WHAT'S HOT

November 2019

NOSTALGIA: IS IT WHAT IT USED TO BE?

We are a nation of nostalgists. At least, this was our hypothesis when earlier this year we partnered with YouGov to conduct a piece of research into why the UK is so keen to spend our time looking back to the past, instead of ahead to the future. More importantly, we wanted to understand the specific cues, cultural symbols and behaviours which most represent our favourite decades, and get to grips with how advertisers could use these to their advantage. We recently launched the results of this study with lively and discussion filled panel events in both Manchester and London.

Our latest whitepaper, 'Nostalgia – is it what it used to be?', has unearthed that 55% of Brits would rather go back to the past than travel ahead to the future, with a mere 28% desiring a quick fast forward. 9 in 10 Brits reminisce at all, and there is a cohort of misty-eyed millennials who are almost always looking back fondly. This isn't, however, always a past they were part of.

One of our most interesting findings was around the sheer scale of Fauxstalgia – where we dream and pine after a period within which we didn't even live. For example, 58% of those who were positive about the 1950s weren't even born then, and as such were perhaps more shielded from the social and political realities of living during that decade.

The 1990s was unanimously our favourite decade. Recent enough to be of relevance to many, but not associated with the global economic crisis that marred the noughties, it is most closely associated with Friends being on TV, and the new wave of advances in technology such as mobile phones and the internet.

Standout mentions remained, however, for the Spice Girls and the battle of Britpop.

There is also the danger (and opportunity) associated with NOT-stalgia. The phenomenon whereby people remember things, or claim to remember things, which weren't actually authentic to the time itself. For this, brands can have creative licence to produce new content or products which use the cultural symbols and iconography of the past, but in a fluid and new interpretation. We don't remember the details, but more how we felt at the time.

However you view it, this desire to escape the present is unlikely to be short-lived. Dr Kate Stone once remarked "the future will look more like the past than the present" so perhaps we should be dusting off those record players, vintage fashions and bringing brand heritage to the fore.

NETFLIX: THE END AS WE KNOW IT?

Netflix's dominance of the SVOD market is under threat. Earnings may be up 8% year-on-year but subscriber growth is slowing which, on the eve of AppleTV+ & Disney+ entering the market (November 1st 2019 & early 2020 respectively), is a worrying sign. Careful forward planning is needed for the market leader to succeed in what is about to become a seriously noisy VOD market.

Netflix have now missed two consecutive subscription targets; domestically (US) Q2 saw a loss of 130,000 subscriptions with Q3 growing by only 500,000 vs a forecasted 800,000. Global forecasts for Q3 were also off the mark with a 200,000 subscription shortfall v forecast (6.8 million v 7 million).

Content, or lack of, is a significant driver of this. Netflix are the victims of aggressive-walled gardening from their competitors. Once upon a time they paid HBO £78m to license Friends for a year. This arrangement concludes at the end of 2019 and will see the cult classic live on HBO Max. The same will be true of The Office UK & US which will be moving onto Britbox & NBC Peacock respectively, while all Star Wars, Pixar & Avengers films will eventually be housed on Disney+. Top content is leaving the Netflix portfolio and has so far been replaced with a deal to license Seinfeld globally from Sony for a reported $500m from 2021.

Despite this hefty investment Netlfix have made it clear that their long-term strategy is to focus on original content. A reported $15bn has been set aside to create fresh content this year; threefold growth on the $5bn spent in 2016. Back in 2017 just 26% of all Netflix content was original. By Q1 2019 this figure reached 46%.

Apple concur with this approach; 100% of AppleTV+ content will be Apple made. A-List stars such as Reece Witherspoon, Jennifer Aniston & Will Ferrell have all had future programming confirmed on the platform. Oprah Winfrey, too, has been confirmed with a docu-series alongside Prince Harry set to launch later in 2020.

Evidently Apple are leaning on a blend of Hollywood stars in a fresh environment to build their video proposition. This approach though will take time before a library of content is built up and customers may be hesitant to commit their hard-earned cash to; even with the app being pre-installed across the Apple device portfolio. Apple claim that a budget of $6bn has been set aside for content creation this year. However, with a cash reserve in excess of $200bn there is every possibility that content expansion will be rapid.

