January 2023

Disruptive Launch for Prime Hydration with Social Influence

It was impossible to avoid images over the Christmas period of the utter carnage that broke out in Aldi stores when sports drink Prime Hydration went on sale. Launched as a joint venture by two of the biggest influencers in the world, KSI and Logan Paul (combined following of over 47M), the collaboration aims to 'fill the void where great taste meets function.' The pair have vocalised their ambition to take on some of the biggest players in the energy drinks category, such as Powerade and Gatorade.

Prime quickly became a viral sensation, fuelled in part by suspiciously limited supply, leading to online resales at heavily inflated prices. One particular retailer, Wakey Wines, came under fire from KSI himself after marketing the drink for £100 a bottle.

The pair have clearly created a sales phenomenon, one in which social media is playing a vital role. Social influencers can reach specific niche audiences, and KSI and Logan Paul have promoted Prime through content that is tailored specifically to their teenage fanbase. TikTok stunts and an affiliation with Arsenal Football Club are just two of the marketing strategies employed to add fuel to the fire.

The most effective tactic to date, however, has been their positioning of themselves as the underdog in a market previously dominated by just a handful of brands. Everyone roots for the underdog, right? In this case, that 'everyone' includes the entire Sidemen network – a group of YouTubers of which KSI is a member; a group with millions of followers and millions of views, all happy to support their friend and his business partner. It's a lucrative influencer connection that negates the need for traditional advertising.

And this is where it gets tricky. It is far from unusual to find famous people engaged in advertising, but when influencers are involved it's hard to know where entertainment ends and advertising begins. George Clooney might promote Nespresso but no one could mistake a TV advert for a film. The difference here is the ambiguity between what this seems to be and what it is.

Logan Paul and KSI want their young followers to believe that backing Prime is almost a spiritual thing for them: 'We created Prime to showcase what happens when rivals come together as brothers and business partners.' They haven't set out to make money, apparently, but to illustrate the virtues of cooperation. More cynical commentators have questioned the authenticity of such messaging.

It may be easy to dismiss Prime as a playground fad that will go the same way as Pogs or the Tamagotchi. The hype will probably die down in a few months, but even if Prime's success is fleeting, it's a shining example of the power of social influencers to build brands at breakneck speed.

NFTs: Innovation or Extinction

It's been two years since non-fungible tokens (NFTs) first entered the popular lexicon, and the industry has ridden quite the rollercoaster since. NFTs – the tokens which rely on a digital blockchain authentication, deriving their value from relative scarcity – first exploded in popularity in early 2021, with a series of eye-popping sales ranging from a $2.9m tweet to $69.3m .jpeg artwork.

Like other blockchain-enabled technologies, NFTs had a rocky 2022. In a year when Bitcoin lost over half its value, and the cryptocurrency exchange FTX collapsed, several early backers in the NFT market became embroiled in controversies.

Logan Paul – having already seen one such token lose all but a fraction of its value – was heavily criticised after his CryptoZoo project was reported as a scam, whilst figures as prominent as Justin Bieber and Paris Hilton were listed as co-defendants in a class action lawsuit surrounding the company behind the Bored Ape Yacht Club NFT collection.

So, does this mean the end of NFTs? In the eyes of some experts, 2023 could be the year in which marketers shift budgets away from NFTs and towards other emerging technologies, such as AI.

That's not to say we should be reading NFTs their last rites, however. While the initial bubble has undoubtedly burst, this offers an opportunity for the NFT market to mature, ridding itself of bandwagoners like Paul and focussing on innovation. As Adrian T'so, Head of Strategy at DDB Hong Kong, notes: 'there is no reason why NFTs … should be limited to a coupon for merch or some fancy jpeg. It can be those things, but it is already so much more.'

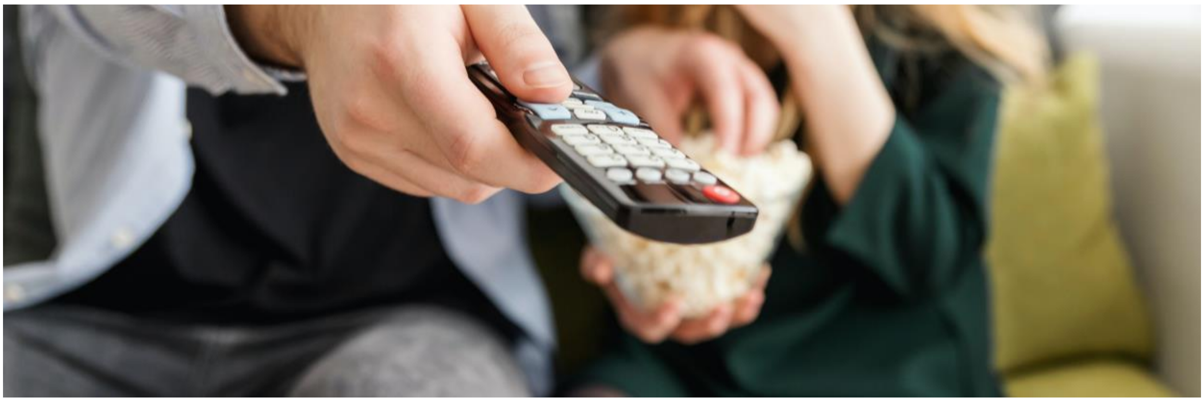
Indeed, while the failures of some investors stole headlines in 2022, several best-in-house examples slid quietly under the radar. A collaboration between Deeplocal and Shopify at SXSW, which allowed festivalgoers to shop merchandise from the Doodles online store in an interactive experience, won acclaim for its immersion, highlighting the potential for NFTs to thrive in so-called 'phygital' e-commerce environments, where the digital and real worlds collide.

