what's HOT

February 2024

Top 7 Media Insights for 2024

2024 – the year of the Euros, a General Election, and the Summer Olympics. Despite economic challenges, the macro media market shows promise, with global spends expected to grow at pre-pandemic levels, between +4% and +7% compared with 2023. With January complete, here are our insights for the year ahead.

Video
2023 Video pricing was relatively stable compared with 2022, with Linear TV deflation (-6%) mostly offset by modest increases in CTV (+2%), Online Video (+2%) and Cinema (+2%) pricing. In 2024, it's expected that declining audience figures and steadfast advertiser investment will spell inflation for Linear TV pricing of between 8-10%.

Audio
Radio ad spend is forecast to maintain its relevance, with a predicted increase of 2% in 2024, alongside a continued shift towards DAB+ for linear radio, offering improved audio quality and spectrum efficiency.

OOH
The OOH market rebounded strongly in 2023, with a forecast of 6% annual growth in 2024. Key focus areas for the OOH market in 2024 include programmatic, effectiveness, sustainability and new contract tenders, with a continued emphasis on data-led programmatic DOOH, with such strategies delivering enhanced targeting opportunities and relevance through the dynamic creative that can be deployed.

Publishing
This summer is expected to be more buoyant than usual. The Euros will promote extensive coverage across all platforms to help drive interest across several categories. The general election is also likely to influence the publishing market – the last general election in December 2019 saw increased circulations in multiple titles, bucking the usual trend of circulations being in decline. Another key consideration is how news brands will cover the general election, with the rising continuation of AI use.

Social
Anticipated changes in paid social media investment for 2024 suggest a notable increase compared with 2023, as marketers recognise the growing influence and engagement potential within social platforms. It's prompted a strategic reallocation of budgets towards these channels. The shift is fuelled by the proven efficiency of personalised ads, increased consumer time spent on social media, and the expanding features of e-commerce integration. Video content will dominate, whilst augmented reality ads will gain traction.

Search
This year, the ongoing advancements in AI and machine learning will continue to play a pivotal role in optimising paid search campaigns. Ethical considerations and user privacy concerns are also expected to influence the paid search landscape. As regulations around data privacy evolve, advertisers will need to adapt their strategies to ensure compliance while maintaining effective targeting capabilities.

Programmatic
The market is turning back towards context as a way of linking a user to interest and content, rather than historical browsing behaviour. Context predates the internet and as technology advances, we can see a triumphant resurrection in contextual targeting application. Sentiment analysis, natural language processing and deep learning allow us to reach users with a level of precision unattainable in recent years.

Looking at these factors, 2024 is set to be an exciting year across the media landscape.

How the Subscription Model Opens up New Competitor Sets

In the digital age, convenience is king, so it is perhaps no surprise that the subscription model has seen rapid growth across industries. In just its first day, the Pret coffee subscription service gained 16,500 members, leading the way in a line of coffee retailers ready to attempt the same market shift.

Consumers place value on ease and personalisation, with the average Brit having 2.4 subscription services, according to RIFT. There are big players in the market, from Netflix to Gousto, and the UK market is set to keep growing, being expected to hit £1.8bn in market value by 2025, according to Whistl.

These models increased in popularity massively during the pandemic, but current cost-of-living pressures have led many consumers to make cuts to their budgets, with 41% agreeing that subscription services are the first area to go (the7stars QT, November 2023). Research from Lloyds Bank found that 1.2 million subscription payments were cancelled between 2021 and 2022, as consumers re-examined their expenses in what the bank termed a 'subscription audit'. Barclaycard, meanwhile, reported a 5.7% reduction YoY in subscription spending. As consumers re-evaluate their priorities, there is greater onus on subscription-based brands to demonstrate the value in their propositions.

