

# WHAT'S HOT

January 2021



# Navigating The Metaverse Universe



Welcome to the metaverse, where the physical world converges with a digital universe. As sci-fi as it may sound, this is our new reality. Mass participation in the metaverse has accelerated exponentially in recent times due to the global pandemic.

Rapper Travis Scott made headlines in 2020 when more than 12 million concurrent Fortnite players tuned in for his virtual concert hosted within Battle Royale. It was the biggest live music event of the year, at a time when people were not leaving their homes. Likewise, the Biden-Harris campaign embraced the virtual world as a way of reaching and rallying new voters. Biden created a virtual HQ in Animal Crossing, Nintendo's life-simulation video game, where players and their avatars could explore and engage with his campaign.

This isn't about basement gamers, it's mainstream and it's only the beginning. The new release of Animal Crossing: New Horizons sold 22m copies during the first peak of the pandemic (Mar-Aug 2020), attracting an audience of mostly 20-40 year olds, many female and first time gamers. Fortnite, the multi-player game, has the largest player base with 350m players globally, with a skew towards young males but nearly a quarter of its players are 25-34 years and 15% are 35+.

These are not just video games as we know them, they're alternate realities that are quickly becoming extensions of people's real lives. They will permeate how people work, socialise and what they buy. Today, the metaverse is a shared virtual space where people are represented by digital avatars. But new connectivity, devices and technologies will eventually allow people to enter the metaverse through virtual reality or merge it with their real world using augmented and mixed

reality.

People will foster friendships and relationships in these shared spaces. Virtual shopping is already prevalent. Property, cars, clothing etc. all have their own worth in the metaverse, whilst remaining capable of influencing real-world purchases. Fashion houses have been quick to embrace the trend, with Balenciaga releasing their fall 2021 collection in the form of a video game. Users were given early access to a virtual store and the chance to have their avatars styled in the brand's newest looks, something usually reserved for an elite few in the real world.

For brands, the creative and content possibilities of a metaverse are endless. Whilst the real world has become a noisy battleground restricted by the confines of media formats and frames, 'multiverse' games represent the next generation of media channels. But the rules of engagement are very different. Brands typically do not pay to be part of these games; they join organically. Users can then opt-in to brand interactions through codes or via partnerships with content creators. More traditional routes in have involved sponsorship of players or allowing users to unlock exclusive offers or content through game play. There's little tolerance for brand 'badging' or loud promotions. To succeed, brands must become part of the community and contribute to the virtual world in their own way, whilst remaining true and connected to what's going on in the real world. When done right, the opportunity for deep brand integration and discovery through immersion is beyond anything we've seen in this world.



# Apple iOS 14 Update Resulting In Big Changes Across Facebook



Last year Apple announced that it would be making its IDFA (identifier for advertisers) opt-in to users with iOS 14, together with other privacy updates that impact advertisers. Apple postponed the rollout of this change until early 2021 and it is now expected that it will happen later this month (January). No specific date has yet been set.

Apple's IDFA is used by Facebook for tracking, targeting and attribution. It is the way we are able to segment iOS users into 1st party audience lists for targeting (i.e. site visitors, or purchasers), exclude users from subsequent targeting, and optimise campaigns towards a specific conversion or event goal. With iOS users being encouraged to opt out of sharing IDFA with apps such as Facebook, this could have a significant impact on targeted advertising and campaign effectiveness. Facebook have been very vocal against these changes but, as it stands, are powerless to stop them.

Some major things that will be impacted will be the events that we currently optimise towards and our current attribution window will be limited moving forward. This will have an impact on our campaigns as we will no longer be able to track certain custom events and will need to revert back to the standard tracking events that Facebook have in place. Dependent on each advertiser, we would usually report back on a 28 day post click and a 1 day post view metric combined. However, with these changes we are not restricted and will be reporting back on a 7 day post click and a 1 day post view. This will result in a drop of conversions and so will impact the ability for us to optimise at greater speed. The platform learns quicker the higher the volume of conversions – we

