

# WHAT'S HOT

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# COULD AMAZON DISPLACE THE DIGITAL DUOPOLY?



Amazon is now the world's most valuable brand, according to [Kantar's latest BrandZ rankings](#) released this month, with the business having seen a 52% growth in the last year. Compare that to Apple and Google's modest growth of 3% and 2%, respectively.

This reflects Amazon's transition from e-commerce king to all-round tech-giant, its Amazon Prime Video, Amazon Music and Amazon Web Services (AWS) offerings having become major revenue drivers. AWS alone is now [more profitable](#) than its e-commerce operation.

More customers making more transactions means more data, and with that comes a better ad product.

Having generated [\\$10 billion in ad revenue](#) in 2018, Amazon is already the third-largest digital platform by revenue, behind Google and Facebook. Its ad offering reaches audiences on and off its own platform with display and video formats, plus access to subsidiaries including the IMDb and Kindle.

As a result it is quickly become a threat to the Google/Facebook 'duopoly', with 33% of digital advertisers citing Amazon's rise as the 'most impactful' market trend, and many planning to [move large shares](#) of their search budgets from Google into Amazon.

There are reports that Amazon may look to acquire the

(recently bankrupt) [Sizmek ad-server](#). Since an ad-server 'touches' every impression, this would give Amazon the opportunity to further improve their tech toolset and collect even more data than they already have – as well as learning a thing or two from the Sizmek interface.

An interface update last year has already made the Amazon DSP far more user-friendly, driving adoption from both brands direct and agencies, but there is still room for improvement.

Planning-wise, better data and analytics means better targeting, as well as greater control over what ad is served, where, and when – in a way only an ad-server can offer.

Such an acquisition could mean Amazon stands a chance at becoming market leader, surpassing their biggest rival, Google, by creating their own product stack alongside their DSP and Ad Console (PPC).

With more first-party customer data, an easy to use platform and an ad-server to boot, Amazon may soon have everything from A to Z.



# TIKTOK: HOW BRAVE BRANDS CAN THRIVE ON GEN Z'S FAVOURITE NEW PLATFORM



In just two years, TikTok has come from nowhere to become one of the world's most popular apps, with [more than 1 billion users](#) worldwide.

It has held the title of most downloaded iOS app for five consecutive quarters – and advertisers are starting to take notice.

The app allows people to upload short videos of themselves lip-synching, dancing, taking part in a challenge – or just about anything they find funny or entertaining.

There is a strong community feel with people highly engaged and involved in the latest trend. For example, the #InMyFeelings challenge, derived from a song by the artist Drake, prompted five million submissions on the platform, compared to 1.7 million on Instagram.

TikTok started to roll-out its ad offering last year, with in-feed video and promoted hashtag challenges. A new "Lenses" format is expected later this year.

The scale will appeal to brands, as will the ability to reach engaged younger audiences, especially those who are no longer "active users" of other social platforms, with many teens [moving away from Facebook](#) in particular.

The immediate value will be felt by brave brands: the value of TikTok lies not in traditional paid ad formats, but in delivering an authentic experience for the platform's users.

Younger generations generally do not respond well to traditional disruptive advertising, with [research from Kantar](#) finding that Gen Z in particular prefer "less intrusive media".

With a wide range of challenges and viral trends, TikTok has become a focal point for much of youth culture; this audience is not going to engage with a repurposed TV ad served natively in-feed.

The platform, however, does face the same issues that are rife on any social platform attracting a young audience, such as trolling – so brand safety may be a concern to some advertisers.

As an inherently creative platform, value comes from mobilising TikTok users to participate in, and share, your marketing message.

Engaging the right influencers at the beginning of your campaign is also crucial; as your 'seed' audience the content has to work for them.

Burberry's #TBCchallenge, for example, encouraged users to attempt to create a T and B using their hands (similar to the viral [Dele Alli challenge](#)). It amassed more than 4 million views in a matter of days.

TikTok works best by creating moments that allow people to engage and connect with your brand in a meaningful way. There is high potential to deliver a viral marketing campaign at a very low cost – if it is done in the right way.



# ON THE MONEY: FACEBOOK UNVEILS CRYPTOCURRENCY PLANS



Facebook this month unveiled plans to launch its foray into the world of cryptocurrencies, after being developed in secret for the past year.

With the launch of Libra – named after the Roman unit of measurement used in minting coins – David Marcus, head of Facebook’s blockchain technology research, hopes to shake up the established financial institutions with this new blockchain based system, describing it as having the potential to bring “change for the entire world.”

The concept of a blockchain-based financial system is based on a de-centralised, shared database on which transactions are built, removing power and control from Wall Street and central banks – an appealing prospect for a growing number of people who are wary and distrustful of the traditional banking elite, seen to manipulate markets for profit, causing economic woes for those at the lower end of the economy, with few repercussions.

