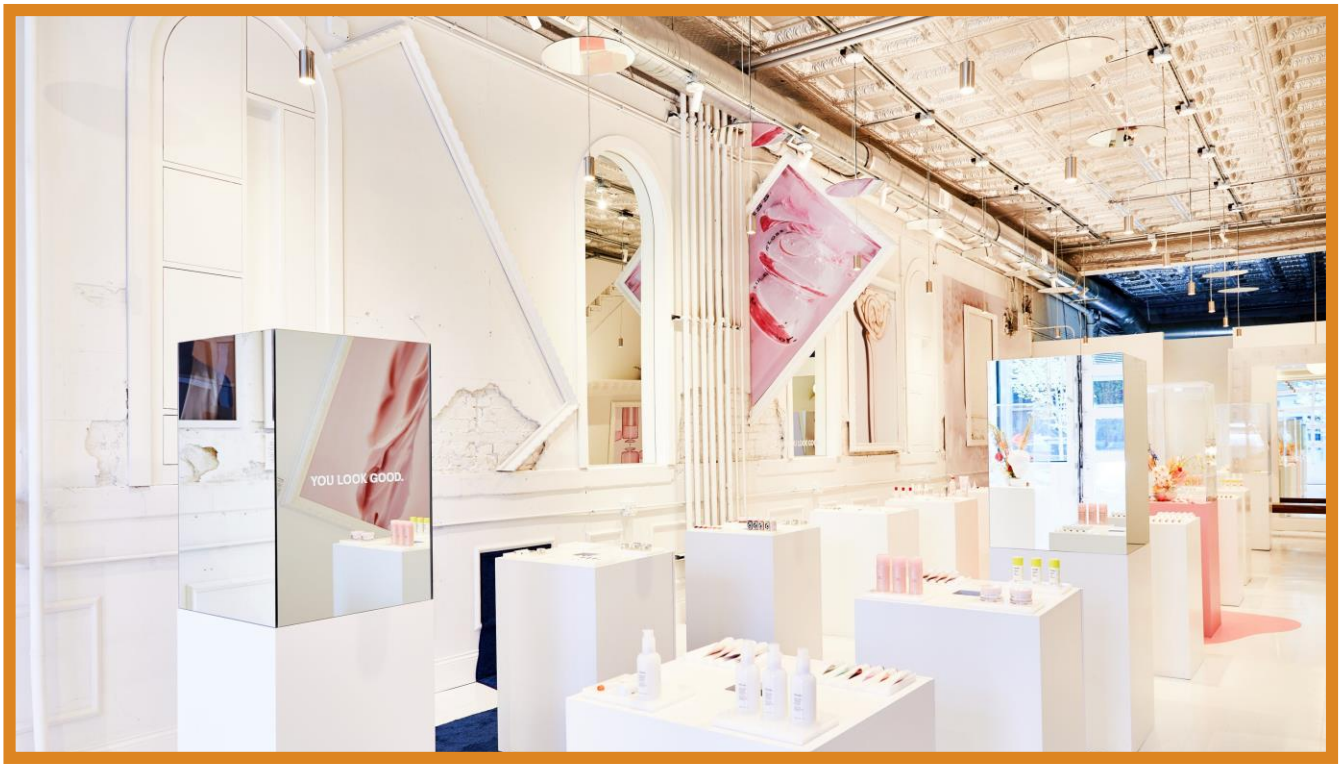
2018's 'techlash' saw politicans take aim against the tech giants – Google, Facebook and Amazon in particular – imposing rules, regulations and fines. But at a consumer level too there's been a fight against technology.

Our modern lives have become so entwined with tech that the idea of a "digital detox" to many remains aspirational. However we expect to see more empowered consumers begin to challenge this reliance in 2019, as they take breaks from social media and time away from the screen.

Into 2019, change is happening faster than ever. Brands – and marketers – will have to move quickly to own this change in 2019.

*A full report from the7stars on **Trends in 2019** is available upon request.*

SETTING UP SHOP: THE FUTURE OF RETAIL



The retail industry – and the high street in particular – suffered an unprecedented dip in performance during 2018. Previously beloved brands experienced a number of uncomfortable trading periods, and by the close of the year were pinning all their hopes on Christmas.

