

# WHAT'S HOT

July 2019



# JUST THE THING: NETFLIX RAMPS UP PRODUCT PLACEMENT



Looking at total viewing figures, Netflix is in growth-mode. This month the streaming platform attracted 40 million viewers in the first four days following the much-anticipated release of [Stranger Things 3](#), whilst its biggest ever original show; Orange is the New Black, has already brought in a huge 105 million users – [or two thirds of its subscriber](#) base ahead of its final season.

And yet stock price of the California-based giant fell dramatically as it revealed that the number of US subscribers had dropped for the first time in nearly a decade, as reported by the [Wall Street Journal](#).

Netflix had forecasted an additional 5 million subscribers globally in the second of quarter of 2019, but grew by only 2.7 million, results made all the more disappointing as a number of other broadcasters are launching streaming services of their own – [including Disney](#), with its Disney Plus US launch date now set for November.

For now, then, the streaming service appears to be focusing on global growth, especially in emerging markets rather than turning to other business models – but with other players entering the market it is only a matter of time until the platform has to consider moving towards an ad-funded model.

In the past year Netflix has already been investing in “marketing partnerships” – mostly in the form of product placement. US brands from Dunkin Donuts to KFC to West Elm have featured previously within Netflix Originals, but arguably it is the latest series of Stranger Things that is its most branded show to date.

According to one report more than 100 products appeared in the third season alone, equating to over [\\$15 million of](#)

[brand value](#), in Netflix’s value exchange model in which no money changes hands. Coca-Cola, in particular, features heavily, and the drinks brand released 500,000 limited edition cans and apparel to coincide with the show’s release as a commitment to cross-promotional marketing activities using the shows IP and assets.

With product placement the most important consideration is how well the product, or the service, is woven into the storyline. While 40% of UK consumers are aware of product placement, according to [Ofcom](#) research, almost one in four say they already “feel a concern” over the level of advertising on television. The introduction of a mandatory ‘P’ logo on any UK TV programming containing product placement is helping to signpost and regulate its use in the UK. However there is a loophole – any programming imported from overseas producers is exempt from this rule.

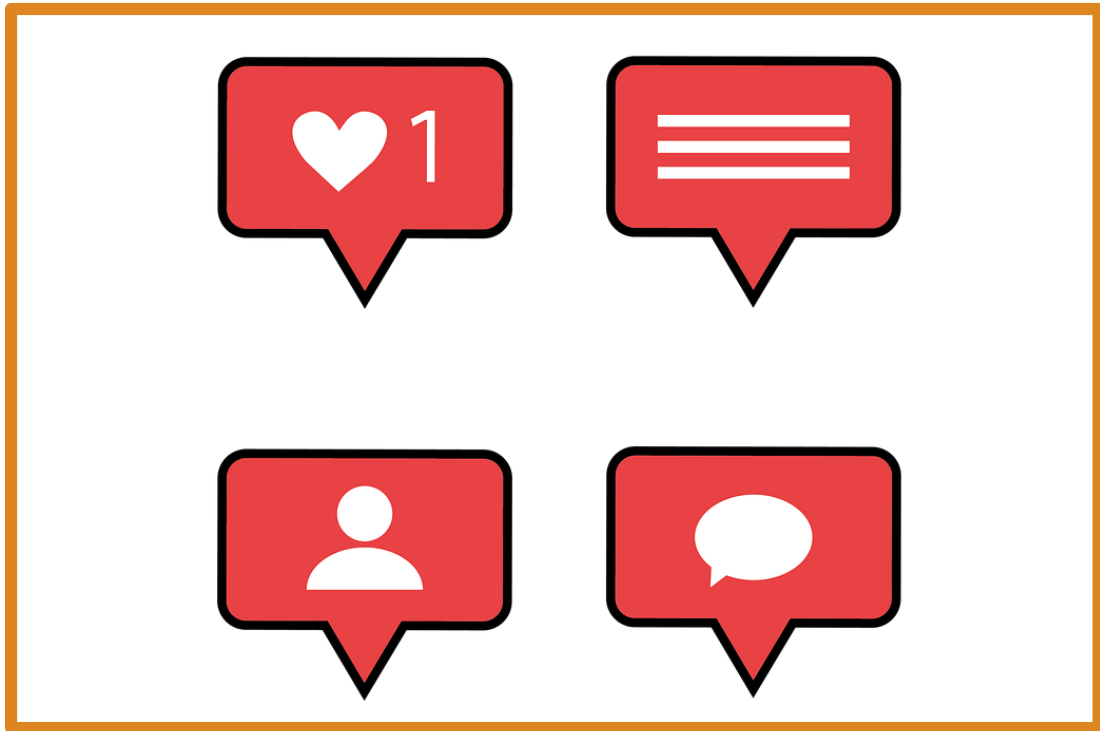
This, has meant that although product placement is not currently available via Netflix in the UK or European markets, as a globally streamed show, it has value far beyond its home market. Netflix are not the only company to have recognised the opportunity: Amazon and Hulu feature brand integrations within [100% and 91% of shows](#), respectively.