This de-centralised approach has the added benefit of allowing a far greater level of transparency, as each transaction must be validated by the blockchain’s consensus mechanisms – a set of protocols which ensure that all nodes on the chain are synchronised and agree on which transactions are legitimate and viable to be added to the blockchain. This allows oversight by all parties on the blockchain rather than just a select few.

Facebook’s move into the world of crypto, however, has not come without criticism. Sceptics of the social media giant have pointed to their past inability to ensure the security of users’ private information – a fundamental duty of any institution which handles financial transactions.

from the main corporation, passing direct management to a non-profit based in Switzerland – the Libra Association.

Despite this initial criticism, Libra has already attracted the backing of 27 companies confirmed as partners this week, including Visa, Spotify, eBay and PayPal, who see the potential in the future of blockchain as a mainstream prospect.

This outcome would allow users to hold and move these blockchain based digital currencies almost instantly and with very low transaction fees. This would bring greater economic freedom to many, especially those in the developing world who do not currently have ready access to cheap digital bank accounts and credit cards, limiting their ability to trade and operate on the international field, keeping them from accessing markets and goods that could benefit themselves and their communities.

Overall, the world of cryptocurrencies is still in its infancy and as such it is difficult to predict the future of this potential globe-spanning economic system.

However, it is fair to say that the entry of a large, well known corporation like Facebook will have a huge impact on the landscape and its possibility to become the new norm in the financial sector which has remained largely unchanged, and unthreatened, for decades.



# VIDEO STREAMING: A LETTER FROM VIDEOSCAPE EUROPE



Leading figures in the European video industry came together for MediaTel's Videoscape Europe at BAFTA in London this month.

Representatives from each part of the video value-chain – from producers and rightsholders to distributors and aggregators – gathered at the event to discuss growth opportunities in streaming.

The event also confronted the challenges facing established media companies delivering content over the open internet, as opposed to through a TV platform, set against the success story of SVOD (subscription services). Speakers also reflected on new market opportunities, evolving distribution relationships and business models in video streaming.

In a session on the digital transformation of linear TV incumbents and their relationship with subscription platforms, Matthew Bailey, Senior Media Analyst at Ovum, emphasised the importance of premium content for traditional broadcasters, while connected TV expected to be the biggest driver of future growth (+\$1.8bn VOD revenues globally from 2018-2023).

Steve Forde, Director of Digital Products and Online Marketing at ITV, and Richard-Davidson Houston, from Channel 4, discussed their 'free + subscription' models.

ITV already has 265,000 subscribed to its paid-for ITV Hub+ service, whilst All4 is making a conscious move to reposition VOD from a free "catch-up" service to "boxsets on demand".

On pricing models, both said free trials for subscription services can drive short term gains, but decrease a customer's lifetime value.

Citing Netflix's pricing model, both felt the company would seek to keep monthly fees relatively low, and many observers even expect a price drop when Disney+ arrives in the UK, in a bid to remain the lower-cost option.

With the UK having on average 2.01 subscription VOD services per household, Jack Davison, Executive Vice President at 3Vision consultancy, argued that live sport and original content will be the main factors for broadcasters when it comes to building the leading streaming service.

Amazon, with its Prime Video offering, is already investing in both, with analysts estimating it will spend [\\$6 billion](#) on original content this year. The platform also made a big move into sport this month, announcing it will show 20 [Premier League matches](#) a season between 2019-22.

Netflix remains the market leader, currently in 32% of all homes that access one or more VOD service, and is expected to maintain its strong position given its broad range of original content and position as a 'gateway' to subscription video. Amazon's recent investment, however, puts it in strong second place (20%).

As a result video advertising spends remain high, with global TV ad spend predicted to hit \$200 billion by

# FROM EAST TO WEST?: MARY MEEKER'S ANNUAL TRENDS REPORT



Mary Meeker has this month delivered her annual – and much anticipated – [digital trends report](#). It is a mammoth 333 page document which reflects on tech trends from internet use to e-commerce sales, photo-sharing and interactive gaming. Here are some key points from this year's report:

- **The US no longer monopolises tech's top table**

Technology companies such as Microsoft have for some time been among the world's largest companies. Today all but three in the top ten (by market cap) are tech firms.

But they are increasingly global. The USA still dominates, but Chinese, Japanese and Australian firms have overtaken US mainstays such as eBay, EA and Twitter. It would not come as a surprise if the likes of Alibaba, Tencent and Shopify make a move into other markets.

- **Data scarcity puts pressure on programmatic**

Privacy concerns continue to mount. In the last year, GDPR has come in to force in Europe and similar legislation has been passed in California.