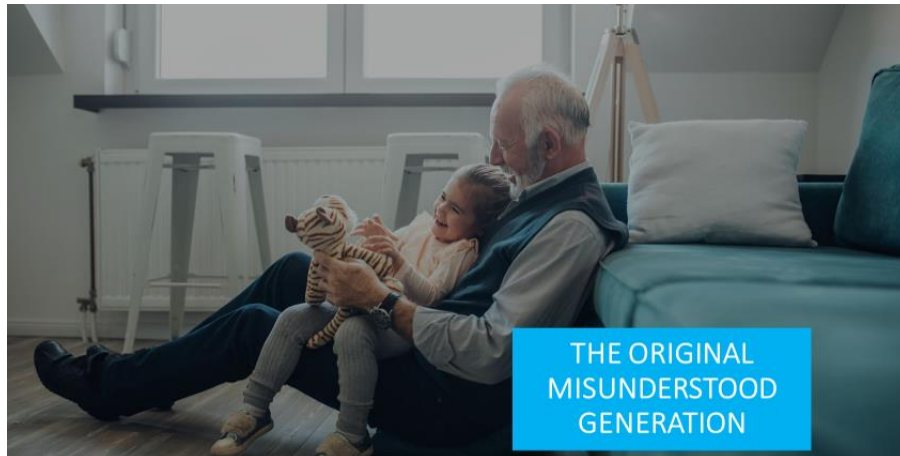
expect that advertisers are likely to be stuck in the learning phase for a little longer than usual.

Although the lead in changes is predominately coming from Facebook, it is going to affect other platforms with apps that operate in a similar advertising environment. Other platforms are yet to disclose the changes and impacts to their platforms.

The actual impact of these changes is still not fully known. However, we may expect a significant reduction in custom audience pools (to target lookalikes of converters). Along with a greater overlap between audiences increasing ad frequency without knowledge and a significant reduction in our ability to optimise campaigns for the most effective outcome (i.e. optimal conversion volume and CPA). We will be monitoring performance and the impact this may bring over the coming weeks.



# The Original Misunderstood Generation



Over the last few years, generational divides have felt fiercer. With social media as a platform for this argument to thrive, events like Brexit and lockdown have heightened disharmony between old and young seemingly more than ever. Now, words like snowflake, gammon and boomer have taken on new, negative, and deliberately insulting meanings.

Following success in understanding Gen Z, and with a history dispelling generational tropes, we turned our attention to baby boomers. An extensive group that we feel remain overlooked, the victims of blanket generalisation and poorly represented in media.

Surveying 1,000 nationally representative baby boomers before running online focus groups, we recently explored stereotypes surrounding them. Their inability to use technology. That retirement spells the end of adventure or future-planning. And that 'small c' conservative views combine with a lack of empathy for younger generations. All whilst enjoying financially comfortable lives themselves.

We were able to understand the origins behind some of these stereotypes, dispel others almost entirely and identified one universal truth. In a nutshell, here is what we found:

- Baby boomers typically recognise the difficulties faced by younger generations and their role within them, acknowledging the difficulties around mental health and house buying in particular.
- Most baby boomers are confident in their ability to use tech and enjoy its benefits. Further to this, they have more conscious choice in what tech to use than younger generations typically seem to.
- Baby boomers are broadly planning as much as

they ever have. Making the most of opportunities not available to them when younger is a driving force behind this.

- Whilst more likely to be conservative, both personal and societal events continue to impact their opinions, leading to the adoption of new ways of life. This leads to the emergence of a cohort passionate to help shape a positive future for all.
- A generational advantage does not protect them from personal difficulties. The impact of regret, financial hardship and health issues or anxieties dispelled any notion that they universally lead struggle-free lives.

It would be remiss for some to continue misunderstanding this 20million-strong audience. Their significance for advertisers grows with the fact that their spending power is up to 17 times greater than that of millennials (FT). Equally remiss would be to continue considering them as one homogeneous group. The nuance within the baby boomer generation is incredibly vast. Taking the time to truly understand them and their subsets presents a huge opportunity to connect with this misunderstood generation.

Following the research, we identified three main considerations for advertisers. These are to be an advocate, to not treat them as one and the same and to be more respectful and genuine.

The full whitepaper shares much more detail than is possible here and is available on the 7stars website.



# The UK-EU Trade Agreement Has Given Breathing Space On Data Capture And Usage



The UK and the European Union have agreed to temporarily keep existing data transfer arrangements in place for up to six months while negotiations continue over a permanent adequacy solution. GDPR has been retained in UK law and renamed the UK GDPR.

This 'bridging mechanism' allows data to be transferred in the same way it was pre-1 January 2021 for a 'specified period' of four months, extendable by a further two months, provided that the UK makes no changes to its rules on data protection in the interim.

The period will end when the European Commission (EC) adopts an adequacy decision in relation to the UK, which has always been a separate process to the trade negotiations. If this has not happened by 1 April then the period will be extended by two more months to 1 June, unless either the UK or the EU objects.

The UK has already deemed the EU/EEA to be adequate on a transitional basis, meaning that data can also continue to flow freely from the UK to the EU/EEA while the UK makes its own formal adequacy assessments.

While nothing is certain, the way in which adequacy is addressed in the agreement means we can be cautiously optimistic about the UK being granted adequacy. This would allow data transfers from the EU/EEA to the UK on the same basis as now.