In a tough economic climate, businesses from vastly different industries now find themselves in competition with one another. Access to growth audiences is being limited not just by competitors within your industry, but by competitors within your business model. For the first time, pasta is pitted against Paramount Plus, and not everyone will come out on top. Consumers are reaching their own conclusions about which brands offer the greatest value to their lives. According to research from YouGov, we might be reaching a saturation point when it comes to the subscription model, and brands will have to work hard to stand out. Amidst cross-category competition, that will involve homing in on unique selling points and identifying your specific customer benefit. Individuality is increasingly important to consumers, with the7stars 'Cultural Codes' whitepaper identifying a growing trend of micro-communities and a focus on identity. Finding your brand's niche within a cluttered market can be an excellent way to stand out from the crowd and keep your place in the subscription roster.

Amidst persistently high inflation and squeezed margins, price rises are often a necessary evil for subscription brands. But while two-thirds of consumers are inclined to think negatively of subscription services that raise prices, according to the7stars QT, the effects of this can be negated through clear communication and strong customer relations. When increasing the price of a subscription, offering additional benefits as well as hassle-free cancellation and more flexibility, such as the option to temporarily pause a subscription, will help consumers to justify maintaining their subscription while cutting back elsewhere.

As recent trends have shown, subscription models will be no less important to Brits as 2024 progresses. But amidst a saturated market and tightened household budgets, brands should consider new ways to demonstrate value and convenience to their audience.

Google Begins Chrome 1% Third-party Cookie Deprecation Testing

As of January 4th, 2024, Google has begun to disable third-party cookies for 1% of a randomly selected group of its Chrome user base. This follows in the footsteps of Firefox and Safari who have similar blockers in place, but with Chrome having the largest market share, the change will have a wide-reaching impact across the media landscape.

Google have been planning to phase out third-party cookies from Chrome for a while now and on 4th January they began rolling out their testing of Tracking Protection across 1% of users. Tracking Protection limits cross-site tracking by restricting third-party cookies by default, rather than users having to opt out manually. Whilst 1% of users have been added to this testing pool, the goal for Google is to phase out third-party cookies for everyone in the second half of 2024, subject to any competition concerns from the UK's Competition and Markets Authority (CMA) who will be monitoring the test closely. The CMA will be taking into consideration the implications of Google's solution on the wider industry to make sure it doesn't solely benefit Google's own ad business.

Brands' Impact and Opportunity

For brands, this does mean that where third-party cookies have underpinned online tracking and some website functionality tools these will no longer work unless they have migrated to using newer alternative methodologies. Whilst, initially, 1% will be a small fraction of an advertiser's site visitors, this will ramp up towards the end of the year. Therefore, clients need to prepare now to avoid potential drop-offs to measurement, frequency capping, targeting and retargeting the functionality that third-party cookies have been supporting.

Brands that proactively make the switch to newer solutions will benefit from improved measurability and performance, purely from preventing further 'cookie loss' but also recovering users previously lost from view due to similar Safari and Firefox initiatives, and across non-cookie environments like in-app and CTV. By utilising new methods to engage users, brands can re-position themselves as privacy-first. In this way, they can highlight their aims to respect users' choices when it comes to their data, providing transparency and confidence around which data is being collected, and how it is being used and shared.

Prepped and Ready

Whilst we can't say with certainty what will change and when (dates could be subject to delay once again) we are working with clients to onboard appropriate cookieless and first-party data solutions to future-proof client ad tech stacks and mitigate against any potential data loss. We've been informing clients of changes and new announcements as part of our agency comms to keep them aware of changes. More practically, we've been helping clients to integrate these new solutions directly or in collaboration with their tech and data teams.

In the background, we have been involved with leading industry discussions on the topic, including with Google, IAB UK, and other agencies to understand the impact and actions clients should be taking. IAB UK themselves have released a checklist that agencies and clients can use as a guide to assess risk around campaign analytics and ask vendors about their cookieless solutions to discover how fit for purpose they are.

Right now, clients should follow Google's guidelines and make sure they are prepared for the upcoming changes by working with their agency and tech vendors to audit third-party cookie usage, test for site breakage if these are removed, and migrating to cookieless solutions as they become available. The industry will be keenly monitoring its rollout to ensure advertisers are still able to deliver measurable campaigns through the new cookieless tools and APIs that are available.

