



July 2023



The Future of Retail Media

Since the COVID-19 pandemic struck, online shopping behaviours have undergone a significant shift, prompting brands to explore new avenues for connecting with customers. With 36% of consumers actively trying new brands and 73% recognizing the growing importance of online shopping in their lives, retail media has emerged as a powerful tool to bridge the gap between brands and their target audience at the moment they are most likely to make a purchase. But how does it work?

By leveraging retailers' first-party data, advertisers can target in-market shoppers across retailer websites, apps, or marketplaces, with opportunities available to target different phases of the consumer journey. Ads can be designed to blend in with surrounding content, offering a more native feel, or they can be display-based. This flexibility provides brands with cost-effectiveness and audience resonance, with predictions suggesting that 70-90% of brand growth will rely on retail media.

Retail media encompasses various capabilities, both onsite and offsite. For instance, according to data from Tesco/Dunnhumby, 44% of products added to the basket are from positions 1 or 2 in the search results. By utilizing platforms like CitrusAd or Criteo, advertisers can reach users at or near the point of purchase by employing sponsored product ads. This strategy promotes their products to browsing customers and secures top positions within search results. Currently, sponsored product ads can be seen in most searches on online stores like Tesco, Sainsbury's, or Asda.

Furthermore, retailers' own data collection, such as through loyalty schemes, can be beneficial. More retailers are opening up the use of their data to target customers both online and offsite. A notable example is the partnership between Tesco, Sainsbury's, and TikTok, where advertisers leverage the retailers' first-party data to target ads on TikTok. This collaboration enhances advertisers' targeting capabilities and ensures that their ads reach the most relevant users in a more impactful manner. The result is an improved customer experience with ads tailored to their preferences, ultimately driving better results for brands.

However, like any new development, retail media presents challenges for brands to consider. As more brands and retailers adopt retail media strategies, the market is becoming increasingly saturated and harder to navigate. The space is becoming highly competitive on all sides, making it difficult for retailers and brands to stand out and reach the right users.

Similarly, retail media is still in its early stages of maturity, with many networks yet to offer the same level of sophistication as established platforms like Google or Meta. Third-party products are becoming more widely available to supplement platform capabilities. A recent Retail Dive article highlighted concerns around general practices, with 42% of advertisers questioning their investment and expressing hesitation over transparency and standardization across platforms. However, despite these concerns, 56% of advertisers are already working with at least 5 retail media networks. So, where do brands begin?

Brands entering the realm of retail media need to be innovative and, in some cases, open to change as they adopt strategies that align with their business goals. While driving conversions through retailer sites instead of direct-to-consumer (DTC) approaches may not align with short-term goals, it could be a missed opportunity in the long run. More and more consumers are turning to retailer sites before traditional search engines. Therefore, it is important to have accurate consumer insights, the right technology, and sufficient resources to effectively manage a retail media strategy that best suits their goals. This is something we're ideally placed to assist with at the7stars.

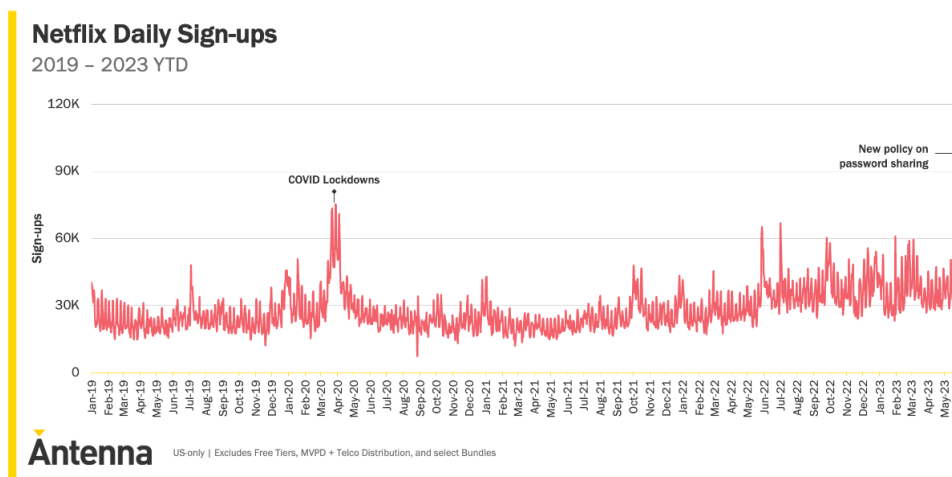




Netflix's Password Progress

The long-anticipated crackdown on password sharing arrived this May, with Netflix implementing new policies regarding password sharing, requiring subscribers to pay an additional £4.99 per month to share their account with up to two people within their household.