For the first time we saw the knock-on effects of panic discounting in the run-up to Christmas. Even online behemoth ASOS issued a pre-Christmas profit warning, which came as a surprise to many after years of apparent success.

There are a number of reasons why well-known retail brands are faltering. Long-standing high street names in particular have become encumbered by trading conditions, manufacturing straightjackets and a determination to do business on their terms – rather than fit new patterns of customer behaviour.

For one, there is a poor sense of the optimum shopping experience, with some brands lacking retail vision – meaning infrastructure is seen as a liability rather than an opportunity.

Established brands are often tied into expensive long-term leases which are increasingly seen as a burden rather than a way to connect with customers in a new and meaningful way.

Customers are also beginning to understand that 'fast' isn't the only game in town and expect either faster still, or something sensorial, inspiring or engaging.

Retail spaces can be revitalised however, if brands recognise the need to fulfil increasing expectations that shopping should be an experience unlike any other.

The likes of Burberry, L'Oreal and Jessops have been leading the way in making retail stores more of a destination – with high-tech installations, interactive theatre settings and seamless digital integration becoming the norm for their 'destinations'.

Retailers like Glossier meanwhile have become adept at creating occasional physical stores, designed to be 'Instagrammable' and to create online buzz – allowing the brand to establish a strong and loyal following just four years after its US launch.

It used to be that the British High Street was a unique and special experience. Through careful strategy and committed action this can return once more – there is after all still a huge amount of value in physical experiences, even in an increasingly digital world.

*Our full report on the **Future of Retail** is available upon request.*

MARKETING MASCULINITY: WHERE DID GILLETTE GO WRONG?

Gillette has been the topic of most marketing debates this month with their latest ad 'We Believe' – a modern take on their historic tagline 'The best a man can get'. A one-minute film released on YouTube tackles the topic of masculinity head-on, calling for everyone to make a change for 'the men of tomorrow'.

The video has so far generated over 25 million views and has received an incredible amount of PR. But with a huge 63% of engagements on YouTube being negative, it's not all good news; the ad has proved to be inspirational and emotionally stirring for some, but patronising and derogatory for others.

It's easy to see how they got there, both in trying to capitalise on the buzz of current conversation and steer their brand into fifth gear towards the Gen Z-ers they need to attract, and the Millennial audience they need to re-engage with and grow.

Meanwhile their share of the razor market has fallen in recent years as innovative competitors such as Dollar Shave Club attract these younger audiences.

Gillette will have identified the power of brand purpose with these audiences in particular to drive business results, and gain back share in the market.

73% of millennials are willing to spend (Nielsen) more on a product which comes from a brand which prioritises making a positive impact on the world. Gen Z go a step further; 76% of them claim to have purchased a brand or product purely because they supported issues they cared about.

It doesn't take a revered marketing professional to see that successful cause-driven marketing drives results and invigorates brands from within. Last year's Cannes Lions nominations saw 15 of the 25 Grand Prix winning campaigns linked directly to a cause, for example.

The next logical step for Gillette was to drive long-term connections with their audiences by taking a stance on the biggest issues facing these generations – and clearly identified toxic masculinity as their target.

Unfortunately for them, Lynx has already made moves into this space. Having previously used an archaic strapline which didn't feel current or relevant, their award-winning Men In Progress campaign took talent their audience love and created authentic content around masculinity and mental health.

The difference between the Lynx campaign and the backlash we've seen against Gillette is that the narrative of the former started from a positive place, and offered a new take on what it is to be a man today in a genuine and heartwarming way which addresses the issue of maintaining masculine norms.

Comparatively, Gillette's ad points out the issue in light of #MeToo, and whilst celebrating those men who are leading the way, there is potentially an accusatory tone and a call to arms for men to do better. It's certainly a brave approach, but has also been labelled provocative.

Brands are often celebrated and increasingly expected to have a point of view and take action on the issues which we face as a society. But taking a stand will, by its very nature, attract some criticism.

Only when the brand purpose is clear and the campaign platform derived from real, meaningful customer insight will a campaign like this see success – otherwise it's just another brand getting involved in a debate in which it has no authentic voice.

BREXIT: UNCERTAINTY IS THE NEW NORMAL

"VUCA" won't mean anything to a lot of Brits, but in recent times has become a term that most accurately describes the world in which we live.

