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The Evolution of the Metaverse

The 'metaverse,' a term coined by Neal Stephenson in his 1992 novel 'Snow Crash,' has garnered considerable attention lately, with brands like Nike, Disney, and Microsoft beginning to invest in earnest.

After Zuckerberg rebranded Facebook Inc. as Meta, Horizon Worlds, Meta's mixed reality experience, launched in the UK. Now Nike has acquired RTFKT to produce digital clothing for use in virtual environments.

Arguably, the Metaverse is where the real, social, and virtual worlds come together as one. There's just one problem. It doesn't exist yet.

Matthew Ball, the authority on Metaverse development, describes it as a single, global-scale 'interoperable network,' accommodating unlimited numbers of users. But, according to Ball, it's at least a decade away. We just don't yet have the computational power and latency required to maintain a persistent 3D world that millions of players can play simultaneously in real time.

As James Whatley of gaming agency Diva points out, the Metaverse and its inhabitants are all hypothetical. But gamers, players, and their \$200 billion industry are real - and they're already here.

Roblox, Fortnite and Minecraft represent stepping-stones in the right direction, commanding vast numbers of players with gaming available across devices.

They also represent a profound generational behaviour shift. For Gen A (those born after 2010) these games are their go-to preferred form of entertainment, ahead of both social media and video.

2010 was the year the iPad was launched. Roblox launched in 2006 and saw hardly any players for its first decade. Then it began to grow.

With 5 million monthly players in 2014, Roblox became the market leader in 2020. One of their most popular games, Adopt Me, was visited 30 billion times, more than 15 times the global tourist visits in 2019. They hit 59.9 million Daily Active Users in August 2022 with 4.7 billion hours of on-platform engagement, their content ranking 4th on Youtube. Over half of UK kids between 9-12 play.

It's no coincidence that Roblox's core users are the iPad native generation.

Games such as Roblox are shifting away from achievements into social-based activities; hangouts, concerts, and adopting pets. Identity and individual expression are wrapped around the user's avatar. Of course, avatars need things to make them look cool, so virtual fashion is booming on the platform, with Gucci, Nike, Balenciaga, and more rushing to kit out the avatars.

Some futurists believe that 'Flipping' (when virtual items overtake physical in terms of value) is within sight. Recently a Gucci handbag sold on Roblox for more than the real thing.

Brands are experimenting. For every notable success (Nikeland), there are several more disasters (Walmart) with few initial users and even fewer returning to the experience. As ever, it's about knowing how to add value to the audience.

To experiment in proto-metaversal platforms, the first place to consider is probably within the walled gardens of Roblox and Fortnite, where there are actual users and easy-to-activate billboard ad packages. But also consider the wider world of gaming.

If you would like to investigate further, with some examples of brands getting it right (and a few wrong) we have a deep dive 'Exploring the Metaverse' session currently running for clients. Ask your account team and we'll be glad to show you more.





Black Friday in the UK: The Beginning of the End

For decades, the extent of the British public's knowledge of Black Friday was confined to end-of-November news broadcasts, where British families watched with amusement as their American counterparts – full of Thanksgiving turkey – crammed their trolleys through crowded supermarket aisles to the bargain bin. It all seemed rather un-British.

Yet within ten short years, we were hooked. Led by US-owned e-commerce retailers including Amazon and followed by most of the nation's best-known high-street brands, Black Friday has become one of the most important retail dates of the year. British shoppers splashed out a record £9.4 billion during last year's event, with similar activity forecast for 2022. Research for the7stars' Lightbox Lowdown found that 50% of British adults plan to make a purchase in this year's sales, taking place without any lockdown restrictions for the first time in three years.

Yet the cost-of-living crisis, and shifting consumer attitudes towards spending, suggest some variation to the prior form.

Lines are blurring between Black Friday events and year-round sales. As Black Friday, and its online-only sister event, Cyber Monday, have expanded from single days to whole fortnights, consumers are growing weary of sales events.

As Dr. Jonne Guyt (Professor of Marketing at Amsterdam Business School) explains, much of the appeal of the traditional event lay in successfully finding a 'steal' of a deal, to leave the buyer thinking they have 'beaten the system.' With such events taking place throughout the year, the allure of Black Friday is vanishing.

