March 2023

Programmatic Progression

The latest programmatic supply chain report from ISBA and PwC has been released and it shows some improvements for transparency in the programmatic supply chain.

Back in 2020 when the study was first carried out, 15% of spend was unattributable and PwC were unable to establish exactly where this money was going. This became the ‘unknown delta’ and caused a significant backlash within the programmatic industry.

The latest 2023 update from PwC shows that this ‘unknown delta’ has been reduced to 3%. Yet still only 65p in every programmatic pound is being spent on media. The rest is spent on data and technology fees. So, does that represent good value for advertisers? Here at the7stars, we think not.

Stack it high and sell it cheap!

One thing the latest programmatic report lays bare is the superiority of Private Marketplace (PMP) trading compared to the long tail of Open Exchange trading. The average matching of impressions is more than 65% and this makes PMP considerably more accurate. Yet the programmatic industry continues to be obsessed with laying data and technology onto long tail, non-premium inventory and selling this to advertisers with hefty mark-ups (whether these are undisclosed or otherwise).

Tech Tax

Technology costs on both demand and supply side are significant and can often account for over 20p in every pound spent by a programmatic advertiser. This is more than an agency is paid to plan, buy and optimise the campaign. What incremental benefit are these technologies bringing and are they being fully utilised? Furthermore, can the technology stack be simplified, and more money spent on media?

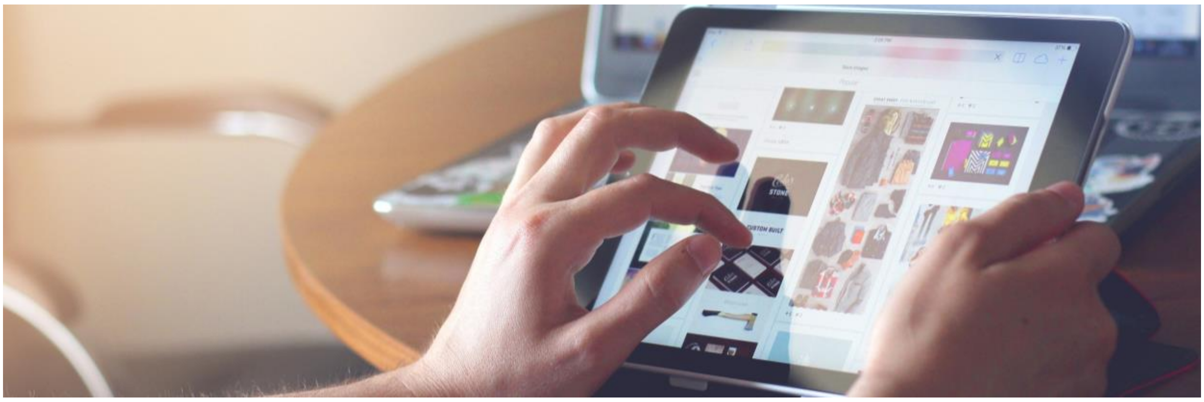
Data has to add value

Data usage and application is another area that requires more scrutiny and rigour. It’s easy to overlay datasets within programmatic campaigns without really understanding the value that the data is bringing to campaigns. The focus should be on high quality datasets that add value to premium inventory and deliver campaign performance uplifts that justify the investment.

To serve or not to serve

One thing that PwC’s report does not account for is the environmental impact of running spray-and-pray programmatic campaigns, with the overuse of technology and data. The industry needs to start taking sustainability seriously and KPIs should be baked into every programmatic campaign.

What the report really shows is that there is still a considerable way to go to deliver a level of transparency that builds confidence and long-term growth in the sector. Programmatic advertisers should still be demanding more from their agencies, tech vendors and media partners. All three need to be held accountable not just for full transparency on programmatic fees, data and technology, but also for the value these are adding to campaigns, and for their environmental impact.



The Emerging Digital Landscape

It's no secret that the media diet of the average consumer has changed in the past decade, with digital receiving an ever-growing share of Brits' daily routines.

