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## The Rising Fragmentation of Media Diets

Ofcom's latest report explores the changing media landscape, where the media diets of viewers are more fragmented than ever before. Public service broadcasters (ITV & BBC) dominate the current linear TV landscape as they can televise events of sporting or cultural significance, allowing them to gather mass audiences in front of a screen. However, traditional broadcast TV viewership is migrating to streaming, with impressions down by -5% YoY, and time spent consuming broadcast TV down by a further -12% YoY.

### Cord Cutting & Declining Mass Viewership as a Trend

COVID-19 most certainly accelerated cord cutting among most households, with a third of 55-64-year-olds and 15% of people aged 65+ having adopted a subscription service. Older audiences (Traditionally TV Loyalists) are now cutting back on traditional linear TV and transitioning towards streaming services like Netflix, ITVX, All4, and Disney+. Another trend is the fragmentation of viewing has led to a decline in programming that attracts viewers of 4 million+. Despite appointment-to-view shows such as "The Great British Bake Off," live sport, and "I'm a Celebrity Get Me Out of Here," still drawing in huge viewership figures, popular strongholds like "Coronation Street," "EastEnders," and "Emmerdale" are seeing their viewership decline. This decline can be attributed to the vast variety of quality programming available to choose from.

### Impact & Significance

From the perspective of a Broadcaster, this decline in viewership across the TV landscape may make it increasingly difficult to maintain pricing, particularly for younger audiences. This is because advertising on TV follows a supply-demand model whereby the supply (number of people watching) and demand (number of advertisers) determine the cost of an advert. Broadcasters must explore new routes for advertisers to access these harder-to-find audiences in a cost-effective way.

### From the Perspective of Advertisers, Media Owners & Agencies

How can Broadcast TV survive/thrive under these circumstances? We now exist in a world where AVOD, SVOD, BVOD, FAST, CTV, Cinema, Linear TV & YouTube all tend to fall under the umbrella AV/TV department within most agencies. The AV landscape requires more tools like CFlight, which aggregate viewing behaviour across all forms of television, whether live, time-shifted, or on-demand. Together, this means that AV is transitioning into a one-stop-shop for advertisers as well as broadcasters. Broadcasters should look to offer advertisers opportunities that include other third-party platforms, from YouTube to social media.

For TV to thrive going forward, the flourishing AV landscape must seek to regroup under one umbrella to face the new reality of a fragmented, yet content-rich ecosystem. The future could mean that linear TV no longer dominates home video entertainment, instead becoming one of the many strong contenders for viewers' attention.





## **WGA and SAG-AFTRA Strikes Mirror Economic Tensions**

On the 14th of July, the national board of the Screen Actors Guild of America (SAG-AFTRA) voted to join the Writers Guild of America (WGA) in strike action. This marks the first time that both unions have simultaneously downed tools in protest since 1960. As a result, nearly all scripted and dramatic productions have ground to a halt in the US and, in some cases, globally. This could have a significant impact on advertisers.

There are multiple reasons for the industrial action. However, two clear bones of contention prevail.

The primary reason for the strike has been actors' and writers' dissatisfaction with terms of payment of residuals, in particular by the streaming giants including Netflix, Disney+, and Amazon Prime. Residuals are payments made to the writers, actors, directors, and others involved in making TV shows and movies in cases of reruns, syndication, DVD release, streaming media, or generative AI.

Residuals have traditionally been paid to the cast and crew based partly on long-term success since a production was first aired. Streaming services do not report viewership figures in the same way as 'traditional' broadcasters, and they technically buy a licence to broadcast IP as opposed to paying for syndication. As a result, cast and crew are receiving vastly reduced residual payments. Actors have traditionally relied upon these payments to support them through lean times.

The second reason for the strike has been fears that generative AI technology is being used to replace humans in the creation and production of content. Both writers and actors are seeking to agree on a regulatory framework when it comes to how and when AI is used. Of particular concern to the writers' union is that AI can be used to generate original and adapted screenplays, putting their jobs at risk. AI provokes similar fears in the acting community due to its ability to create digital likenesses of anyone from a megastar to extras, rendering humans similarly disposable in the production process. Concerns about the rise of AI are not new in society, let alone the entertainment industry. From the world of music to the world of sex work and pornography, AI is creating legal and regulatory headaches.

The strikes do not just affect writers and actors. Anyone connected to the production of content, including caterers, local businesses, major studios (in the US and globally), dry cleaners, and insurers, to name a few, will likely need to react should the strikes continue.