Moreover, the transparency of deals has come into question. A YouGov poll from 2020 found that 57% of Britons believed Black Friday discounts were less generous than they first appear. Indeed, a Which? study last year found that 9 in 10 product promotions could be found at the same price or cheaper in the six months preceding Black Friday. As shoppers become savvier to such devices, and with a range of free browser extensions, such as Honey, automating the bargain-hunting process, fewer will take a Black Friday saving at face value.

As the cost of living continues to squeeze household finances, those who do plan to brace the sales this year are tailoring their shopping preferences accordingly. the7stars' Lightbox Lowdown found that Black Friday shoppers this year are slightly more likely to shop for gifts for others than for themselves, a marked departure from the vanity shopping of previous years. This tracks closely to the growing pool of research into Q4 consumer habits, with Brits spreading the cost of Christmas over several months to ensure they can still celebrate come December.

As outlined in the7stars' People First in a Crisis whitepaper, brands should strive to display transparency to potential customers, ensuring discounts offered during Black Friday do not appear disingenuous. Furthermore, in recognition of the growing financial pressures faced by millions of households, brands must also approach this year's sales with integrity, or risk a backlash for being seen to encourage consumers to spend beyond their means.

As the sales bonanzas approach, Black Friday remains critical for British brands. But as shoppers grow savvier, retailers must do so too.





'Tis the Season: Christmas Offers Light amongst the Gloom

The rising cost of living is leaving many Brits feeling strained, with nearly half reporting feelings of stress or exhaustion (the7stars Pulse), which is tied to nearly half feeling uncomfortable with their current financial situation. Additionally, for the first time since we started tracking in our quarterly tracker, the QT, the number of Brits feeling less comfortable about their income than they did a year ago has surpassed those feeling stable. The substantial shock of the cost-of-living crisis has produced a tangible financial impact on millions of households. As a result, consumer confidence has fallen, dropping to -41 in July 2022 (GfK Group), the lowest level in 40 years.

UK-wide figures show that financial struggle is high but there are consumers who are faring better. Research from Savanta found there are four key groups when it comes to economic resilience and disposable income: Unaffected, More Cautious, Actively Buying Cheaper, and Cut All Spend. The largest segment is 'More Cautious' at 20 million adults in June 2022, which has remained stable since tracking began in 2019. This is followed by 'Actively Buying Cheaper' at 13 million, 'Unaffected' at 9.5 million, and finally 'Cut All Spending' at 5 million. The result of this is that a fifth of the population's disposable spending hasn't been affected by the cost-of-living crisis and over two-thirds are spending but making shrewd adjustments. Adjustment to spending is varying by category depending upon the impact of inflation and consumer intention to spend.

As we look ahead to Christmas, there is an underlying level of strain on consumers. However, the continual resilient attitude and desire for occasions that are out of the ordinary, providing distraction and joy, are high. A gratifying 85% of Brits (the7stars Pulse) agree that although there is considerable negativity, they are trying to make the best of the situation. This supports the7stars white paper earlier in the year 'A People First Response in A Crisis' which highlighted the resilience of Brits to adapt to new realities, with 64% agreeing that 'in difficult circumstances, I keep calm and carry on'.

Moments beyond the day-to-day routine provide a chance to escape and celebrate. Half agree that Christmas is what they are looking forward to most in Q4. These moments offer an opportunity to spend time with friends and family. Getting together as a big group at home is the key setting for these occasions (39%) along with a quarter going out to pubs/bars/restaurants and over a fifth attending organised events (the7stars Pulse).

So, whilst Christmas this year is under more strain than in previous years when it comes to spending, Brits are going to celebrate, still prioritising what matters most: spending time with their friends and family. Brands that succeed in consumers' minds will be the ones that acknowledge the financial pressure and focus on helping to bring people together.





EffWorks 2022: Effectiveness and the Advancing Cost-of-Living Crisis

This autumn, once again, we share and celebrate an annual enquiry into the latest research and hot topics around marketing effectiveness, as EffWorks wraps up for the 2022 season. EffWorks promotes evidence-based decision-making across a week-long event that consists of various speakers from leaders within the industry, to discuss pioneering research, case studies, and award-winning marketing effectiveness work. We were fortunate to attend on Wednesday and Thursday, the two days featuring industry talks, and have collated the most important take-outs.