Even Facebook has called for regulation stating "it shouldn't be for private companies, however big or small, to come up with those rules". Meeker points to the growth of encrypted digital media communication – now accounting for 87% of traffic, up from 53% in just two years – driven by 'dark social' services such as

iMessage, WhatsApp and Telegram.

Such data scarcity creates challenges for advertisers as people become more protective of their data.

- **Super Apps point to growth in China**

One nation not driving towards data protection is the largest online population in the world, the Chinese. Internet usage, by data consumption, grew 189% in the last year, and China is set to become the largest producer of data next year.

Multiple-feature "Super Apps" are commonplace. For example Meituan, originally a group-buying app, has over 30 features from restaurant reviews and reservations, home rentals, travel booking to groceries.

Why use Yelp, OpenTable, Skyscanner, Trivago and Ocado when you can get all those services in one place, and on one bill? The west may follow, with Airbnb offering experiences, Facebook entering the payment world and YouTube making its debut as a subscription streaming service, perhaps.

This consolidation of data and services into single super apps suggest that China's already massive tech sector and ad market only has room to grow.



# CAN(NES) CREATIVITY STILL DRIVE EFFECTIVENESS?



The ad world descended on the French Riviera – and broke out the Bolly – this month as Cannes hosted its annual International Festival of Creativity.

Of 31,000 entries from around the globe only 3% are shortlisted, and this year just 27 were deemed worthy of receiving a prestigious Grand Prix, with the likes of Burger King's Whopper Detour and Nike's Dream Crazy campaigns receiving the top gong.

In a disappointing turnout for the UK ad industry, its number of awards was down 24% since 2018, and 41% for Gold Lions.

Meanwhile, according to research from System1, this year's winners were the [least effective](#) to win in the past decade. Using its effectiveness research methods to determine the short- and long-term growth potential of campaigns, the study found that five gold-winning ads scored just one star, predicting 0% brand growth.

Les Binet and Peter Field in particular have railed against the industry's increasing problem with "short-termism", with last year's Effectiveness in Context report acting as a rallying cry for marketers to invest in brand in the long-term. Between 2004-16 the optimum spend on brand activity, as opposed to activation, has increased to 76%, according to their meta-analysis of the IPA databank.

In a new report released during the festival, Peter Field has now described a "crisis in creative effectiveness".

Field reported that, in the period ending in 2008, creatively awarded campaigns were 12 times more efficient than non-awarded campaigns – but in recent years the multiplier has dropped to just four.

The report comes amid debate around the relevance – and meaning – of the awards, with entrepreneur Gary Vaynerchuk arguing that awards are given for "work that no human has actually seen", describing the festival as a week of self-indulgence for ad land.

Creative ideas and stunt-based campaigns may drive likes and shares, and even help win awards, but will not necessarily result in business success. Creativity is crucial, not to impress a board of judges, but to demand consumer attention, and build brand distinction.

It is generally understood that it takes at least six months to drive business results following the launch of a campaign; by taking place every other year the IPA Effectiveness Award allows entries to take this into account to award genuinely hard-working campaigns, rather than judging on "wow factor" and immediate impact. Cannes should take note.

Creativity still matters – but for marketers business results should matter more.



# HOTLINE

THE STORIES THAT LIT UP OUR MEDIA WORLD THIS MONTH



The Ozone Project, a joint digital sales house for publishers that enables buyers to access audiences across the Guardian, Reach, The Telegraph and News UK, has now partnered with independent ad exchange network OpenX. Danny Spears, commercial director of The Ozone Project, said that “Ozone Audience’s partnership with OpenX now makes it possible for programmatic buyers to access quality audiences at unparalleled scale in trusted environments”.

Both eBay and Facebook have been warned by the Competition and Markets Authority to cease the sale of fake reviews through their sites. The CMA found more than 100 eBay listings selling fake reviews between November 2018 and June 2019 with Facebook holding 26 groups where users people offered to write fake reviews. Both Facebook and eBay have confirmed they will co-operate.



A record-breaking audience tuned into the Women’s World Cup as the England women’s football team beat Norway 3-0 to earn a place in the semi finals of the tournament. The game recorded a peak audience of 7.6 million, with an average audience of 6.8 million. A UK television viewing record for women’s football had already been achieved on 23<sup>rd</sup> June as England took on Cameroon. The peak UK TV audience reached 6.9 million on BBC One, gathering as much as 40.5% audience share.



The Evening Standard has recently reported an £11.5m pre-tax loss in the 12 months to September 2018. This comes against the backdrop of an ever tightening advertising market, following a continuous run of losses since 2016. However, there was a silver lining behind the figures as revenues increased by 2% to £65m, indicating that recent cost-saving measures are having at least some effect. UK digital readers are also up 21%, with a 48% boost to the newsbrands global audience.

**EveningStandard.**