Given Netflix is yet to introduce any form of video advertising, such as pre-roll, brand integration is currently the only way to reach this engaged audience on the platform – although these arrangements are largely limited to US productions and brands with global appeal.

But, in any product placement, brands should think carefully about the viewer’s experience, and whether co-promotion fits naturally within the plot, or is just another diversion from the content – or even stranger things could result.



# INSTAGRAM: LIKE IT OR NOT



The most popular Instagram post in the world has 53.7 million likes – however the ability to view and track Likes might soon be a thing of the past.

Instagram is currently trialling 'Invisible Likes' in six markets including Australia, Canada, and Japan. Users will still be able to see how many likes their own photos receive, but will no longer be able to see counts for other users' posts. This marks a significant step-change for a platform that has always focused on likes as part of its user experience.

The decision comes off the back of several studies linking social media to mental health issues among young people, and accusations that Instagram in particular affects users' self-esteem.

Head of Instagram, Adam Mosseri, hopes that 'Invisible Likes' will cause "people to worry a little bit less about how many likes they're getting on Instagram and spend a bit more time connecting with the people that they care about".

Although this update might improve the average user's experience on the app, it could also prove a challenge for influencers and for marketers to navigate.

Likes have been crucial to the rise of Instagram's influencer culture, allowing them to prove their value in terms of engagement. Organically, influencers and brands will now have to be more creative to find ways to drive reach via the feed, and it is likely there will be an upsurge in the number of comments across the board.

This could have a positive effect, pushing the need for more original and inventive content to keep users engaged.

Fortunately, from a measurement point of view, influencers and brands who use "Creator" accounts will still have access



to useful metrics, such as impressions, reach and views.

According to Amy Luca, chief executive of TheAmplify, an influencer agency: "Likes are part of a range of non-specific measurements that are not indicative of success in influencer campaigns". The number of likes potential influencers appear to receive can actually be misleading for brands looking to sponsor someone to promote their products or services.

The 'Invisible Likes' feature creates the opportunity for marketers to leave behind unreliable vanity metrics such as likes and instead employ new strategies that focus on measuring ROI through relevancy of audience and more meaningful engagement metrics such as click-throughs.

Moving away from focusing on likes also encourages advertisers to track the objective of an influencer partnership or campaign more specifically.

If their goal is brand awareness then reach and views metrics are important; if the goal is to drive a direct response, such as website visits, then marketers should be utilising clicks and conversion via the Facebook Pixel.

These already available metrics mean that meaningful measurement of influencer campaigns for advertisers will not be impacted – so whether you can see it or not, we like it.

# DYNAMIC DUO: GOOGLE AND FACEBOOK GO HEAD-TO-HEAD



Facebook is to pay a record [\\$5 billion fine](#), the US Federal Trade Commission declared this month.

Following allegations surrounding the Cambridge Analytica scandal – documented in a feature-length Netflix film released this month – the fine is believed to be the biggest ever issued in relation to privacy concerns.

However, Facebook's growth remains strong, with net income up 39% in 2018, while results posted following the second quarter of 2019 saw [stock jump 5%](#).

According to Marin Software's latest [State of Digital Advertising report](#), 27% of digital ad budgets remain in Facebook, despite [reports that some advertisers are pulling out](#) of the platform as a result of the scandal. Indeed, Lastminute.com recently announced it would be moving the [vast majority of its spend](#) into the platform, rather than Google.