Naturally, Netflix was concerned that many subscribers using shared accounts would choose to leave as a result of these changes. However, the streaming giant has witnessed an unexpected outcome, with daily sign-ups skyrocketing. In fact, average daily sign-ups have exceeded 70,000, marking a remarkable 102% increase compared to the previous two-month average. The peak occurred on the 26th and 27th of May, with over 100,000 new sign-ups. Antenna Data, which has been monitoring this information, revealed that Netflix attracted more new consumers during these two days than it did throughout the COVID lockdowns in 2020.



In addition to the password policy, Netflix introduced an ad-funded model in October 2022, offering accounts at a price of £4.99 in exchange for advertisements during programmes. Although the initial response was slow, the current cost-of-living crisis in 2023 has led more people to opt for downgrading their plans or starting new accounts at a lower price point than the premium service's £15.99. Netflix has recently reported that 200,000 subscribers are now using the ad-funded service, with 20% of all new sign-ups in the UK opting for this plan. The combination of password sharing and the ad-funded model has proven to be a winning formula for Netflix, dispelling any concerns of a mass exodus from the platform.

It is evident that people still desire access to Netflix's premium content and the desire to be part of the conversations surrounding highly anticipated series like Stranger Things. Netflix boasts such a dedicated audience that even when numerous accounts are removed due to sharing, fans are willing to create new accounts for themselves, opting for cheaper plans to remain part of the experience.





Pride Beyond Pride Month

The Beauty of Pride

Every year, thousands descend onto London's streets to celebrate queer history, culture, and love, with hundreds of brands eager to show their support through sponsorship, donations, and the promotion of inclusive policies in the UK's industries and workplaces. However, how many of these brands have a genuine passion for being game-changers, and how many are merely "pink-washing" and solely interested in profit?

National Skepticism

According to a June YouGov survey, 75% of people in Britain believe that brands engaging with Pride do so to "maintain a positive public image for themselves" rather than showing sincere support for the LGBTQ+ community. Only 7% of respondents agreed that companies are genuinely supportive. These stark figures reflect the prevailing sentiments towards brands and their participation in cultural events, raising the question of whether household names are doing enough.

Purpose over Profit

Despite scepticism from celebrants, numerous brands are making a positive impact on LGBTQ+ communities through their work and profits. For example, Hunter donates 100% of the profits from their dedicated Pride clogs to Outright International, a global charity advocating for LGBTQ+ human rights. Disney is another example, as they collaborated with individuals from the LGBTQ+ community to create their 2023 Pride collection. Additionally, Disney commits to year-round support for LGBTQ+ families and youth through partnerships with charities, including educational workshops and training, in the US and Europe.

Advertising's Pursuit for Inclusivity

At the start of Pride, Outvertising published an intervention discussing the inauthentic connection between brands, consumers, and Pride. Over 100 organisations, including the7stars, endorsed the statement, calling for active allyship instead of performative tactics. The intervention explores various ways brands and organizations can support, nurture, and advance LGBTQ+ talent and commitment internally while driving change within their industries. According to the Portland Generation A-Z report, 60% of individuals under 60 consider it important to combat discrimination against LGBTQ+ people. By fostering conversations with clients and brands, Outvertising promotes an inclusive mindset that places connecting with consumers at the forefront of media strategies.

Reflecting on Pride, we can observe that brand involvement remains a priority for many, but an increasing number now understand the importance of genuine action rather than making performative statements. In a world where anti-LGBTQ+ and anti-trans rhetoric dominates public conversations, it is more crucial than ever to witness the support of household names as they continue to champion inclusivity and back causes that foster a diverse culture.





Unravelling the Key Themes of Cannes Lions 2023

The Cannes International Festival of Creativity celebrated its 70th year, marking advertising and marketing's biggest event. This year witnessed historic moments, such as the introduction of a new Entertainment Lions for Gaming category. Exciting news also emerged for countries like Nigeria and Armenia, while Saudi Arabia secured its first-ever Grand Prix. The UK remained one of the leading nations, bagging five Grand Prix wins (including one for the7stars!) and a total of 107 awards, second only to the US.

