# WHAT'S HOT

**May 2020**

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# A BRAVE NEW WORLD

Finally, there's a glint of light at the end of the lockdown tunnel - but what does life look like on the other side, and what does this mean for brands? Will we continue to live in "unprecedented times" or will the familiar gradually return?

"We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten"[1]. Bill Gates could have been talking about COVID-19 and its projected impact on society.

Headlines proclaiming "the end of the world as we know it" speak of irrevocable and immediate changes to consumer behaviour: the death of office working, public transport and even cities themselves. But not all habits are created equal.

Two types of behaviour shifts have emerged from the crisis:

One is of complete transformation: the creation of new habits in response to the wider social and economic climate. These might be a reinvigorated sense of community spirit, the desire for simplicity or a prioritization of mindsets that support growth and gratification.

The other is the supercharged acceleration of emerging habits: the raft of digital substitutions, the rise in crafting and creating, and continued growth in on-demand lifestyles.

Amid the current uncertainty, forecasting the nuances of change is tricky, even in the short term. However, it's clear that now more than ever brands need to put people (not just "*consumers*") first. With 55% claiming to be less happy compared to this time last year, with seeing family and friends the #1 priority post lockdown - it's no surprise that consumers are placing a renewed emphasis on love, life and health[2].

Research from System1 shows brands that demonstrate empathy, connection (to people and places) or a sense of the familiarity and comfort in nostalgia are those that are best received by audiences in the crisis[3].

Although the uncertainty of lockdown is lifting, the long-term looms with uncertainty too. The recessionary market will see a shift to an era where the tropes of empathy, storytelling and emotional connection have heightened power in advertising. Understanding the emotional milestones coming out of lockdown represents a huge opportunity for brands to connect with audiences new and old.

As we look ahead, we can't ignore the longer-term impact of recession. Once more the term unprecedented rears its head: much can be learned from previous recessions, but this is a recession unlike others. Current economic turbulence is caused by changes to society and audience behaviour, rather than changes in the market having an impact on consumer behaviour. And the impact for consumer and category expected to be highly variable.

Previous recessions have seen the famous "lipstick effect" (large declines in big ticket items, are contrasted with high growth in affordable feel-good luxuries, like lipstick). But early research suggests that for many the financial pinch isn't yet evident – 53% of Brits say they feel no difference to their level of comfort with current disposable income vs last year. In fact, locked up at home, some audience groups are instead saving more[2]. Will we then seen an initial boom in spend once lockdown lifts? Equally, some discretionary goods and services often cut in a recession have become the mainstays of lockdown life – entertainment or health & fitness subscriptions for example.

It's critical to scrutinise what's different about this recession compared to the past – understanding the nuances in category, product and customer experience will signal where challenges and opportunities lie ahead. And with the pandemic shaking up most categories, expect a golden era for challenger brands that can take adapt and thrive in this brave new world.

So, whatever happens, as Mr Gates went onto say "…don't let yourself be lulled into inaction".

[1]Bill Gates, The Road Ahead, 1996
[2]the7stars, The QT, May 2020
[3]System1, A right-brain reset for advertisers, May 2020

# THE RISE OF AUDIO IN LOCKDOWN


Whilst there are some changes in our media habits during lockdown that don't require much of an explanation, the nuances behind the rise of 'audio' in its various guises offers us insights into how people are coping and dealing with lockdown, as well as an understanding of the direction of travel for audio as we adopt new behaviours and a media habits.

The very latest RAJAR (Q1 2020), gives us our last benchmark for pre-lockdown listening, covering Q1. Two of the big take-outs from this wave were that, unsurprisingly, digital listening continues to grow. Share overall now sits at a record 58.6% (up 11% QoQ) with 67% tuning in via DAB, DTV, Online or App every week. The other key takeout is that the biggest winner by a significant stretch was LBC, up 24% YoY. LBC's figures are "the highest in the station's 47-year history, showing demand for news and discussion during turbulent times."

The continued move to digital listening, combined with the idea that audio allows you to connect with another human, another voice of reason that you can trust, thereby allowing you to feel part of a wider community that shares your own values and can comfort you, has only been intensified during lockdown. We've seen this mental shift play out in day-to-day life with examples like Clap For The NHS. However, it seems that the need to feel connected with others – as well as radio's intimate and trustworthy perspective – has been a key driver behind the rise of audio.

