



September 2021



4 the Future

On the evening of Tuesday 14 September, the consultation period on the future of Channel 4 came to an end. A consultation designed to test the government's belief "that a new ownership model for Channel 4 would be the best means of ensuring its future success."

Channel 4 is currently publicly owned but commercially funded. Which means the taxpayer doesn't fund it, but it's not required to turn a profit or focus on shareholder dividends in the way private companies are. So, profits are re-invested into programming, allowing the creation of content other channels might view as risky or unprofitable. This in turn allows Channel 4 to deliver against its public service remit of serving diverse and under-represented communities, along with supporting independent British programme makers.

A central concern to those against privatisation is that this element of Channel 4's offering may be lost. Ampere Analysis found that Channel 4 uses 200 different UK based production companies, 140 of them reliant on Channel 4 for more than half of their TV production work. Each one of these companies brings a new perspective and develops talent which benefits the entire industry. A private owner tasked with maximising profits is likely to reduce the breadth of production companies and the level of risk taking within programming.

Proponents of privatisation argue that new investors with deeper pockets could mean bigger budget programming being brought to British screens. Shortly before losing his job, the culture secretary Oliver Dowden said this meant Channel 4 would be in a better position to take on the streaming giants and to bring in more event programming such as Emma Raducanu's US Open final. Which perhaps overlooks the fact that Channel 4 were able to do just that under their current model, despite making no return on the ad-free feed from Amazon.

Any change in ownership for Channel 4 as an advertising environment could mean bigger shows, more event programming, and could well pull in larger viewing numbers, providing new opportunities to drive cost effective reach. But the danger is that Channel 4 starts to look a bit more like other channels, which might mean the relatively unique TV audience it currently attracts is diluted. Another consideration for media opportunities is that ITV is currently being mooted as a potential buyer for Channel 4. This reduction in TV sales houses, and the market dominance granted to the new entity, has already been highlighted by ISBA as a concern for advertisers.





Santa is back from furlough, but Xmas 2021 will still be different

Whichever way you spent it, it's safe to say Christmas in 2020 was a lot different to previous years. With the nation having spent most of the year apart from friends and family, and with coronavirus cases on the rise again, an initial plan to relax lockdown restrictions over the festive period was drastically scaled back – and, for those living in tier four areas, scrapped entirely.

It was little surprise, then, that last year's Christmas didn't feel the same. There were no office parties; no long lines for Boxing Day sales. Far from the usual festive feast, food sales [declined by 3.4%](#) in the month to December. A staggering [eight million Brits](#) spent Christmas Day alone.

After the trauma of last year, one question on most brands' minds: is Christmas *back* in 2021?

By delving into a wealth of research and proprietary learning, the7stars has sought to answer that question in our *Christmas Trends 2021* whitepaper. The team have identified three over-arching themes which are set to define this year's festivities, for a Christmas like no other:

Anticipation: After celebrating from a distance last year, consumers are hoping to make the most of this Christmas, with plenty of family reunions and splurging of lockdown savings to celebrate.

Meaning: Over lockdown, Brits found themselves craving closeness and felt more in touch with their sentimental side. This is likely to continue, with a focus on personalised gifts and the relationships that matter most this Christmas.

Impact: The pandemic led many to reappraise what's important in life, with environmental and social ramifications more apparent than ever before. This year's festivities are likely to play out in the same context, with Brits dreaming of a greener, cleaner and fairer Christmas in 2021.

Of course, there remain some things which will never change. Christmas crackers will still be pulled; carrots will continue to be crunched. But the impact of lockdown will likely still be felt.

One year on from ditching their usual shopping habits, online orders are poised to rule the roost again this year, with half of Brits intending to shop online at the same levels as during lockdown. However, shoppers could face difficulties getting their presents delivered in time, should global supply chain issues – exacerbated by the UK's HGV driver shortage – continue into Christmas.

And while those who built up savings over lockdown expressed a willingness to splurge, families with lower disposable income may opt for a smaller, more considered Christmas again this year.

Gen Z, in particular, dream of a Green Christmas, with 56% intending to celebrate in an eco-friendly way, compared to 1 in 4 of those aged 55+. By shifting towards more plant-based and sustainable materials, this group are looking for innovative products to define their experience.

While some Christmas rituals will return, not everything will go back to the way it was. Brits still crave a holly, jolly Christmas, sure – but one that leaves a lasting, positive impact on their world.





The Contribution of Context to Digital Advertising

Once upon a time, adverts had a pretty good idea of the company they might keep. An ad for a watch might sit in the business section of the newspaper. The car advert was placed on a roadside billboard.

But digital changed things. It allowed us to place ads according not only to the content they would sit alongside, but also to who was reading that content. Being able to track behaviour online meant knowing a lot more about the people landing on any given page at any given time. So, ads could be placed against people rather than places. The big advantage of this being that ads could then be bought against the right person, but on lower cost websites and sections of sites.

There has always been great debate about how effective this approach is. It was often cited that products advertised in higher priced media contexts were themselves perceived as being of higher value. This debate has now entered a new phase as Google plans to phase out 3rd party cookies by the end of the year - a move likely to inhibit some forms (and providers) of behavioural targeting.