IPA Touchpoints Making Sense report 2022, found the commercial media time share of UK adults was 54% digital, up from 42% in 2015. For 16-34s, this disparity is even starker, with digital media accounting for 78% of time spent, up from 59% seven years prior.

But these figures only tell a fraction of the story. As commercial digital media has formed the lion's share of our daily habits, so the number of digital channels has expanded.

IAB Compass has outlined four emerging channels with significant growth opportunity over the next three years: Connected TV (CTV), Gaming, Shoppable Ads and AR/VR. Commercial media investment in Gaming & CTV is set to double by 2026, showcasing the power of these channels to reach wide audiences.

According to the IAB report, CTV spend – including YouTube and BVOD – is forecast to reach an annual UK investment of £2.31bn by 2026, having already grown by an average of 40% each year since 2017.

Emerging channels all face challenges in standardisation and measurement. Yet, connected TV offers a low minimum spend compared to linear TV. It's an avenue for smaller brands to deliver impactful, targeted campaigns, whilst complementing high reach linear TV and video formats for larger investments.

'It's a great time to be talking about CTV but more education is required,' said James Wheatley, AV Director at the7stars. 'According to BARB, in 2022, 82% of BVOD delivery is served to the big screen, whilst this number sits at 29% for YouTube activity.'

Clarity is needed around what value it's driving on top of the linear, BVOD and YouTube activity, for new to market suppliers (such as Samsung, Roku and Rakuten.) But, James predicts, with supply and audiences growing, data capabilities will be developed: 'it will become a much more common line on our AV plans.'

Despite long popularity, gaming, only recently began to flourish as a commercial advertising proposition, partly due to outdated gamer stereotypes. Yet, as the7stars recent whitepaper, Level Up: The Brand Opportunity in Gaming shows, almost half of UK gaming adults are over 35, with the ubiquity of smartphones allowing gaming to proliferate among a broader audience than ever before.

Such growth in the mobile gaming genre has fostered substantial media investment opportunity. The UK market is estimated to be worth £815bn currently, and mobile gaming ad investments outnumber those on traditional PC/console devices by more than a 10 to 1 margin. By 2026, ad spend in this arena is forecast to double, reaching £1.84bn by 2026 – with mobile ad expenditure accounting for an incredible £1.74bn alone.

Innovative ad solutions have emerged across the gaming landscape, offering brands creative solutions to reach highly engaged, passionate audiences. the7stars research shows significant appetite among UK gamers to welcome advertisers in return for in-game incentives.

As any media planner will testify, there is no practical one-size-fits-all approach today. With substantial growth opportunity over the next few years, brands need to consider a wide array of digital channels as part of any media strategy.

Battle of the Blue Tick

In a move that has been compared to Twitter's verified account program, Facebook CEO Mark Zuckerberg announced that the social media giant will begin selling blue badges on both Instagram and Facebook. The 'Meta Verified' program intends to verify the authenticity of accounts belonging to public figures, celebrities, and brands, and is a way for users to know that they are not interacting with an imposter.

The blue badge program on Facebook has been in place since 2009 and, until now, blue badges were only available by application, requiring users to provide proof of identity and to meet specific criteria. However, with the new program, any user can purchase a blue badge for a fee, without following the application process.

The move by Facebook is reminiscent of Twitter's verified account program, which has been in place since 2009. Like Facebook, Twitter's program is intended to verify account authenticity of public figures, celebrities, and brands. However, it also aims to protect users from impersonation attempts.

In recent years, Twitter's verified account program has come under scrutiny for being too exclusive and difficult to obtain. Facebook's decision may be seen as a move to make the program more accessible to users. Meta Verified will cost $11.99 (£9.96) a month on web, or $14.99 (£12.54) for iPhone users, but is not yet available in the UK. However, there are concerns that the new program could lead to an increase in fake accounts and impersonation attempts. With blue badges available for purchase, scammers may create fake accounts and purchase badges to appear legitimate.