The stats back up this thought process. Since lockdown began, we have seen huge growth in certain areas, specifically in listening via connected devices (Bauer reported that 38% off all their listeners are tuning in via connected devices). We have also seen this in the world of podcasts, with Acast reporting its 'all-time record week for listening in the UK' in April. If the good old presenter-led radio show offers a level of trustworthiness and a feeling of belonging to a connected community, then podcasts provide an even deeper source of comfort.

News UK's new podcast 'Stories of our Times' has seen a phenomenal uptake, with Jimmy Buckland, Director of Strategy at Wireless, describing podcasts as "a refuge where you can provide rational, objective, not sensationalised but informative insight, and some really fresh storytelling and really engaging human interest stories. Audio is uniquely well placed, to tell those stories, and to provide great engaging content that takes you deeper into the news without leaving you quite as worn out as [when] you graze headlines on social media and all those daily reactions."

In terms of new opportunities for advertisers, the insatiable rise of connected listening opens up a whole host of personalisation and targeting options as users sign up, and sign in, to these connected services. Podcasts also offer an unparalleled level of focus and attention from the listener, and sponsorships of specific podcasts regularly include presenter involvement that only enhance brand salience and leverage the sentiment of that podcast voice. But do not forget traditional radio; whilst the official figures have not quite caught up yet, we know via proxy that listening is up significantly, as is average weekly hours. It is a perfect time for advertisers to capitalise on enlarged audiences at extremely attractive rates.

The big question for us though is, whether these new habits continue once lockdown is lifted – we'd like to think so.

Sources:
1. https://mediatel.co.uk/news/2020/05/14/rajar-q1-2020-national-stations-and-networks/
2. https://www.warc.com/content/article/arfw/how-audio-is-responding-to-the-challenges-of-the-covid-19-lockdown/132378

# THE PIVOT TO FIRST PARTY DATA

It's clear that the current worldwide pandemic has forced a real focus on the ability to communicate. Much of this focus has been on digital transformation; new or improved online user experiences, better segmentation of existing data. Changing business models to be available to new customers who can't leave the house have all been given greater urgency due to the situation we now find ourselves in.

The sudden need to improve the digital element of businesses quickly has also aligned with a pivot to first party data. The last 12 months has seen a substantial and necessary improvement in how seriously data and consumer privacy is taken. Heavy fines have been given due to the GDPR breaches. Facebook security has been scrutinised in live court hearings, and more recently Google announced it's plans to remove third party cookies from Chrome – comfortably the most used web browser in the world.

These changes are bringing fresh opportunities to market, with businesses looking at how they can help advertisers shift from the overuse of third-party data, to an effective and compliant use of the data they already own.

One of the most interesting movers in the market has been Infosum. Infosum are a data SaaS company who allow advertisers and publishers to make the most of their first-party data. The way to look at what they offer clients is, interestingly, what they don't do. Infosum don't take central control or ownership of data, neither do they pass it onto others. Instead they provide the connection between two or more datasets in a uniform and compliant fashion. Recently Infosum have launched new relationships with publishers such as Channel 4, Global and the Telegraph which gives significant scale and backing to their product.

The opportunities that arise for advertisers through better connection of their own data are numerous. From a planning perspective, it becomes possible to gain a much deeper understanding of your audience by seeing how they engage with publishers outside of those with their own adserver - such as Google and Facebook. By connecting with multiple publishers for analysis, it's possible to analyse which screens are most important to your most valuable audiences, breaking the traditional 'digital' barrier to planning and creating a campaign that is truly omnichannel and driven by your own data. For publishers too it means that they can segment their own audiences more effectively, with bespoke packages for advertisers and then charging accordingly, in a fairer, transparent way.

Although this marks a significant development in the connection between advertisers and publishers, of course it's not yet a perfect solution. Publisher partners and advertisers will still need data at scale, in order to increase match rates and gain a unified view of an audience. The duopoly of Facebook and Google have spent years utilising first-party data to build custom audiences and lookalikes which work extremely well in their platforms and have huge numbers of datapoints for their algorithms to optimise towards.

The best starting use of Infosum and similar partners will be a data-led approach to planning across actual audiences and devices. This requires an equal change in measurement and advertisers must resist the urge to jump straight to cost per acquisition tracking.

The changes in data privacy, tracking and regulation have forced the industry into better connections, we must ensure our measurement and reporting changes with it.