On Wednesday, Dr. Grace Kite from Magic Numbers & Carl Carter from IRI revealed the latest results from the ARC database, which consists of an econometrics pool across 8 different marketing science teams. Their talk was focused on what we can learn from the pandemic about advertising effectiveness going into the cost-of-living crisis.

Kite and Carter explored how a brand's marketing investment strategy and effectiveness had changed during COVID-19, and the key learning was that each brand acted differently, according to its market. At a broad level there were three sectors into which these brands fell:

- Beneficiary brands, such as D2C or E-Commerce advertisers, who thrived during COVID-19
- Secure brands, such as FMCG or financial services, who were broadly secure throughout the pandemic
- Victim brands, such as transport or retail, who were making the best of a bad situation

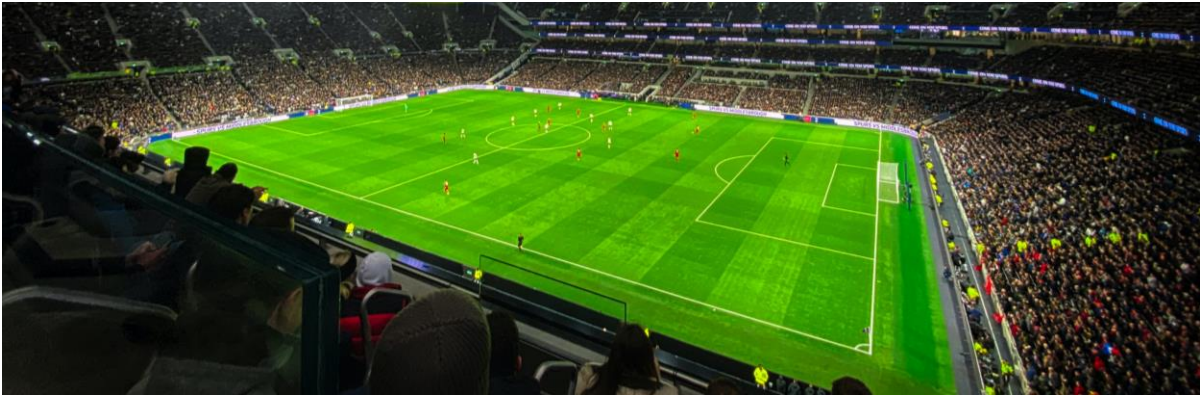
Depending upon which category your brand occupies, this indication could heavily influence your marketing decisions going into 2023. Evidence also reveals that brands who made big bets during Covid-19 did see some reward – with a 30% uplift in revenue and £3.60 average ROI.

On Thursday, Les Binet from adam&eve took to the stage for a talk that was, unintentionally, closely related to Dr. Kite's, on marketing in the post-COVID-19 economy. Binet discussed previous recessions noting that, typically, they enabled lower-cost media, as many brands cut marketing investment and demand was pent up for a relatively less expensive entertainment source.

Binet also highlighted the importance of optimising price and promotions prior to marketing. Price optimisation is dependent on the demand and supply of your category. Understanding your product's price elasticity, which can be measured through econometrics, informs this planning process. Furthermore, Binet noted that excessive promotions can erode the sensitivity of price and, thus, incremental sales from promotions are often much lower than perceived – another force that can be tracked and optimised accurately with econometrics.

The rest of the week featured an abundance of engaging, evidence-led case studies – too many to list here – and, notably, there were common themes that threaded between all presentations: relationships, cost of living, and models of success. To ensure these learnings are circulated amongst our partners, we will soon share our seven key themes in detail – and what we can learn from them about effectiveness and measurement.





Making An impact at a World Cup Like Any Other

Football fans all over the planet are starting to predict their country's progression through a World Cup, unlike any other previous tournaments that we have witnessed. Hosted at a time of year normally dominated by Christmas preparations, advertisers are considering how best to engage with an event marred by controversy in the build-up and that begins when they'd normally be considering Black Friday deals.

An Unfamiliar World Cup

This month will see the World Cup kick off with hosts Qatar facing Ecuador on the 20th at 4pm (GMT).