Facebook and Twitter have been competing for users and ad revenue for years, and it's no secret that Zuckerberg sees Musk as a major threat. Musk's Twitter account has become a platform for him to make major company announcements which often garner significant media coverage.

The move by Facebook to sell blue badges may also be seen as additional revenue generation for the company. In recent years, Facebook has faced criticism for its handling of user data and privacy concerns, and the company has been exploring new ways to make money outside of traditional advertising. The blue badge program may be seen to monetise the status symbols associated with being a public figure or a brand with a large following.

This may pose an issue for paid media professionals, especially for those who use paid influencer marketing, as it could devalue blue badges as a signal of credibility. Thus, they may need to find new ways to verify the authenticity of accounts. In addition, the new program may lead to an increase in fake accounts and impersonation attempts, which could make it more difficult for paid media professionals to identify the genuine.

However, it's important to note that blue badges are not the only way for businesses and influencers to gain credibility on social media platforms. There are a variety of other signals that can be used to indicate authenticity, such as engagement rates, follower growth, and partnerships with other credible brands or individuals.

The Future of Radio Listening

RAJAR, the audience measurement system for the radio industry, recently released their Q4 2022 results, giving a complete view of last year's radio listening. Radio still reaches 89% of the UK population every week or 50m people, after the pandemic and changing working styles altered the nation's listening habits. This comes in slightly higher than publishing media, which PamCo recently found to reach 46m people a month. Out of this listening, commercial radio has slowly been growing their share, and now accounts for 50.2% of all listening, overtaking the BBC in terms of share for the third quarter in a row.

The biggest radio networks

Bauer is the second biggest radio network (next to Global Media), with a weekly reach of 20m listeners, but some of their brands saw the biggest year-on-year listening surges out of the data release. Greatest Hits Radio grew 31.4% over the year, whilst the Greatest Hits Brand and Network also grew 20.2% and 17.3% respectively. Meanwhile, TalkSPORT saw reductions in reach for several of their stations, with Virgin Radio down 18.4% and TalkSPORT2 down 11.3%. The TalkSPORT network overall was up by 1.6% however. For Global, the best performing network was Gold, up 24.9% YoY, whilst Capital Network performed more poorly, with a 6.95% reduction in reach.

The growth of online listening

RAJAR also assesses how people are listening to the radio, with online listening soaring by 43% year on year, to equate to nearly 25% of all digital listening. Smart speaker listening also saw their share grow to 13.6% of radio listening, which has increased every quarter of 2022. DAB (digital audio broadcasting) lost share of 3.7 percentage points to 38.8% of listeners, indicating that online and smart speakers are becoming the go to options for listening.

Looking forward

Looking to the future, we forecast that radio listening will increase, driven by online platforms and smart speakers. Head of Display and Audio Activation, Michelle Sarpong, recently spoke to Mediatel. She anticipated that 'the audio landscape will continue to grow with smart devices becoming more prominent across all adult listeners.' According to Warc, 2023 adspend for radio will contract by 0.2% in 2023, although online radio will grow by 6%.

Back to Basics for Oh Polly and Ekin-Su

Former Love Island contestant Ekin-Su has been dropped as the face of fashion retailer Oh Polly just 6 months into the biggest clothing deal in Love Island history. The £1 million deal was born amidst a bidding war following her success on the reality show, which saw her become the most sought-after islander of all time.

On launching her own range of clothing through the site towards the end of last year, Ekin-Su described the partnership as 'a real pinch-me moment'. The swift departure may have come as a surprise to some fans and onlookers, yet a quick review of her online fanbase makes it clear just why the collaboration was doomed from the start.

According to influencer analytics tool Tagger Media, only 16.03% of Ekin-Su's online followers are 'authentic' (meaning nearly 84% of them are fake). Of these, 62.42% are male and over 66% live in India, Brazil, or Turkey. Assuming this isn't the audience that Oh Polly is trying to reach, it's worth questioning why an established brand would neglect to conduct a basic analysis of the influencer's audience demographics before embarking on such an exorbitant deal.