# READY WHEN YOU ARE

Although it's only been two months of lockdown, the Coronavirus rollercoaster has had more twists and turns than what many experience during the course of a year. To monitor this pace of change, the7stars has been making the most of our proprietary mobile panels Lightbox Pulse and AtoGenZ, enabling us to guide brands through the unknown to deliver relevant and customer- centric recommendations as each day unfolds.

After a tough April, consumers felt glimmers of hope in May; a month that presented us with greater choice in how we spend our time. May was a month for positively adapting, not wallowing, with over half of Brits admitting they were coping with this new normal better than expected (54%). So much so, only 13% of us said the Spring bank holiday was 'much worse' than previous years, perhaps due to fewer restrictions in place.

When lockdown regulations were eased, 23% of us planned to visit a friend or family outside, with a similar proportion intending on going outdoors to exercise more frequently. However, whilst many started to make the most of this almost-freedom pass, 45% of Brits decided they won't be taking advantage of the new guidelines, rising to 50% among those over 45 years old.

Despite restrictions looking to ease further into June, it appears the home economy will continue to boom into the Summer. 1 in 5 spent the long weekend speaking to family and friends on the phone / video call, compared to just 1 in 10 meeting up in person.

Further, despite being given the green light to go outside to our heart's desires, only a quarter of people got out to walk or sunbathe, compared to the 40% who decided to stay at home to cook or enjoy some DIY activities, rising to 50% among the over 55 cohort.

Although the devastation of the past couple of months should not be underestimated, our choice to stay at home reflects some positivity that lockdown has brought to us.

So much so, 3 in 4 of Brits want to keep at least some of our newly formed behaviours in the long term - Londoners are the most likely to want to keep all aspects of their new lifestyle post- Coronavirus (7% total vs 14% in London.) New habits that we're keen to hold onto, although simplistic, are incredibly heart-warming, like cherishing time with loved ones more, putting a greater emphasis on health and well-being and spending more time outdoors.

Whilst the jury's still out on which new habits will stick, and which will wash away, consumers will only move when they're ready to - not when they're told to, and brands who understand this and adapt accordingly are likely to resonate.

Further, whilst empathy shouldn't be overlooked, now is the time for brands to start communicating more positively – we are no longer looking for sympathy and know that this too, shall pass…

Sources:
Lightbox Pulse and A to Gen Z, May 2020

# TANGLED WEB: A VIEW FROM the7stars ON THE PWC ISBA REPORT

**A Summary of the Report;**

- ISBA commissioned PWC to audit the programmatic supply chain - the study took 2 years to complete.
- It included 15 advertisers, across premium publishers with 267million impressions.
- PWC concluded the supply chain is very complex with many parts.
- Many of these parts do not currently link up in an auditable way.
- This means at least 15% of an advertiser's budget is unaccounted for.
- On average 51% of this budget reaches the publisher - only 7% to the agency, the other 42% mostly going on tech and data costs.
- The report had two critical conclusions; (i) standardisation is urgently required to allow data sharing; and (ii) our industry should collaborate to further investigate the unattributable costs.

Programmatic has become a word with a myriad of meanings for different people. Some positive and some not, dependant on point of view and business model. For the7stars, programmatic is using technology in the planning and buying of media for the benefit of our clients, providing full clarity on tech and costs with zero-mark ups.

We also believe an agency's role is to show our clients that when done properly, media bought via technology is brilliantly effective. Just think how much more effective it could be once we iron out which bits add value and which bits don't. That's the market opportunity. And that's where agencies can regain their vigor.

There is a paradox though; programmatic techniques allow easy access to thousands of sites and placements – volume can be the enemy of quality, but this is also its potential weakness; especially if it isn't managed properly. As evidenced in the report, control on where ads run is a key requirement. But the answer isn't as black and white as 'lots of sites are bad and premium is best'. It depends on the reason for the media investment, i.e. how it was planned and activated.

The more tech you use, the more resource, time and talent you need. It's a constant balancing act. As PWC have noted, the talent pools across agencies in this space varies a lot. Clients should demand they have competent people on their business. That includes things like: running content verification tools properly, that tagging is data compliant and up to date, that those tech partners and publishers who are more open and are DTSG (Digital Trading Standards Group) compliant get the bigger share of budgets… and so on. We feel now is the time for advertisers to reassess their tech plumbing, tech set up and their media supply end to end.