These shifted budgets likely come as a result of product development, and the platforms' respective advertising ecosystems. As a longstanding proposition, some Google Ads' search markets have become extremely competitive; it is only sensible to look elsewhere for better value.

Facebook's conversion-focused campaign formats have developed over the last few years and are increasingly successful at demonstrating ROI, albeit within a walled garden.

Products such as Dynamic Ads for broad audiences are showing how powerful Facebook's machine learning has become at finding users likely to take action.

As a result of its easy-to-pull campaign-specific reports, Facebook as a platform is becoming better at rewarding short-termism. Pair this with its scale (and overlooking potential privacy concerns) and it is easy to see the increasing appeal, compared to the more competitive search markets and increasing CPCs.

As more advertisers increase budgets there is a fear that Facebook will become saturated, but this is likely a long way off for the platform.

Continuing improvements in targeting and automated bidding strategies are increasing conversion rates, meaning advertisers can afford to pay increasing CPMs – as long as they are finding the most valuable users.

As Facebook's solutions develop we would over time expect a slowdown in growth, but for now Google is fighting back, increasing its efforts to develop its advertising solutions and measurement capabilities in environments outside of search, particularly YouTube.

Google is not without its own concerns, with the tech giant currently at the [centre of an inquiry](#) into whether it breached EU privacy rules in its processing of data.

Crucially, the platforms cannot be compared directly in terms of their advertising role. Users interact with the platforms in different ways, and they play different roles in the journey to conversion. Advertisers should continue to be wary of short-termism, and the desire to look at the bottom of the funnel, when allocating budget.



# IT IS WHAT IT IS: HOW LOVE ISLAND BECAME ITV'S BREAKOUT HIT



As the pool floats are deflated and as contestants begin their return journeys to the UK, wheelie suitcases in hand, the sun has set on the fifth series of the ever-popular Love Island.

ITV has seen its total advertising revenues fall 5% during the first half of 2019, however online revenues are up 18% year-on-year – boosted by the hit reality show.

The show has allowed ITV2 to grow its share of the ever evasive 16-34 adult audience by an impressive 7%. Even more astoundingly, the episode that aired on 3<sup>rd</sup> July, showcasing the fall out from Casa Amour, broke ITV2's all-time ratings record, with more than 4.7 million individuals watching the show on TV sets (BARB), while a further 1.4 million tuned in on phones, PCs and tablets.

Dame Carolyn McCall, chief executive of ITV, said the show had “definitely” contributed to an “uptick” in ad sales on both linear TV and VoD channels, meaning ITV ended June in a better-than-expected position.

Although spot sales of the show would have benefitted ITV's bank balance, it was the incremental £8 million raised in revenue from commercial partnerships that set the property apart.

As a result of revenue into the ITV market, this month the station announced it would extend its suspension of late booking fees for another three months until the end of October.

In addition, the success of the show for ITV has led to the broadcaster announcing a new “winter” series to be filmed in South Africa, and currently pencilled in for January 2020.

While Love Island has come under fire for its supervision of contestants' wellbeing, the show has been regarded by most as a breakout success.

Mirroring the early successes of cult shows such as The Inbetweeners and Big Brother, each Love Island episode conjures relatable moments, and sparks debate in front of the TV set as well as online.

With bedroom antics and alcohol intake reduced this year, the show has acted on becoming more mainstream and family-friendly. Following the suicides of two former contestants, ITV has also increased its aftercare package, with this year's contestant Amy Hart stating she “couldn't fault the support” provided by the team.

Love Island is ITV's golden goose, reaching the much sought after younger audiences – although surely there are only so many eggs it can lay, as seen when Channel 5 introduced a second series of Big Brother.

In the meantime, Love Island re-enforces the cultural power of television, with its mass reach and engaging content, helping to initiate conversations on even the quietest tube line.

With the second series incoming, the catchphrases may well live on year-round.



# DIGITAL SETS BEST PRACTICE



Google has this month extended its in-browser ad blocking to global markets, in a move that will push publishers to conform to Better Ads Standards, or see their ads blocked by the Chrome browser.

Last year Google Chrome – which has a [64% global share of browser use](#) – implemented ad ‘filtering’ for intrusive ads (i.e. those not within the standards established by the Coalition for Better Advertising) in North America and Europe, and has now launched the functionality on a global scale.

The announcement comes as [eMarketer again downgraded forecasts](#) for future growth of ad blocker use, for the second year in a row.