Media, too, can benefit from innovative activations centred around NFT technology. In Brazil, a shoppable OOH crypto art exhibition drew some 13 million organic impacts and was named a winner in last year's Drum Awards. And, though the future of the industry remains uncertain, a host of museums have invested in NFTs, affording digital artists unprecedented mainstream recognition.

While far from refined, the NFT industry is not dead yet. Marketers may invest elsewhere in the immediate term but NFTs are likely to form part of the wider web3 ecosystem, alongside AI and the Metaverse. First, the technology to power NFTs into valuable assets for marketers and consumers requires attention.

For blockchain technologies, sustainability continues to be a major issue, with the demand for resource-heavy server farms and cryptocurrency mines consuming enough energy to power some 80,000 households. But as innovation in the sector grows, so the carbon footprint should fall. Ethereum, the second biggest blockchain, recently transformed to a 'Proof of Stake' system which reportedly uses 99.9% less energy, and competitors are likely to follow.

We are certainly years away from realising the full potential of NFTs, and brands would be wise to consider their environmental impact before investing yet. Sure, NFTs are probably *Not For Today* – but tomorrow could be a different story.



2023 Media Market Predications

The UK is currently battling inflationary pressures due to the number of macro-economic challenges it has faced in 2022. In consideration of Britain's vicinity to the war in Ukraine, continued Brexit related cost impacts on businesses and consumers, energy price concerns, government instability, the sad passing of Queen Elizabeth II and a very weak pound, continuous interest rate hikes from the BoE were attempts to control things. This all makes for an interesting perspective from which to predict just how the media market will shape up for 2023.

Whilst the media market does not always directly correlate with price pressures on the cost of media, operating cost impacts on many channels and a weaker revenue growth than anticipated last year will be directly contributing to forecast inflation in 2023. Whilst revenue projections overall are fairly flat for 2023 at present, there are still expectations for returns to healthy growth in Digital and a continued climb back to previous levels for OOH and Cinema.

The good news is that no huge waves of panic currently threaten 2023, but for a general recessionary climate that, optimistically, we feel the government will moderate to uphold some form of stability. We have the notable addition in our calendars of the King's Coronation to lighten the moods of the nation in May, which we expect advertisers to recognise as an opportunity.

2022 had a uniquely placed Men's FIFA World Cup disrupting the festive period, which 2023 replaces with a Rugby World Cup across September and October as the only notable male sporting addition to the calendar. With the Women's FIFA World Cup in Australia and New Zealand delivering early morning kick-offs in the UK due to the time difference, the level of impact on any live broadcast media is potentially lessened – with advertisers likely to seek out news-brands and catch-up services to keep track of the tournament.

Outside of these events, we have no direct pandemic related concerns to note (currently) – with the cost-of-living crisis remaining the main topic of concern. Having weathered the experience through 2022, we are confident that opportunities for business to invest smartly will continue in 2023.

Some sectors will feel the deeper impacts of the economic headwinds in 2023, yet the outlook from industry bodies WARC/AA is to expect a 4% increase in total advertiser spend in 2023, which offers the market a decent shot of confidence as we all kick off plans for the year.

At the7stars, we're predicting single-figure levels of inflation across all channels excluding Print (-2%), with TV, OOH and Digital Video at 8%, Radio at 6%, Digital Display at 4% and BVOD at 1%. Clearly, increases will be far less than those we've all suffered as consumers. We know these cost challenges can be mitigated with clever audience planning, strong creative for each channel and audience, and by aligning with the most trusted, relevant media partners through 2023. We look forward to supporting our clients with these goals in every capacity.

How TV Has Evolved in Jordans' 10 Year Absence

Jordans returned to Linear TV for the first time in 10 years this January. A lot has changed in the AV landscape during that time with several new providers on the scene, different viewing habits and an explosion in technology for brands to navigate.

The Rise of Subscription VOD

There has been no bigger change in TV over the past 10 years than the rise of Subscription Video On Demand Services (SVOD) such as Netflix, Amazon Prime and Disney Plus. The market leader Netflix has grown from 24 million global subscribers in 2012 to 214 million subscribers across more than 190 countries in 2022.

These platforms have revolutionised the way people watch TV with Brits watching, on average, an hour less live TV a day (3 hours) than 10 years ago and SVOD unsurprisingly taking a large proportion of this viewing time. Those with at least one subscription are estimated to spend an average of one hour 11 minutes a day on the respective platform(s).

