WHAT'S HOT

September 2020

THE LAND OF THE INDEPENDENTS

This month the7stars joined forces with sixteen of the UK's biggest independent media agencies to launch an ad campaign that promotes the £1.8bn (Nielsen) indie sector, as the destination of choice for progressive brands.

The 'Land of independents' launched on the 14th Sept with a national outdoor, print and digital campaign created by Creature. The growth of the independent sector has been a rapid – almost five times faster than the rest of the market – which is something worth celebrating and why we all united to form this campaign.

The collaboration aims to highlight how crucial the independent sector will be in the UK's economic recovery, and its contribution to growth within the advertising world. Over the past three years, the independent sector has grown ahead of the market and this campaign is aimed at supporting future positive momentum.

The collaborative effort came about after a series of meetings which began in April and continued through lock-down.

"This crisis is demanding that we reframe ad messaging in new and unexpected ways. Independent media agencies are agile enough to do exactly that," our very own Jenny Biggam explained. "We are typically built upon open, non-hierarchical structures to foster bold ideas and strategic clarity. It's a formula for fast, impactful results."

Dan Cullen-Shute, co-founder and chief executive of Creature, added: "There has been a genuine sense of excitement and collaboration of people who believe in what they're doing and it's been amazing to be a part of… In that first meeting it felt like we walked into a different land - we left adland, an introspective make-sure-no-one-copies-your-answers territory, into a brighter, braver place."

The independent sector is built on the values of collaboration, entrepreneurialism, flexibility and service. And long may it continue.

GOOGLE PASS 2% DIGITAL SERVICES TAX TO ADVERTISERS – ISN'T THAT THE BEST DECISION FOR EVERYONE?

At the start of the month Google announced that, from November, it will be passing on digital service taxes to advertisers by adding a 2% fee for ads served on Google.

Naturally, the decision has been met with frustration from advertisers, who will now have to decide if they absorb the extra cost or pass it onto their customers. Not an easy decision to make in the current environment.But is this simply a case of "tech giants" abusing their dominance or is there something else at play here?

Firstly, if any business is to receive a new and increased cost to itself, what would be the standard course of action? They'd naturally find a way of absorbing that cost or avoiding it, if possible. And therein exposes two problems with this tax. One in that it is essentially not fit for purpose, and two in that it does nothing to address the bigger issue of market dominance.

Essentially, one way the digital services tax is not fit for purpose is that it doesn't acknowledge how tech companies like Google generate the majority of revenue from auction-based advertising, where the costs are determined algorithmically by the amount of advertiser competition.

Other than this, perhaps Google would have to find a way of paying for the tax through business cost reductions. So, naturally Google have taken the easiest decision and arguably the best one – even for advertisers. Because, eventually, the market will adjust to it. Advertisers have a decision to make themselves when the tax arrives. They either take on the increased cost and accept a slightly lower ROI on their advertising, or they reduce the price they're willing to pay for that advertising in the first place.

In an auction, if enough advertisers choose the latter then everyone should see a reduction in media costs and therefore still achieve the volume of ad delivery they have been used to for their budget.

In the short term it's more expensive, but in the long-term equilibrium returns and everyone ends up paying what they're willing to in order to generate the ROI they want.

And Google are quite transparent about it:

"Digital service taxes increase the cost of digital advertising," said a Google spokeswoman to the Guardian. "Typically, these kinds of cost increases are borne by customers and like other companies affected by this tax, we will be adding a fee to our invoices, from November. We will continue to pay all the taxes due in the UK, and to encourage governments globally to focus on international tax reform rather than implementing new, unilateral levies."

Basically, don't hate the player…

Perhaps this is insincere and Google know international tax reform is a pipe dream. Perhaps passing the Digital Service Tax directly to advertisers is more a statement than a necessity. Regardless, the impact to advertisers may be limited in due course once the auction prices adjust. So maybe it's actually the best decision for everyone.