VUCA is an acronym first used by the U.S. Army War College to describe the more Volatile, Uncertain, Complex and Ambiguous multilateral world that resulted from the end of the Cold War.

It gained currency during the Iraqi insurgency – and is now a fitting assessment of the situation facing the UK, as uncertainty around Brexit makes it difficult for marketers to plan for their future.

According to an Enders Analysis report published this month, a 'no deal' Brexit could trigger the UK's first advertising recession in a decade. At the same time, the latest IPA Bellwether report for Q4 2018 saw six years of continuous marketing budget growth end, as some advertisers adopted a 'wait and see' approach.

But in the face of a softening market, it's important for marketers not to lose their nerve, and instead be careful to weigh the short-term benefits of cheaper ad space against the longer-term challenges.

Recessionary studies going back as far as the 1920s consistently show that brands which maintain, rather than cut budgets, enjoy increased saliency that builds out market share over the long term. That's because it takes a long time to recover sales levels after a break in communications, and the effects on profitability in the mid-term are potentially more serious than those on cash-flow in the short term.

In such uncertain times, then, brands would do well to monitor the situation closely and take a dynamic approach to decision-making as it becomes clearer how the market – and audiences – are reacting.

There are a number of ways we expect the fall-out from Brexit to affect consumer behaviour in particular:

Consumer Confidence

Post-Brexit we can expect some discretionary consumer spending to drop, at least in the short-term, as people wait to see just how much they are affected personally before jumping into any large purchases.

Breaking the News

When it comes to media consumption, there is potentially more positive news to come. In 2016, newspapers enjoyed a sales bump as people sought to better understand the implications of the referendum result as it unfolded. We expect Brexit to drive a similar increase this year as Brits look to be better informed of breaking news stories.

Money Saving Media

TV viewing figures saw a boost during the 2008/09 recession, with people choosing to save money by entertaining themselves at home. With audiences at least maintained in what could be a deflationary market, this means brands can expect more bang for their buck.

Escapist Entertainment

In uncertain times, people tend to seek out familiar voices and content that offers a sense of escapism – so trusted advertisers that offer reliable information or unforgettable entertainment should do well as we head into another unpredictable year.

THINKING OUTSIDE THE (BIRD)BOX

A BARB white paper released this month found that 11.6m homes in the UK have at least one of Netflix, Amazon Prime Video or NOW TV – a relatively significant 22% increase year-on-year. With 16-34 Adults impacts down 15% YoY on linear television during this period, it seems younger audiences are binging on box sets.

Recent figures revealed that Netflix in particular gained 8.8m new subscribers globally in Q4 of 2018. Meanwhile the number of UK homes with two or more subscription video on-demand (SVOD) services has risen by 40% from 2.8m to just under 4m in the past year (BARB).

This has been aided by the fact that from November 2018, Netflix was made available to Sky Q customers through their box, which leads us to believe we may see a bump in the amount of unidentified viewing in Sky homes once the latest data is released.

This act of allegiance between Sky and Netflix proves that the broadcaster has acknowledged the need to accommodate rather than fight the subscription giant – as evidenced by the huge increase in co-production deals in recent years.

We know that those aged 16-24 are 51% more likely than the UK average to have access to a subscription VOD service however among all adults, broadcast television still provides the highest consumption of UK media. The platform sees an average consumption of 3.5 hours per day compared to just 0.5 hours per day on SVOD services (IPA Touchpoints 2018).

For big one-off marquee event television moments coming this year – the likes of the Rugby and Cricket World Cups, the final series of Game of Thrones and the return of Ant on Britain's Got Talent – linear television will retain its share of viewers.

However with the popularity of recent content such as Bird Box, the interactive Black Mirror: Bandersnatch movie and the Fyre documentary following the failed music festival, Netflix is leading the way for entertaining content and in generating buzz around new releases. Bird Box in particular was turned into an almost ubiquitous meme, and was reportedly watched by 80m households in its first four weeks of release (BBC News).

It's the light television viewers and the younger audiences whose eyes are on accessible box sets, and Netflix is setting the agenda for big budget, high-quality entertainment. Broadcasters will need to continue investing heavily in content to compete.