The level of detail programmatic media produces has never previously existed in media – we're clearly all still learning what to do with it. When the companies built their tech there wasn't an agreed standard way, for example, a time and date stamp with each ad (think how many different ways you can show a date in Excel). This means it's extremely difficult to line up media from one platform to another. This isn't somebody trying to willfully hide revenue.

**This report has put the spotlight and focus on two areas; the link between buy tech and supply tech, and the supply tech and the publishers.**

# TANGLED WEB: CONTINUED

This could favour those who are 'media owners' like the Guardian who have worthwhile inventory, but crucially also the right tech, talent and resource to make the most of their inventory. Certainly, some of the best media inventory, with say some of the best content and journalism isn't supported by the best media tech plumbing or teams. Conversely, some media perceived to have less value can be bought via really clever tech with fast clued-up supply-side teams.

We also suggest that publishers re-look at their relationships with their supply side: modernise the way information can be shared, and ask where their inventory really is being made available - certainly we'll be looking at this with fresh eyes.

We also see a future of buying not just audience but audience enhanced by environment - the best of a multiplier effect and associational value. Those on the supply side that can offer both, will be part of the7stars plans. Plans where premium isn't defined by the cost per thousand but the ability of that publisher to package, deliver and verify the media, content and audience they say they can. What's premium for one of our clients isn't premium for another.

This ultimately means the art of media planning in a modern way, and that's where agencies can remind the market of their real value.

Part of that is obviously recommending, buying and checking where clients' money is invested. That includes an ongoing sometimes fluid investment into tech, data and media. Most media plans will have these three aspects, and it's the agency's job to get this right. Getting the balance of investment into these three parts isn't fixed, will vary by client and vary by supply side, publisher and media owner. This means the split of an advertiser's budget to reach the publisher will vary; there is no one 'correct' percentage. Agencies' ability to do this across a range of clients, tech partners and publishers means they are in a unique space to be the most advanced source of best practice.

Some of the tech investment isn't optional like adserving, or verification tech. When done right this tech can give insights to drive uplifts in performance above its costs, and crucially helps build feedback loops which can influence and shape how all media is planned - media as an intelligence engine.

**So What Now?**

We've made big gains since members from the IPA, IAB, AOP, ISBA were in a room at the IAB several years ago and created the DTSG cross industry initiative around brand safety - then followed by viewability and fraud reduction. We could only do that by interrogating where ads ran. It's taken a long time, it's clearly not finished by any means, but many lessons have been learned. It has been a big team effort.

We obviously can't have a supply chain where 15% isn't accounted for. Evolving where we're at isn't going to happen on an agency-by-agency basis, or by any one advertiser saying so at ISBA's annual event, without cross industry support.

This is why the7stars supports the work of JICWEBS and, for example, the DLT study commissioned earlier this year. A focus of these efforts we think will be the maturing of the permissioning within the data stream and consistency of naming conventions.

In the meantime, the7stars will continue to take the best of programmatic, and the best of the publishers, and the best of media and tech within the most advanced media ecosystem that's ever existed, to drive business results explicitly for the benefits of our clients.

# POSITIVE NEWS THIS MONTH


The UK economy is slowly starting to show signs of improvement with as the country begins to ease out of lockdown. David Owen, economist at the financial company Jeffries said “everything points to a slow, painful recovery, but we still think a recovery is under way”. This comes alongside the news that more and more businesses are starting to trade again with 81% of companies operating in the first two weeks of May, up from 75% during April (Source: Fable Data).

It also seems that the property market has picked up with more people browsing property sites recently. Zoopla reported a 88% weekly increase in demand (which includes browsing properties and also inquiries). Alongside this, job vacancies are on the rise – with this in creasing 9% from April to May (in part due to an increase in healthcare posts). (Source: Find a Job). LinkedIn has also shown that hiring staff has decreased at a much slower rate in April vs May, a strong indicator that the job market is beginning to stabilise.

One sector that has offered a positive service during lockdown is recipe boxes. These have seen a huge surge in demand since lockdown occurred, due to users food choices being dramatically decreased as restaurants were forced to close. Gousto, Mindful Chef and HelloFresh have all reported rises in customer numbers. The need for choice however has remained the same and food boxes offer a way to solve this. Alongside delivery boxes, some of the nations favourite restaurants are also offering the opportunity to ‘make your own’ at home, from the likes of Honest Burger to Pizza Pilgrims.