And then there's Amazon, rocking a blend of original and licensed content with significant investment in live sports, most notably the Premier League. Holding the rights to 20 games across a busy December schedule (including all 10 games on boxing day) is their golden ticket. Luring consumers onto the platform with a free month Prime trial over the festive season will see a groundswell of consumers engaging with the platform at a key time of year. Whether this short burst of consideration will lead to long-term investment from customers remains to be seen, though.

This is the crux of the VOD conundrum. Consumers are spoilt for choice. Mass content fragmentation means that there is no holistic option for consumers and hard decisions are going to have to be made. For the majority it will be the players with the best content that wins, although where brands are able to bundle benefits outside of video (such as Prime next-day delivery and access to Apple ecosystem) the value for money equation becomes ever more enticing.

September saw Reed Hastings announce he was willing for Netflix to be measured by BARB in the future, a big deal for a company that, until recently, wouldn't disclose programme viewing data even to its own stars.

A willingness to be measured by a third party indicates that Netflix are fully aware of the challenges that lie ahead for them in the medium to long term. Third party measurement would pave the way for advertisers to get onboard and move Netflix from an SVOD to an AVOD revenue model. In a video space where consumers are being asked to spend more and more this could be a smart move to both differentiate as a product and survive a competitive decade to come.

SAFARI AND FIREFOX DOUBLE DOWN ON PRIVACY

Both Safari and Firefox, the two browsers leading the way for further privacy features and web tracking prevention methods, have had recent updates that seek to further hinder efforts by advertisers and publishers to track users browsing habits.

Safari, which has been most notably active with the rollout of its *Intelligent Tracking Prevention (ITP 2.2)* which heavily impacted 3rd party tracking and 1st party tracking, now has publishers in it's sights. To work-around this clamp down on publishers and 3rd parties collecting audiences using cookies publishers have been activating metered "paywalls". This means users have to create a login "tethering" them to the publisher, effectively giving the publisher consent to then create audience profiles for it's now "logged in" userbase.

Picking up on this trend, Apple has already released an update to mitigate this effect. The latest versions of Safari will now prevent sites from detecting users that have the browser's *private browsing* mode enabled.

This mode prevents publishers reading/writing cookies meaning that publishers will no longer have a way to count and detect how much content a user has consumed, rendering the metered paywall completely useless and denying publishers from both protecting their content and adding another user to it's audience pool.

Firefox, who have been on a year long effort to block tracking in their browser, have taken the plunge to block 3rd party tracking cookies by default for all users (previous updates only enabled this by default for new users since June 2019).

Much like Apple's ITP, Firefox's *Enhanced Tracking Protection (ETP)* seeks to block all cookies and will take it's current userbase doing this from 20% to 100% as users update their browsers. The rationale? Both Apple and Firefox want to put users back in control of their online experience by giving them the tools for protection the moment they start using the browser.

The impact of these measures is that both 3rd and 1st parties are finding it harder to measure and target audiences given the reduced userbase. Now, a combined global market share of 20% of internet users can no longer be tracked, with potentially more on the way with upcoming Chrome updates to their privacy measures as well.

As this ongoing 'cat and mouse' battle continues it does seem that it is getting harder and harder for advertisers to reach "the right users at the right time". Advertisers and ad tech vendors are working to find ways to preserve the measurement and targeting capabilities they've become so accustomed to.

GET READY FOR BREXIT! …OR NOT

The British government were met with widespread criticism for their £100m campaign telling us to 'Get ready for Brexit' on 31st October. However, now, we're again in the midst of change and uncertainty. Whilst we appreciate areas of data, talent, legalities and economy will impact our industry, there are very few advertisers, SME's or agencies any clearer on what is to come and how best to manage it.

We take a quick look at what has happened this month, what we can expect (with no certainty) next month, and the year ahead.