The sun will set as the first ball is kicked; it will be just over three weeks since most of us will have celebrated Bonfire Night with fireworks and four weeks before the festivities of Christmas. This is the first-ever tournament that will see northern hemisphere teams and fans contend with a 'winter' World Cup. While it's also arguably the most controversial World Cup of the modern era given the decision of FIFA to award the 2022 World Cup to Qatar.

Marked By Controversy

Switching the tournament to be hosted during Qatar's cooler winter months will see players avoid dealing with temperatures in Doha that can top 45 degrees, but they will still need to cope with 35-degree heat while playing football at the highest level.

It's not just the conditions that have caused controversy though as there has been an abhorrent human cost to the tournament. When it was awarded the World Cup, Qatar had almost no infrastructure to host a large-scale international footballing event. It has since erected 7 new stadiums in Doha to welcome both players and fans alike, and it has been reported by numerous media outlets the world over that [6,500 migrant workers have lost their lives in Qatar building these stadiums over the past 10 years](#).

Not only this, but the tournament has received criticism from LGBTQ+ groups following the decision for the event to be hosted in a country where homosexuality is illegal and punishable by death. This was further condemned after [Foreign Secretary James Cleverly stated that LGBTQ+ football fans travelling to the country should "show a little bit of flex and compromise"](#) during a conversation on LBC.

A Different Kind of Opportunity

It's fair to say there is plenty for advertisers to consider when planning for the 2022 Qatari World Cup. Probably the most important being whether it is even right to advertise around an event that has directly cost the lives of almost 7,000 people, in a country where same-sex activity is illegal.

There is no one right answer here, and it will depend on each individual brand's position and audience, but we still expect to see the tournament draw in huge numbers of viewers. Over 89% of the British public followed some form of sport during 2021 and 2022, and England is coming off the back of a fantastic Lionesses win at the Euros this summer. Evidencing public interest in the tournament will be high.

What's more, there are examples of how a brand can protest the tournament while recognising that events like the World Cup tend to transcend controversy and bring audiences together. Look at [Hummels](#), the Danish kit manufacturer for instance. They have muted the logo and badge across the international kit to avoid benefitting from exposure during the matches but understand the players will still be present representing Denmark.

The brands that succeed in cutting through and connecting with the crowd during Qatar 2022 will be those who manage to balance the sensitivity surrounding the tournament while also recognising that it will still be a huge event that is important to plenty of fans the world over. One way of doing this could be to reframe some of the issues around a winter World Cup and think of the tournament as an extension to the festive period, using the event to bring some goodwill to fans in the build-up to Christmas.



This month's mini stories

In a fast-growing story with many moving parts, Elon Musk has now completed the \$44 billion takeover of Twitter. This is following Musk being under federal investigation after Twitter shareholders and lawyers filed a lawsuit to ensure that Musk completed the deal, after his attempt to cancel it. With Musk determined to get out of the deal and issuing a subpoena to former Twitter CEO Jack Dorsey, the lawsuit was set to go to trial on 17th October in Delaware. That was until Musk proposed to go ahead with buying Twitter at \$54.20 a share – totalling \$44 billion. Having now completed the deal, Musk reportedly fired the company's top executives, including the CEO, and had them escorted out of the company's headquarters.



As the streaming giant prepares to introduce ad subscription tiers in the New Year, Netflix has signed up with BARB to make its audience data publicly available for the first time. With the platform having an 8.2% share of total viewing (and outperforming its rivals), Netflix has also partnered with Microsoft, DoubleVerify, and Integral Ad Science to reassure advertisers that they can offer industry standards by enabling them to measure when and where an ad is viewed. Following recent reports of a decline in subscribers and revenue, Netflix has set its sights on building a strong and transparent relationship with advertisers to evidence value and drive momentum.

Google is updating its search results to serve users answers from peers. In response to Gen Z increasingly turning to social media and forums to answer their key queries, Google has created a feature that spotlights peer-led discussions around a given topic. The feature – called Discussions and Forums – is launching in the US initially as part of their project to reinvent search. When users search using an open-ended question, Google will prioritise results from popular forums and discussion boards such as Reddit to help users find relevant content quickly. Users searching across social – such as TikTok – claim the UGC answers are more authentic and personal. By launching the Discussions and Forums search response, Google will try to compete with this increasing trend.