For brands, a long and drawn-out dispute will potentially compromise access to big talent represented by SAG-AFTRA for the creation of commercial assets. Additionally, the strikes could mean that big films slated for release this year are postponed, à la 'Dune: Part Two,' and that films and dramas scheduled for release in 2024 are delayed due to production being pushed back.





## Digital Video is Effective for Building Brands

Cannes Lions recently hosted three significant figures in effectiveness—Les Binet, Grace Kite, and Tom Roach—to deliver their '3rd age of effectiveness' talks, subsequently reported by WARC, which co-curated the session. The work explores the evolution of 'digital' since its inception as a new media channel in the mid-noughties, highlighting that digital media can now finally build brands over time, rather than solely driving short-term sales.

Digital was hailed as a quantifiable and accountable marketing and media channel capable of measuring everything. The channel gained instant popularity, leading to a shift in spending towards digital channels that continues to the present day. However, as time passed, digital as a channel arguably became a victim of its own measurement capability, with marketers relying solely on attribution to assess digital brand campaigns—a risky game that leads to efficiency over effectiveness.

However, econometric analysis demonstrates that digital advertising now presents an opportunity for greater returns, partly because digital marketing and media practitioners better understand how to utilise it as a channel. The quantifiable capabilities may have driven a performance focus (e.g., efficiencies of PPC, the boom of programmatic advertising, etc.), but the advertising industry is now 'relearning the benefits of long-term work and how digital channels can help build brands' (WARC).

Video is of particular interest, as its longer attention span gives it a role in brand building, while many other digital ads fall below the 2.5s memory threshold required. The session observed that the channel shouldn't be used simply to push out a full-length TV ad. Tailoring ads within a campaign to the platform that carries them offers further opportunities for creativity to maximise the value of video content.

The format of digital video advertising and the diverse ways people consume it pose exciting creative challenges. Viewers choosing to watch premium content (e.g., Broadcaster VOD, premium YouTube channels) accept having to watch full-length video ads to enjoy it, resulting in excellent completion rates for advertising, where traditional TV assets are typically utilised. Increasingly common are video ads that can entice viewers to want to watch more of them, particularly where skippable video requires creative strategies to encourage extended viewing time. Then there is produced branded content that is harder to perfect, but when executed well, can deliver excellent engagement with brands.

It is worthwhile for advertising to creatively align with this trend, as we see increasing evidence of video delivering both short and long-term ROI (alongside social, display, and search).

### Our Takeaways:

- Instead of overused display banners, use video as 'digital display' when planning upper-funnel digital display campaigns.
- Drive greater effectiveness for digital activity in the upper and mid-funnel stages of the purchase journey, as it is not just a performance channel.
- Fresh thinking allows digital video advertising to flourish with more bespoke videos designed specifically for digital platforms (e.g., TikTok and other social platforms), generating meaningful 'attention' relative to the channel. Avoid using traditional creative assets across digital campaigns.
- There's still a role for display banners but consider the wider impact of all digital channels across the stages of the purchase journey. Set appropriate roles, KPIs, and approaches to evaluating creative effectiveness.





## **Becoming an MRS Company Partner**

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Market research aims to understand people across all dimensions of their lives to help brands make decisions based on consumer needs. However, to make these decisions, it is critical that the research is representative, fair, and robust; otherwise, it risks discrediting the brand, demotivating consumers from taking part in research again, and, most importantly, making decisions based on inaccurate data.

At the7stars, putting people first lies at the heart of the agency, and as such, research is a fundamental part of our everyday work. Since the creation of the Insight team at the7stars in 2014, the team has recognised the importance of conducting research that is both accurate and actionable. Therefore, regardless of whether it is a qualitative or quantitative methodology, we ensure that we deliver on these two key components end to end to provide confidence in the research we conduct.

As a result, we continually strive to improve the research we conduct, from the methodologies we use, such as incorporating implicit testing into our brand and campaign evaluations, to reviewing our approach to recruiting participants. This is why we co-founded Voices4All, which places quotas on ethnicity, sexual orientation, and disability, in addition to social grade, gender, age, and region, when seeking to conduct nationally representative research.