Both the Market Research Society (MRS) and the Advertising Association (AA) have also advised members to take precautions in case an agreement

on data adequacy is not reached.

This advice includes having alternative data transfer mechanisms in place, such as standard contractual clauses (SCC), to ensure there is no disruption to the flow of data between the UK and the EU.

Regardless of the origin of the data being used, it is worth checking with your legal team and Data Protection Officer to ensure data collection policies and handling processes are up to date.





# Reaction To Whatsapp Privacy Update Underlines The Data Privacy Conundrum For Big Tech



On January 4th WhatsApp updated their privacy policy to announce data sharing with parent company Facebook and the company's suite of apps. By February 8th every user will have received notification of the key updates.

Reuters reported that January 6th saw a spike in the number of users installing privacy focused WhatsApp alternative Signal, putting the challenger on course for 1 million daily downloads and moving it to within 20% of the daily install numbers seen by its much larger rival.

Signal lists one of the app's benefits as 'Feel[ing] free...No ads. No trackers. No kidding'. At the time of writing, the app is number 6 in Social Networking chart on the App Store, one place behind Telegram, another private WhatsApp alternative.

What's interesting about the reaction to WhatsApp's update is that users in Europe will see no change in the way that their data is collected and used by Facebook. User conversations will remain encrypted from end-to-end as they always have been. Not even WhatsApp themselves can easily obtain the private conversations of users, let alone use them for any purpose.

WhatsApp is clearly aware of misconceptions, with paid search advertising linking to their FAQ carrying the headline 'Truth Behind Our Policy Update - WhatsApp Privacy Policy 2021'.

The policy changes are a step towards Facebook unifying the company's suite of apps for greater 'interoperability'. WhatsApp users will be able to receive Facebook messages and vice versa. It will also help businesses streamline customer communications without worrying about app preference. This will be particularly useful when planned transactional features come to the

messenger platforms.

Somewhat ironically, Mark Zuckerberg has long planned to make private messaging and groups a greater focus for Facebook.

Of course, sharing data between the apps is not just about improving user experiences. Allowing WhatsApp to share your phone number and profile information to Facebook will naturally boost the company's ability to verify the effectiveness of advertising through cookieless attribution. The effective use of data is, and continues to be, how Facebook makes its money through advertising revenues

But there's a challenge here, too. Also covered in What's Hot are Apple's latest changes to IOS, which restricts, aggregates and delays the collection user data (tracking), which Facebook and its advertisers have long relied on to produce effective and profitable advertising outcomes.

So while users are becoming hyper-sensitive to the prospect of their data being used in ways they don't understand, it has just become much harder for Facebook to use a significant amount data they're used to collecting on user behaviour outside of Facebook. This is a key ingredient in their revenue model.

Some believe the move to unify technology is one to protect Facebook's position, making the business more difficult to break down to its constituent parts in the face of increasing criticism of anti-competitive practices.

It remains to be seen whether their reliance on user data, and increasing user sensitivity to it, will be the greater challenge ahead, bringing competitive headwinds long before any serious market authority intervention forces it.



# POSITIVE NEWS THIS MONTH



As we start the New Year, we're seeing indications of positive sentiment amongst the UK population. The vaccine rollout is making consumers feel more optimistic about spending time with family and friends. This optimism and positivity is filtering through to their New Year resolutions, with consumers focusing on those that add to their lifestyles, rather than the expected restrictive resolutions. People want to 'start' new healthy / proactive routines, making little changes or small positive steps rather than putting emphasis on something negative or something they want to 'stop'.

TikTok have announced that they will be launching a new partnership with Samsung TV that will bring their content into the home and onto the big screen. TikTok will be exclusively pre-loaded to all new Samsung Smart TVs and will be available to download for those made from 2018. The app will allow consumers to watch and engage with the platform's content without an account – although a restricted mode will limit the public content. It will be interesting to see how access to the big screen changes consumption of the entertainment platform and whether this will open up TikTok to an even wider growing audience.



The latest lockdown has seen consumers find nostalgic escapism in jelly, whilst sourdough and banana bread were the making of lockdown 1.0. Social media and the drive for aesthetic potential have helped add cultural cachet to the '50s dessert. Creativity has been a popular coping mechanism for anxiety during lockdown; with 30% of people across 18 countries saying creativity in the kitchen is helping. We're seeing more and more experimentation with foods. In the case of jelly, this is driven by its texture and tactile play as well as its nostalgic value. And it's not just having a sentimental effect in the kitchen - according to Vogue the jelly shoe was the 'cult footwear trend of summer 2020'.