The release this month of [a study](#) looking at the importance of context could hardly be more perfect. Integral Ad Science analysed the impact content surrounding a banner ad has on the effectiveness of the advert itself. Participants were asked to browse pre-selected articles on eight different sites. They were shown one article and one ad per site. Four ads were shown alongside unmatched content, the other four across content which matched either the article theme or message.

Results showed that 73% of people found an ad more appealing when it was related to the content of an article. They also found a 25% uplift in memorability when an ad matched the theme of the content it sat alongside.

Diving a little deeper into the numbers, the study uncovered that adverts which contain a great deal of information benefit most from sitting alongside content that matches on an endemic level (meaning the ad solves a problem the article creates – e.g. an ad for a film on a film listings page). Whereas ads that appeal on a more emotive level see greater benefits from sitting alongside content sharing the same theme.

It's another piece of evidence to suggest that context, where your ad is sitting and what appears beside it, all impact performance. Moreover, it will serve as a guide for how to navigate targeting choices when online behavioural tracking becomes more limited.





AV's September Surprise

After 18 months of uncertainty and upset across the advertising marketplace, we still managed to be surprised by the never-seen-before inflation levels that September brought to AV.

Understandably, advertisers have emerged from the slumps of 2020 to thankfully spend again and revive the marketing industry. Year-on-year figures have looked buoyant throughout recent months but in September, the huge revenue hikes sent everything off balance.

All three big players in AV saw excessive inflation, ITV and Sky with circa 20% year-on-year and C4 at circa 40% year-on-year which, having caught the industry off guard meant the need for the implementation of diverse solutions.

There are many reasons behind the unprecedented inflation, but three factors were key. The first being the relaxing of Advance Booking Deadlines across the industry, something which the7stars has always benefited from, but with large network agencies permitted this short-term perk, late money had entered the market at no penalty, skewing forecasted revenue figures.

Secondly, the number of brands advertising on TV was significantly higher than in 2019. Many advertisers had held back on spending until post lockdown, as well as choosing to avoid months when the Olympics and the Euros were on air, aiming to benefit from the more regular TV schedule (with programming such as Bake Off), and ultimately hoping for pricing to stabilise. Unfortunately, conversely, the additional market revenue together with impacts falling year on year, as more people are back at work and going on holiday, resulted in price inflation.

Thirdly, one of the main drivers behind the excessive Channel 4 inflation was the result of over-investment on ITV for Euros coverage and the return of the summer series of Love Island UK.

To alleviate these market pressures on campaigns, we identified solutions through our ability to be highly agile and flexible in the market; moving marketing spends into more lucrative environments, within sales houses for example, from linear into BVOD where pricing fluctuations do not occur and moving budgets from AV into other media channels where pricing is not impact and revenue adjusted.

Looking forward to Q4, we will no doubt see a bountiful period for advertising and may need to think fast with solutions for continuing year-on-year inflation, but we should view this in a positive light as brands have the overdue revival they have so desperately needed, after such punishing times.

Linear TV channels have an optimistic Autumn/Winter ahead with Channel 4 in particular showcasing an exciting programming slate, so we are anticipating favourable viewing figures which can hopefully stabilise any future revenue spikes.

With AV consumption and advertiser spending surely levelling out from here on in, we should see a more balanced 2022 with market changes based on trends from 2019.



Mini Stories

More men are reaching for beauty products. Men have used cosmetics throughout history, but in 2021 we're seeing a male beauty boom. This has certainly been helped by celebrity endorsement. Male beauty influencers have been popular for a few years, but now mainstream stars are experimenting with makeup. Beauty blogs were buzzing after Harry Styles registered a trademark for a beauty and cosmetics business.

Brands don't need to target either men or women to win big – a unisex approach can appeal to everyone. On the other hand, women have long been exposed to beauty ads whereas it may feel unfamiliar to men, which could point to the need for male-focused strategies. Whatever message beauty brands adopt, it's exciting to see the beauty landscape shift more towards greater inclusivity.



Bruce Willis is starring in Russian TV Ads. Well, his deepfake is. Deepfakes use deep learning technology to create highly realistic images or videos of people. This technology can sound scary, but when used responsibly it has huge potential for media. Willis images have been used to create Die Hard inspired scenes (where he speaks perfect Russian) for the local mobile network MegaFon. It's a win for both parties – Willis receives compensation without needing to film anything and MegaFon don't need to factor in travel restrictions.

We're increasingly seeing deepfakes being used to create younger versions of actors in Hollywood films, but we may also begin to see more examples in our TV ad breaks soon.

Black History Month in the UK begins on October 1st. Consumers increasingly expect brands to take a stance on inequality, but in doing so they risk engaging in tokenism and wokefishing. However, if brands consult with Black creatives, supporting Black History Month can be effective. It's also key for brands to make an ongoing commitment rather than just emblazoning their media with slogans for one month in the year.

In the US, Sephora created the short film: Black Beauty Is Beauty, which explored the Black roots of beauty trends. Sephora also linked to Black-owned businesses on their page. This helped to give the campaign authenticity; it's not simply an empty message. During the UK's Black History Month, brands should focus on how they can enact positive change.