The Guardian summed up the Governments' campaign ads as 'mystifying in their uselessness' and 'devoid of information' – even more so now that we didn't leave the EU on the 31st October. In the final week of October, the 'Get ready for Brexit' campaign quietly drop the 31st October as the date Britain was due to leave the EU, with its website promoting a more cautious message: "We could still leave with no deal on 31 October."

We're also hearing reports from the National Audit Office claiming that the campaign had 'limited impact' amid growing political uncertainty over the timescale by which the UK was supposed to leave the European Union.

Time is of the element here, especially now we look ahead to a general election on 12th December.

What we can tell is that this economic and political uncertainty is impacting the advertising sector, as noted in the latest Bellwether Report for the third quarter of 2019, where UK marketers have recorded for the first time in seven years cuts to their allocated spending (albeit marginally).

Cuts have led some marketers to place greater emphasis on cost-efficiency, resulting in budget being reallocated to online and social. This saw internet advertising remain the top performer in the quarter, with ATL flat.

At the same time, we're seeing 64.1% reporting no change to marketing budgets, as many have been put off from launching big ticket marketing drives – an indication they are waiting to see what transpires with Brexit and its impact. They could be waiting a while.

On that note, Paul Bainsfair, the IPA's director-general, described the notion of cutting budgets in the midst of uncertainty as a "false economy". So holding back, or cutting back could prove damaging especially when our exit could drag on for another year (surely not?!).

Bainsfair goes on to say "the evidence shows that, far from being prudent, it can have a negative long-term effect on growth. Companies that hold their nerve consistently, and that invest in the 60/40 ratio of longer-term brand-building to shorter-term sales activation, outperform the market."

This is something our head of strategy Simon Harwood highlighted back in January (https://mediatel.co.uk/newsline/2019/01/17/hold-your-nerve-ad-bosses-outline-strategies-to-cope-with-brexit/).

Given how little has progressed around economic uncertainty, the IPA decided to leave its forecasts for 2019 unchanged, anticipating 1.1% annual growth in adspend. But once the clouds have cleared, it expects 2020 and beyond to be more upbeat – predicting growth of 1.8% in 2020, 2% in 2021, 2.2% in 2022 and 3.1% in 2023.

At an Advertising Association Brexit event before Brexit was postponed, it was made clear that separating from the EU is set to take over all our lives and businesses for, dare I say, the next 10 years. In good news they quote "it is now clear that a practical checklist would be of huge value to the industry", which they are working on. *What's Hot* will update with further information when ready.

HOTLINE

THE STORIES THAT LIT UP OUR MEDIA WORLD THIS MONTH

Twitter has banned political advertising from its micro-targeting capabilities. While ads will still be allowed on the platform, they will not be allowed to target users based on personal details Facebook, meanwhile, has come under increasing pressure for its policy not to verify political posts – which make up just 0.5% of the platform's ad revenue.
Google has also imposed a ban on targeting ads based on political leanings or public voter records.

Bauer Media has launched a number of new radio stations, including an extension of its Magic brand with digital station Magic at the Musical, as well as another within the Absolute group of stations, named Absolute Radio 10s. Bauer has launched a total of five new stations in 2019, with the most recent RAJAR report seeing an increase in listeners for the group, up to 18.4 million.

ITV held its annual Palooza this month, revealing increased ad revenue, and announcing a number of new TV shows and entertainment formats. Ad revenues rose 1% over the previous quarter, while programming such as the Rugby World Cup helped to boost viewing figures for the broadcaster. New shows including a period drama from the makers of Downton Abbey, and a dramatization of the award-winning paly Quiz were also announced on the night.

Disney+ launched in the US this month. The service has a target of 101 million subscribers globally by 2025 – with expected growth faster than Netflix, Amazon and Apple TV+. Due to licensing agreements with Netflix and Sky, Disney+ is not set to launch in the UK until March 2020.
Meanwhile, Britbox – a collaboration between ITV and the BBC – has this month launched its first ad campaign in the hope of attracting subscribers to its collection of British film and television shows.

I'M A CELEB

FROZEN 2

XMAS TV ADS

WINTER WEATHER

VICTORIA'S SECRET SHOW

XMAS ELECTION