SEVEN RULES FOR WINNING Q4 IN 2020

Once again, we find ourselves in an ever-evolving economic and cultural landscape. The role of advertising in creating demand has never been so important, but some adjustments will likely be required to account for a different shape of Q4 than we have seen previously.

Here are our seven rules for winning in Q4 2020.

1. Flex to local behaviours
Unlike the national lockdown in spring, restrictions are likely to be unevenly distributed. Local lockdowns such as those currently being imposed in the North East mean that flexibility in media planning will be vital. For any advertisers planning national campaigns, we need to build a winning strategy around flexibility to circumnavigate this.

2. Monitor market value
Our forecasts for Q4 currently indicate that the market remains in a state of recovery, with the importance of a strong Christmas trading period being hugely influential in keeping ad spend on a growth curve across all channels. As with all planning and buying, the audience being traded will have a significant impact on how cost-effective each channel will be.

3. Help people make more considered choices
The7stars Lightbox Pulse identified that while 28% of shoppers are worried about the cost of gifts, 1 in 10 are planning to gift to more people than usual over the festive period. It is also therefore likely that gifting choices may become more sentimental, after such an anxiety driven year in which people have re-evaluated the importance of friends and family.

4. Prepare for the homebound economy to accelerate
Online shopping is set to shift even more online, with around half of UK consumers saying they will do more shopping online than last year, as people become less motivated to browse in-store. It is important to note that the highest growth rates over the past few months came from multichannel retailers, not pure-play online retailers, many of them innovating with click and collect offers that made use of their physical footprint.

5. Adapt phasing for '12 days of Christmas'
1 in 3 Brits said they will be hosting more celebrations at home than usual. 1 in 10 say they plan to have multiple celebrations with different groups of friends/family. This means that media phasing may need to adapt to reflect a flatter season with less of the extreme peaks we usually witness in the festive period and more of a 'plateau' across a sustained period.

6. Embrace empathy and humour
There is some evidence that over-earnest communication now more than ever lacks the ability to move people and risks being lost among other worthy pieces of communication. In fact, 3 in 4 consumers approve of brands providing funny or light-hearted content.The more agile you can be and control the creative after launch the better.

7. Offer optimism
20% of Brits also feel that brands can play a role in boosting morale over the festive period. Brands could also put a more positive spin on 2020, capturing all the things that people made happen such as new hobbies and experiences. Equally, it could be about looking forward, inspiring people to start making 2021 plans around festivals, sport and holidays.

HOW APPLE'S MAJOR IOS 14 PRIVACY FEATURE WILL IMPACT YOUR BUSINESS

Apple have some of the most exciting launches within the tech world and with these big phone launches comes updates to their phones software. Their newest launch of IOS14 is one of the biggest to date and will have an impact on how we track app based campaigns in the future.

Although the update is readily available for people to download, a future version will end the collecting of iPhone identifiers for advertisers (IDFA). This is due to Apple's strong measures to prevent services from tracking users across apps. Facebook & other social apps use the IDFAs for targeting and exclusions for app specific events (installs, in app events).

This in turn will mean that when the update comes to fruition, any app campaign launched in the future will lack targeting and measurement capabilities.

In the future people will have to opt in for the IDFA's to be shared to other apps like Facebook. This move is big for measurement in the app world and Facebook have taken a stance to create their own tracking IDFA's which will reduce the impact on the platform. However, they are in the process of building this feature, unfortunately with no confirmation on when this could be rolled out. This means that as an agency we are going to have to look at ways to ensure when Apple does start restricting the use of their IDFAs that we have strategies in place to reduce the impact to our advertisers.

We, along with the rest of the advertising industry, continue to await Apple's final policy details regarding upcoming changes to iOS 14. Given Apple's delayed implementation of the user permission requirement, all of the leading social networks will continue collecting IDFA on IOS 14 through their own apps in an attempt to reduce unnecessary disruption to advertisers. We recognize that changing guidance from Apple creates challenges for preparing for the impact of iOS 14 but we hope to have some solutions in place for when they do make the switch.