In the US, ad blocker use is expected to remain stable, at 27%, with the majority of those using a blocker saying it is because “there are too many ads online”, or that they are “annoying or irrelevant”. Globally, ad blocking is slowing, with rates falling to 10.3% last year from 11.6% in 2017.

As the use of ad blocking software decreases, marketers could look to benefit from potential increased presence. However, brands must learn from the mistakes of the past, and focus on providing a positive ad experience for all users.

The [Coalition for Better Ads](#) seeks to advise on this, having developed the Better Ads Standards through extensive consumer research. These standards lay down the least preferred ad types, including the most intrusive ad formats that give users a particularly poor experience.

As well as shifting towards best practice ad formats, advertisers should remain wary of frequency capping, so as not to bombard consumers with online ads.

[Recent research by Sublime](#), the high impact marketplace specialist, found that spontaneous brand awareness increased most when users were exposed to an ad two to three times. When users were exposed more than four times, brand awareness dropped by 3%.

In addition, while campaign recall was at 26% after one exposure, this dropped significantly to 6% after 10+ exposures. Similarly, the study proves the impact of frequency on other brand metrics such as familiarity and favourability.

According to the [IPA’s latest Bellwether report](#), digital is one of the only channels to see continued growth in investment. With steadily increasing spend, marketers must continue to ensure that whilst generating profit, online advertising still delivers value, and a positive experience for the consumer.



# HOTLINE

THE STORIES THAT LIT UP OUR MEDIA WORLD THIS MONTH



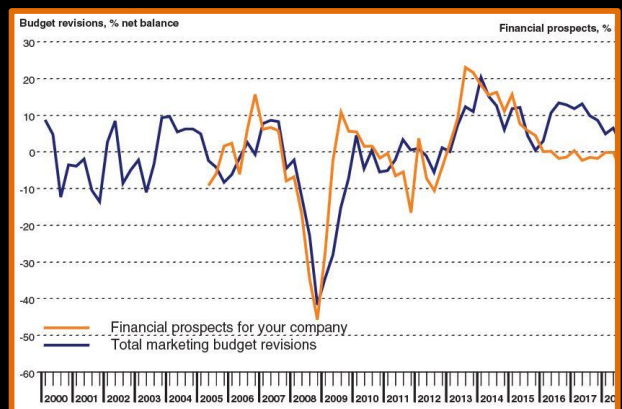
Amazon's marketing expenses grew 48% year-on-year, according to the latest reports. A large proportion of the increase – taking the total up to £3.46 billion in the second quarter of 2019 – was spent on promoting Amazon's cloud computing operation, AWS, as it supported the development of its ad business. In the same period business revenue was up 37% – however this represents its slowest revenue growth in five years, down 49% from the same period in 2018.

Sky has seen a record number of subscribers join its Now TV service across Europe in the past quarter – but the broadcaster's ad sales are reportedly down 5.6%. Over 300,000 customers were added in the period – which it attributed mainly to the success of its original series Chernobyl – but ad revenues were at only £454 million, despite a 0% increase in the first quarter of the year.



Ofcom is to review its broadcasting codes following the much-publicised death of a participant following his Jeremy Kyle earlier this year. The regulator has launched a consultation, and proposed rules to protect the “welfare, wellbeing and dignity” of participants in programmes, including reality shows, documentaries, current affairs programmes, quiz shows and talent programmes. Under the rules guests may not be “caused unjustified distress or anxiety”.

The latest IPA Bellwether has suggested a slowing of UK marketing budgets. The second quarter report has seen the net balance fall from +8.7% to 0%. The IPA has argued that continued uncertainty around Brexit may have resulted in the slowdown. However, digital budgets saw a growth of +11.5% in the period, while events has also seen increasing spend.





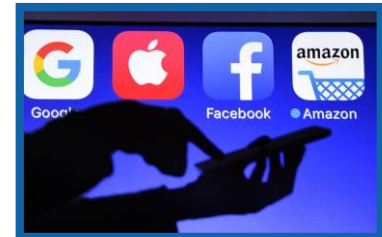
**LOVE ISLAND**

**LION KING**



**WOMEN'S  
NETBALL**

**ANTITRUST  
INQUIRY**



**HEATWAVE**

**INSTA LIKES**