The Comeback of Creativity

The number of entries in 2023 increased by 6% YoY. While not yet reaching pre-pandemic levels, this surge in entries demonstrates the industry's resilience and adaptability. It also underscores the continued significance of Cannes Lions as a global platform for showcasing exceptional work and celebrating innovation.

Noteworthy Themes of the Grand Prix Winners

For yet another year, purpose-driven marketing and campaigns with a focus on social impact took centre stage, highlighting brands' commitment to making a positive difference. The celebration of diversity, inclusion, and authentic storytelling reflected the power of representation. Additionally, sustainability and environmental consciousness emerged as significant themes. The festival also celebrated the intersection of technology and creativity, showcasing innovative campaigns that leveraged AI, VR, and immersive experiences to push the boundaries of innovation. Empathy, authenticity, and transparency resonated through heartfelt campaigns, fostering genuine human connections. Mental health, social justice, and equality were passionately addressed, while creativity for good and data-driven insights showcased the transformative power of creativity in shaping a better world. However, an undercurrent of anti-purpose and pro-good old-fashioned selling also garnered attention, and rightfully so.

Empowering Transformational Shifts through Creativity

The "Lions State of Creativity Study 2023" delves into the evolving landscape of creativity and its impact on businesses. The study reveals that 97% of professionals believe creativity drives business growth and competitive advantage. It underscores the increasing importance of creativity in driving innovation, business success, and societal progress. The report emphasises the role of creativity in fostering resilience and adaptability, especially during uncertain times that affect budgets. Marketers and creatives are prompted to prove the value of creativity more than ever.

The report stresses the significance of establishing a clear connection between creativity and commercial outcomes. It explores the impact of technology on creative industries and highlights the need for a balance between automation and human ingenuity. The study also examines key trends, including AI-human collaboration, striking a balance between short and long-term brand-building, fostering collaborations with creators, and implementing best practices across marketing organizations to cultivate exceptional creativity.

The 70th anniversary of the Cannes International Festival of Creativity showcased exceptional talent and highlighted themes of purpose-driven marketing, diversity, sustainability, and technology. Looking ahead, these trends will continue to shape the future, driving innovation and emphasizing the importance of creativity in fostering business growth and shaping a prosperous future.





DCM Rolls Out Cinema TVRs

As the AV space evolves and more players enter the market, the industry continues to find new ways of combining all media metrics, making it easier for advertisers to see the complete AV picture. In the past, we struggled to align cinema with TV/BVOD due to differences in measuring metrics. Cinema relied on admissions while TV preferred TVRs or GRPs. However, all of this is about to change with DCM introducing 'Cinema TVRs' to align with TV measurement, making it more comparable to other AV media.

DCM has collaborated with PwC, the main contractor for BARB, to develop an IPA-accredited gold-standard research and frequency model that integrates new data into their Touchpoints Channel Planner. This collaboration allows DCM to work alongside their internal planning system, enabling them to achieve reach, frequency, and TVRs for the first time based on inputs such as admissions, campaign period, and demographic audience. As a result, AV planners and agencies can now build complementary AV schedules using the same language for cinema as they do for TV.

By utilising the TVR data, it was revealed that Spiderman: No Way Home was the most-watched title in 2021, achieving a remarkable 32 '16-34 TVRs' in the first 28 days alone. In addition, Avatar: The Way of Water emerged as the most popular title in 2022, garnering 15 TVRs among 16-34 Adults. To provide perspective, the 2022 Semi World Cup Final between England and France attained the highest TVRs of 17.8 among 16-34 Adults, demonstrating that cinema can compete with significant cultural moments on linear TV and reach younger, more casual TV viewers.

This new cinema data will be available from 18th July on the dedicated 'Cinema Data Hub' within Adwanded's connected platform, which also facilitates access to other media and audience viewing data from organizations like BARB Audiences. Additionally, as of 6th July, DCM has launched <https://www.dcm.co.uk/start>, a website that consolidates all their key resources in one place.

With cinema often being perceived by advertisers as a 'nice-to-have' and frequently the first media to be removed from overall plans, this development marks a significant steppingstone in highlighting the importance and scale that cinema offers. We will now be able to compare top TV shows with top cinema films in the same manner, allowing us to sell the potential and excitement of incorporating cinema into a comprehensive AV plan.





Threads by Instagram: Pioneering User-Centric Communication

Instagram has recently taken a bold step forward with the global launch of Threads, a unique app. Threads aims to foster real-time conversations and prompt updates, providing a new channel for businesses, creators, and personal accounts to communicate. The app is available in over 100 countries and has already garnered over 30 million sign-ups since its launch.