SWEET DREAMS: HFSS BAN EXTENDED

After last year's focus on GDPR, there's a new four letter term for 2019 – HFSS.

HFSS refers to food and drink products high in fat, salt or sugar (HFSS), and rules concerning the advertising of such products first came into effect in 2017.

The restriction effectively meant that any advertising featuring a food or drink item deemed unhealthy could not be found to appeal to those under the age of 16.

The Mayor of London then made it his personal mission to extend the ban, announcing the decision following a public consultation in November 2018.

As a result, any food or drink considered "less healthy" according to the Food Standards Agency's nutrient profiling will be banned from the entire Transport for London (TfL) network – regardless of whether it's seen to be appealing to children – from 25th February. The ban will apply across all TfL inventory, including sites on the Underground, Overground, on buses and bus shelters.

It is predicted that £13m of TfL's revenue currently comes from advertising that would be deemed unacceptable after 25th February.

While TfL will attempt to make up the deficit by encouraging brands to promote healthier products – having already released guidelines referred to as its "Healthier Eating Policy" – there is also the chance that the biggest spenders will shift their budgets elsewhere.

Channel 4, for example, has expressed concern that a similar ban on TV would see budgets moved into YouTube and Facebook.

The "junk food ban" has come as part of the government's crack down on the advertising of unhealthy products, after they announced ambitious plans to tackle childhood obesity.

The government has taken a clear stance on the issue, arguing that ads featuring HFSS products are "harmful" and that banning them will allow children to make "healthier choices".

However this comes despite a lack of evidence, with Tim Rycroft, chief operating officer of the Food & Drink Federation, describing the move as "wrong-headed" and the AA releasing a 30-page report detailing the ad industry's concerns and suggestions on how the issue can be more effectively overcome.

The AA report agrees that obesity – and childhood obesity in particular – is a serious problem in the UK, but argues that restrictions on advertising already in place haven't seen any measurable results.

The report suggests that national public health interventions are far more likely to make a difference than a widespread ban on advertising, and also references the positive effect that brands can have.

Magic Breakfast's healthy meals campaign, for example, has provided nutritious food to over 30,000 school children. More recently, ITV launched its "Veg Power" campaign, partnering with UK supermarkets with £2m worth of airtime and a "vegetable-only ad break" to be aired during The Voice.

Between the discussions on rules and regulations then, the HFSS ban has prompted a wider debate on the social responsibility of brands and of advertisers – and while the likes of Magic and ITV are leading examples, it's not a straightforward issue. We only expect debate to intensify into 2019.

HOTLINE

THE STORIES THAT LIT UP OUR MEDIA WORLD THIS MONTH

Facebook has revealed plans to integrate its Messenger, Instagram and WhatsApp messaging services. The New York Times this month described plans to unveil a single messaging system featuring end-to-end encryption – currently only available in WhatsApp. The move comes after Mark Zuckerberg promised the platforms would be kept separate, following Facebook's acquisition of WhatsApp in 2014.

Ofcom has published its annual report looking at children's internet use in the UK. The survey found that Facebook's popularity is down – with 72% of 12 to 15 year olds using the platform, compared to 74% in 2017 – while use of Instagram is up from 14% to 23%. Nearly two thirds – 58% – of the age group were found to watch programmes on subscription services such as Netflix and Amazon Prime, and a huge 89% watch YouTube regularly.

YouTube KIDS

CONDÉ NAST

Condé Nast International this month announced the launch of Vogue Business, a publication aimed at professionals in the fashion industry. The news comes after its UK counterpart announced a pre-tax loss of £13.7 million for 2017, despite having made a pre-tax profit of £6.7m the year prior. The loss was largely due to restructuring and an office move, with Condé claiming that otherwise year-on-year profit would stand at around £4 million.

Out-of-home (OOH) giant JCDecaux has rolled out its "LDN Drive" screens, a network of digital sites across the capital. The network comprises 68 screens in high-traffic areas of London, including Marylebone and Whitechapel Road. Bought over a two-week period, the 48-sheets will deliver high impact and an estimated 60 million impressions

NETFLIX'S FYRE

BREXIT CONFUSION

LEAD 2019

HFSS BAN

GILLETTE'S NEW AD

POLAR VORTEX