STREAMING OVERTAKES LINEAR TV

As a result of this year's pandemic we have seen an acceleration in the growth of TV and online viewing – and particularly that of streaming on on-demand services. Samsung Ads' Behind the Screen report has claimed a jump in streaming viewing in 2020 has now humbled linear TV altogether.

Based on the August Ofcom report presenting April viewing habits throughout lockdown, 59% of viewing still came from broadcast content, however over 20% of this was through non-linear viewing such as BVOD and recorded playback.

It is correct that this year has seen a surge in streaming SVOD services in particular with viewing up +37 minutes per day back in April YoY. It is estimated that 12 million adults gained access to a new SVOD subscription during lockdown with 3 million accessing subscription video on demand for the first time. Some of these new users were of older audiences who were previously more frequent and loyal viewers of linear TV. Instead, 1/3 of 55-65-year olds used VOD in lockdown, which is a lift of 25% vs pre-lockdown and over 65s rose by 12%.

It is clear that SVOD saw a rise in both viewership and users, and we are definitely seeing a shift from broadcast to on demand. Lockdown has now eased, meaning people are spending less time with their TV sets, however the proportion of 'unmatched viewing' – any TV activity not recorded by Barb, i.e. SVOD, smart TV platforms, game consoles etc – has still remained at the same level as it was at the height of lockdown, despite overall daily viewing minutes decreasing. Suggesting that new non-linear viewing behaviours are now becoming habits that are here to stay.

Despite streaming popularity growing more rapidly, commercial broadcast TV viewing still takes up the majority share of average daily viewing time and remained relatively constant throughout the year.

People are still sitting down and watching the same amount of TV, just in a different way. With more streaming services offering commercial platforms to advertise on, advertisers need to take advantage of the combination of platforms available to them in order to be able to achieve the best reach possible. The likes of BVOD can aid traditional commercial broadcasters like ITV and Channel 4 gain access to younger audiences such as 16-34's where their drift from linear TV has been the most significant. When it comes to streaming it wasn't just SVOD that benefited from the increase in streaming on demand content this year; All 4 saw a 30% lift YoY for 16-34's thanks to lockdown and now 80% of young people are subscribed to the platform. Similarly, ITV hub consumption was up 82% YoY in Q1 with its monthly reach increasing by 40% and resulted in a 42% increase for SkyGo.

Linear TV reach has declined but not because people aren't watching the content that is being created and broadcasted on linear TV. People are just finding new ways to watch it to suit their needs.

MINI NEWS THIS MONTH

YouTube have launched Shorts as a challenger to TikTok. They have now joined several other social media networks looking to fill the increasing demand for snapshot, entertaining and interactive videos, including Instagram's Reels. YouTube's Shorts platform will allow consumers to upload and shoot 15-second videos within the "Create" icon in the app. The new beta feature will be launched in India, which was TikTok's biggest market. This comes shortly after the US approved the partnership between ByteDance's TitkTok and Oracle in the US so it will be interesting to see if YouTube roll out the launch across countries where TikTok is prevalent as well.

Smartphone readership across newsbrands has surged, fuelled by the pandemic. Latest Pamco figures have shown that consumers are turning to their smartphones and we're seeing digital growth increase vs normal print which is decreasing. Daily digital national news readership has increased by 20% vs last year with consumers turning to reliable and trusted sources for their latest news on the pandemic. The trend filters through to lifestyle news too with magazines also seeing a total brand reach increase of 5% despite an estimated 6% drop in print readership – again, highlighting the importance of digital readership.

The Facebook boycott turns to Instagram as celebrities have been seen to temporarily freeze accounts. As part of a week of action, the campaigners behind the "Stop Hate for Profit" are encouraging a 24-hour Instagram freeze – including high profile influencers such as Leonardo DiCaprio, Mark Ruffalo and Katy Perry declaring their following. The campaign has called Instagram out for "unchecked and vague changes" which go against democracy. Whilst the use of influencers will undoubtedly raise the profile of the campaign, if Facebook's boycott is anything to go by, it won't effect the platform's revenue.