The creation of Threads marks a critical milestone in Instagram's journey. It represents an innovative move that expands the Instagram ecosystem while emphasising the platform's commitment to enriching online interactions. Instagram, a subsidiary of Meta Platforms (formerly Facebook), is known for developing standalone apps. However, Threads stands out due to its distinct purpose and focus on facilitating real-time updates and conversations.

This initiative responds to the growing need for more personalised and interactive digital communication platforms. Threads is not merely a new app to rival Twitter but a reflection of changing digital interaction trends.

Noteworthy features of Threads include compatibility with both iOS and Android, a strong emphasis on user safety, and dedicated teen protection. These aspects demonstrate Instagram's commitment to fostering a safe and inclusive environment.

However, the absence of advertising or monetisation features, which are common in many social networking platforms, is a distinctive characteristic of Threads. This decision underscores Instagram's prioritisation of user experience over commercial considerations. While it may pose a potential downside for influencers and businesses seeking direct monetisation opportunities, industry experts have expressed positive sentiments regarding this user-centric approach. They view it as an important step towards a less commercialised and more user-oriented social networking environment.

What does this mean for media and advertising?

The introduction of Threads could signify a potential shift in the media and advertising landscape. The absence of ad features means that brands must reconsider their strategies and find innovative ways to engage audiences on this platform.

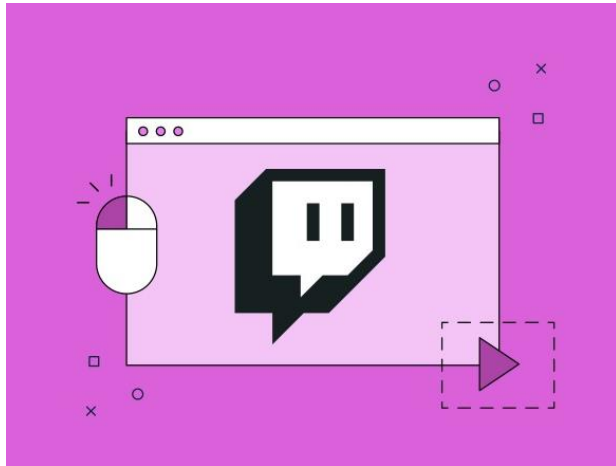
While the lack of monetisation features might initially seem like a drawback, the potential for creating real-time, personalised interactions could enable brands to build more organic and deeper connections with their audiences. For clients, this translates into an invaluable opportunity to leverage Threads as a fresh channel for consumer engagement, paving the way for more meaningful relationships.

In conclusion, Instagram's Threads app opens up new possibilities for businesses and creators to foster organic and deeper connections with their audiences, making it essential for businesses and creators to adapt their strategies and fully exploit the benefits offered by this innovative platform. As Threads continues to develop, its potential to transform the digital communication paradigm makes it an exciting prospect for brands and businesses to watch closely and embrace.



This month's mini stories

The streaming platform Twitch has reversed its recent third-party advertising policy following backlash from streamers. The proposed changes, which would have limited in-stream display and video ads, received criticism from content creators who heavily rely on this revenue source. Charities and e-sports teams also expressed concerns over the stricter rules. Facing a boycott from prominent streamers, Twitch quickly backtracked and announced on Twitter, "These guidelines are bad for you and bad for Twitch, and we are removing them immediately."



In a show of protest against contentious changes to the Reddit platform and third-party apps, numerous subreddit communities went private throughout June. Moderators of major subreddits made their communities inaccessible for 48 hours, leading to over 7,000 subreddits being temporarily shut down. Reddit heavily relies on community-wide moderation, and this site-wide protest resulted in anticipated stability issues on the first day. Reddit's status page later reported a major outage that affected the platform's desktop, mobile sites, and native mobile apps.

OpenAI, the creator of ChatGPT, is facing multiple lawsuits alleging copyright and privacy violations. In one lawsuit, OpenAI is accused of using copyrighted books without permission or compensation to train its AI systems. Another lawsuit claims that ChatGPT and DALL-E were trained using people's data without proper consent, violating privacy laws. If the plaintiffs succeed, OpenAI may face financial penalties, damage to its reputation, increased regulatory scrutiny, and the need to change data collection practices. These lawsuits have the potential to establish significant precedents for copyright, privacy, and data usage in the AI industry.