To provide additional confidence to our clients in our research, we have become an MRS Company Partner. The Market Research Society was established in 1946 as a professional body for market research in the UK. It provides a Code of Conduct and guidance on how to accurately conduct research for individual researchers. However, in 2005, the MRS Company Partner Service was established, which, for the first time, applied the MRS Code of Conduct to research organisations. Therefore, as a team and as individuals in the Insight team, we comply with the Code of Conduct that all research agencies adhere to.

The key areas covered in the Code of Conduct include ensuring transparency throughout the research process, ensuring confidentiality for both clients and participants, protecting participants throughout the research process, ensuring that researchers exercise independent professional judgment in the design, conduct, and reporting of research, and ensuring that all researchers have the necessary training, qualifications, and experience.

The Insight team becoming an MRS Company Partner further underscores the importance of research at our agency and the level of rigour in the research we conduct.







## Researching the Robot

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Conversation about AI and its applications is currently present in every area of our society, from Art to Medicine and more. If you open a newspaper or turn on a TV today, you will find yourself bombarded by headlines discussing the advancement of AI—some of which are positive, and some less so.

A slightly less discussed area of AI application, however, is how it's being used in the realm of market research to understand how we can get closer to our participants, uncover deeper insights, and ultimately unlock value for brands. the7stars' Insight team, in collaboration with Differentology, took it upon ourselves to explore these applications, helping us better understand AI's place in the field and how it can be utilised to deliver the greatest impact.

Our methodology involved subjecting half of our sample to an AI-enhanced survey with conversational open-ended prompts for questioning. This AI-enhanced environment was found to increase levels of engagement and greatly impact the quality of data. We were able not only to collect higher 'quality' respondents, but their responses were much longer and more detailed compared to those from the standard survey. This was particularly true when we increased the sensitivity of the questions asked, which can sometimes hinder a survey's ability to gather useful responses.

Our groundbreaking new study, entitled 'Researching the Robot: A New Era for Market Research?', found that over two-thirds (70%) of participants agreed that an AI-augmented survey approach was 'more engaging than other surveys they had taken.' Additionally, the majority of participants who took the AI survey agreed that it was 'more fun' (59%). This finding is a significant step forward for the field, as we know that happier participants generally provide more detailed and useful responses. An overwhelming majority (69%) also agreed that the AI-augmented survey allowed them to better express their opinions and feelings.

While our study uncovered significant benefits to adopting an AI-based research methodology, the jury is still out on whether AI will singlehandedly revolutionise the market research industry as we know it. Therefore, the role of the market researcher remains safe for now.

For a more in-depth understanding of how we conducted this experiment and the key learnings that we gathered, please [download the whitepaper](#) today.



## This month's mini stories

Meta has announced new ad placement control options with the aim of providing more assurance for ad partners and giving advertisers greater control over brand exposure on their platforms. The company began by expanding its brand suitability verification for the Instagram Feed, following the launch of their Facebook feed verification offering in March. Additionally, Meta is adding Arabic, Chinese, French, and Portuguese to its inventory filters and third-party brand suitability verification elements for Facebook and Instagram. These additions offer more ways for brands to manage their ad placements. Meta is also testing a new inventory filter option on Reels, which expands the capacity for ad partners to ensure brand safety in content placement.



In the UK, DoubleVerify has recorded a 252% increase in CTV ad impression volume growth. Additionally, recent BARB data analysis indicates that while linear TV viewing is still capable of reaching the majority of the UK in a week, it is in decline. In contrast, streaming across other long-form video services is increasing, making CTV an increasingly attractive prospect for advertisers. However, ad spend growth in CTV has yet to match the steep growth in viewership. WARC recently released an article stating that one reason for this slower ad growth is that CTV is competing within finite budget pools, often drawing from linear TV budgets.

Acast, the leading podcast platform, is prioritising automation to enhance value. CEO Ross Adams emphasised the benefits of automation for Acast, advertisers, and creators. The growth of programmatic ad buying is notable. The self-serve ad platform, now offering host-read sponsorships, witnessed a 40% increase in booked campaigns and new advertisers. Acast+ Access integrates subscription paywalls, while Collections+ enhances targeting through AI-driven data. Acast aims to become the most valuable podcast marketplace, connecting advertisers and users. Organic net sales grew by 15%, with contributions from the Podchaser acquisition. Acast is well-positioned to meet advertisers' needs amid positive signals in the advertising market.

The Acast+ logo, featuring the word "Acast+" in white sans-serif font, with "For The Fans." in a smaller font below it, set against a dark blue background with yellow and purple abstract shapes.

**Acast+**  
For The Fans.