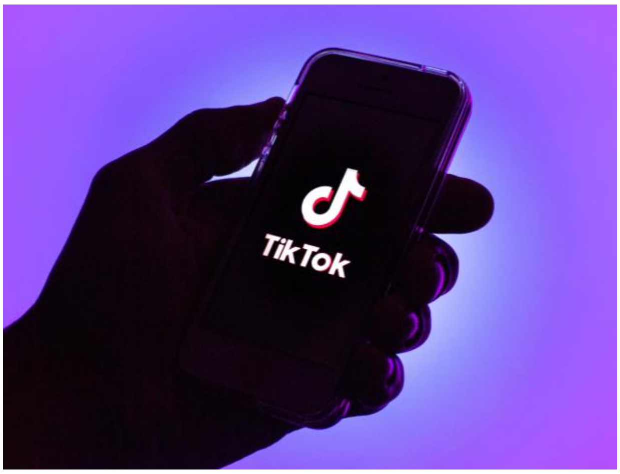
Love Island contestants are a popular choice for brands to partner with following their stay in the villa, but consumer interest in these contestants tends to peak and then fall shortly after leaving the island. That's not to say Love Island stars are never the right fit for an influencer campaign (the success of Molly-Mae Hague's ongoing collaboration with PrettyLittleThing speaks for itself) but there is more to securing successful talent deals than simply teeing up the celebrity flavour of the hour and stuffing their mouth with gold.

It goes without saying that a level of due diligence is required to ensure any potential influencer partner has an online following that aligns with your target customer base, and this information really isn't hard to come by. GRIN, Modash, and Upfluence (to name but a few) are just a few of the tools that exist to help brands recruit the right influencers for their campaigns. As well as providing comprehensive demographic breakdowns, these platforms give an indication of an influencer's authentic engagement rate ([likes + comments]/total followers * 100), which typically should sit around or above the 3% mark.

We are used to seeing influencer campaigns blow up due to the damaged reputation of an influencer (like the troubling content of PewdiePie), non-disclosure (Katie Price in the Snickers blunder), or just for being completely tone-deaf (Kendall Jenner and Pepsi Black Lives Matter controversy), and it's not uncommon for brands to confuse an influencer's follower account with an audience that's genuinely interested in their content. But in a media channel with so much potential for things to go wrong, it's imperative that brands do not negate the basics, especially with significant partnerships such as these.

This month's mini stories

With OpenAI's ChatGPT service stirring up many conversations in the world of tech, Google introduced its own conversational AI service – Bard – to the world earlier this month. This announcement, though, went off to a rocky start when the chatbot answered a question incorrectly in a GIF shared by Google. The GIF stated that the James Webb Telescope "took the very first pictures of a planet outside of our own solar system", which a number of astronomers on Twitter were quick to point out was incorrect. It is believed that this mistake could have potentially wiped $100 billion from the company's value, after Google's parent company Alphabet saw a 7.7% decline in shares.



New research has shown that TikTok has now become the UK's most downloaded app, followed by WhatsApp, Vinted, BeReal, and the NHS app. Whilst this is the case, it is worth noting that the report also shows that WhatsApp was crowned the nation's favourite and most used social media platform, with 73% of internet users aged 16-64 messaging each month. It is also clear that marketers are heavily investing in social media platforms, with social ad spend rising by 25% year-on-year to now sit at $11.3 billion (£9.2 billion). This means that social media now accounts for nearly a third of the UK's entire digital ad spend.

Following the launch of ITVX in December 2022, the network has announced a partnership with STUDIOCANAL to make its STUDIOCANAL PRESENTS content on the ad-free version of the streaming service. With ITVX Premium on the horizon, this partnership will see over 400 films added to the paid subscription tier (which is set to launch at £5.99 per month) of the service, and possibly the addition of international TV series such as *Years and Years*, and *Spiral* (as the production company owns the content rights for these).

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