With these platforms introducing Ad Funded versions of their offerings in recent months, brands face the future task of balancing their AV budgets across traditional and subscription TV offerings.

Bingeworthy Content

Lockdown accelerated our desire to watch multiple episodes of the same TV show back-to-back. We are twice as likely now to describe TV as 'bingeworthy' compared with 10 years ago.

The public's impatience to wait for new episodes to be released on a weekly basis is starting to be incorporated into channels' programming strategies. The newly launched ITVX released all episodes of their new drama Litvinenko exclusively to the platform.

Connected TVs

The ability to access the internet via Television sets has made access to the big screen easier for brands. As well as opening up specific Connected TV opportunities through partnerships like Samsung and Rakuten, more than 50% of YouTube impressions are frequently served on a Connected TV during an ad campaign.

The TV market has evolved enormously in the last decade, with viewing habits now more fragmented than ever before. With substantially more advertising opportunities across TV now available to advertisers than a decade ago, Jordans and other brands must navigate the most appropriate and relevant solutions for brand growth.

The Future of Data Clean Rooms

As is customary in January, it's been hard to move for opinions on the latest marketing trends for 2023. We're over the previous years of DTC, BTC, and NFT, and now we must welcome a new, shiny three-lettered acronym about to revolutionise marketing forever: GPT – or ChatGPT to be precise. However, one trend that has seen steady growth and, importantly, successful implementation from marketers is Data Clean Rooms (or DCRs).

DCRs offer marketers the opportunity to interrogate their customer data in a safe, privacy-first environment, while opening up the ability to shape more of their media plans using insight from that same data. At the7stars we estimate that, by the end of 2023, up to 80% of the UK ad market could be delivered using some form of ad tech. This gives advertisers the exciting potential to liberate 'data-driven' ambitions from the clutches of 'digital' media, to the breadth of broadcasters and publishers in the UK. This is why we have launched Bridge – our audience connection and measurement platform, which includes DCR technology.

Recent research from the IAB has identified, through a panel of data-decision makers across both brands and agencies, that although eagerness to test the capabilities of DCRs is high, a key element tends to be overlooked: measurement. Measurement and effectiveness are foundational to our approach to data-shaped media and an irreplaceable part of Bridge. As with most new technology in marketing, being an early adopter can give brilliant advantages to challenger brands looking for an opportunity to get ahead. There is, however, one way to guarantee that you're limiting any potential advantage, which is by forgoing your measurement. Whether you want to prove incrementality, test data-driven audiences vs off the shelf, or just understand more about your existing datasets, having a clear hypothesis and measurement framework is imperative for gaining the most value from DCRs.

DCRs are opening up further options for 'closing the loop' with addressable measurement – the ability to match exposed, addressable audiences to new customers is invaluable in a post-cookie world – but DCR effectiveness should not be limited to addressable measurement only, rather it should be one element of a full measurement framework which uses experimentation to test the impact of data-shaped media planning on business objectives.

DCRs, like most (perhaps all) technology, are only ever as powerful as the humans working with them. DCRs won't build you a hypothesis, nor will they make sense of the nuances between audiences or how best to execute media across multiple channels. DCRs will give you an opportunity to buy media in a way that was never possible before, which should excite marketers and agencies alike. But amongst the excitement, we must ensure that robust planning and measurement is aligned with anything new that we do: we experiment to grow and measure to know.

This month's mini stories

Earlier this month, it was announced that Channel 4 would remain public and plans to privatise the broadcaster have been formally abandoned. The U-Turn was celebrated by Channel 4 who, now empowered with greater flexibility, have pledged to create more distinctly British content in-house and to discover new British voices. Channel 4 bosses have also stipulated that remaining in public ownership will allow them to make important steps in the digital world by moving faster, investing more, and pushing more boundaries.

A recent study published in the Journal of Interactive Advertising found that users were more likely to engage with sponsored content than organic posts. Researchers Jana Gross and Florian Von Wangenheim looked at how sponsored posts from social media influencers performed compared to their non-sponsored counterparts, along with the impact of an influencer's following on performance. The study's results, drawn from an analysis of over 60,000 sponsored posts, showed that sponsored content now tends to outperform other types of post in terms of engagement. Interestingly, they also found that this content tended to perform particularly well when coming from influencers with fewer followers, otherwise known as 'micro-influencers.'

Since Elon Musk completed his long-sought takeover of Twitter in October, there has been intense debate over the company's new policies, including its stance on defamatory content and the decision to charge for its recognisable blue checkmarks. With Twitter's future uncertain, nearly 500,000 users have recently signed up for Mastodon, a social network first founded in 2016 but relatively obscure until now. While stylistically similar to Twitter, Mastodon is open source. Its feed is not powered by algorithms, and it uses community-based moderation to root out hateful content. While Mastodon is certainly growing in popularity in some tech circles, usership is already down from its December peak. As such, it is unlikely to steal significant market share from Twitter immediately, notwithstanding more significant – and controversial – changes to Twitter's terms of service.