Prime Video with Ads: Delivering Mass Scale from Launch

Prime Video has officially entered the ad-funded market, and if Amazon delivers on the platform's high potential, then we could be about to witness a significant shift in the VOD landscape.

Following in the footsteps of Netflix and Disney, Amazon is set to launch Prime Video with ads from 5th February. However, unlike competitors who have come to market with a reduced subscription fee for the inclusion of ads, Prime Video will convert all of its estimated 13 million accounts to ad-funded in one fell swoop. As a result, agencies and advertisers might have another mass-reach premium platform to further enrich AV plans. Amazon could, in theory, instantly rub shoulders with the more established broadcasters (ITV, Sky and Channel 4) offering scalable reach, as well as a wide range of targeting capabilities and premium content. This will likely, once again, push the traditional broadcasters to invest further into targeting capabilities and content production and acquisition.

Of course, this isn't Amazon's first foray into AVOD. Their current Freevee platform has proved to be a shrewd testing ground for Amazon. Arguably allowing Amazon to make the necessary learnings required to successfully launch Prime Video with ads, at scale, from launch.

Naturally, a move like this still comes with an element of risk. Amazon, like many of its competitors, are reluctant to share subscriber counts and deeper audience insights. This can make advertisers and agencies nervous about spending. Whilst some viewers will resent being served ads, despite paying a monthly subscription. After all, an ad-free viewing experience was the USP of SVOD. To counter this, Amazon will offer the option for consumers to pay a higher fee to remove ads entirely, much like the major broadcasters and SVOD suppliers do, though uptake is expected to be low.

Whilst advertisers undoubtedly see the appeal of investing in Prime Video ads due to promises to link ad viewership with sales on Amazon's retail platform, many are holding off on major investments for now to see how the new offering develops and matches up with its competitors. This makes it essential for Amazon to prove that its access to large amounts of first-party and zero-party data from its retail arm (as well as properties such as Twitch and Fire TV) can be used to measure and drive ad performance on Prime Video.

Further to that, Amazon is banking on the suggestion that most people subscribe to Prime for a multitude of reasons such as free delivery, shopping benefits and live sport, the latter of which will remain separate from a Prime Video buy. So, the thinking is that many viewers will not mind being served ads, as Prime Video is not the chief motivation for subscriptions.

Ultimately Amazon's offering will be unique due to scale at launch and greater targeting capabilities than their competitors. Should their lofty projections come to fruition, then Prime Video could very well become a prominent pillar of many client's AV plans moving forward.

The "WHS" Rebrand: Test-and-Learn in Action

There are few brands more ubiquitous on the Great British high street than WHSmith. Whether Brits view it as a national treasure or a point of contention, a shop more Marmite than Marmite, there is one thing every consumer knows: you are never far from your nearest WHSmith.

The company's recovery in recent years has been spectacular. Like many high street retailers, WHSmith suffered immensely from the impact of successive Covid lockdowns, losing two-thirds of its stock market value in 2020. But through a focus on new product areas, the store almost doubled its profits last year.

Seemingly a good time for the brand to experiment, WHSmith decided to roll out a trial logo rebrand across 10 of its stores shortly before Christmas. At less than 1% of the chain's retail portfolio, this apparent rebranding attempt was unlikely to disrupt the brand's recent success.

However, the reaction, at least from marketing circles, was far from soft. Many drew unfavourable comparisons between the 'WHS' logo and that used by the NHS since the 1990s. For days, social media was awash with posts from users claiming, in contrast to the company's growth, that the new logo was evidence that the brand had lost its way.

The response from WHSmith was swift, noting that the trial was merely an attempt to localise their offering and signpost the products sold in-store, with no plans to roll out the rebrand further. Was it perhaps a thinly veiled PR stunt? This seems unlikely. While annual Google search volume for the brand peaked in the week of December 17th, it was seasonally affected and, indeed, was lower than at the same point in 2022.

Similarly, social trends showed few signs of public discourse around the rebranding outside of marketing circles. According to data from Brandwatch, content related to WHSmith was over three times less common than during its peak two months prior.

Takeaways

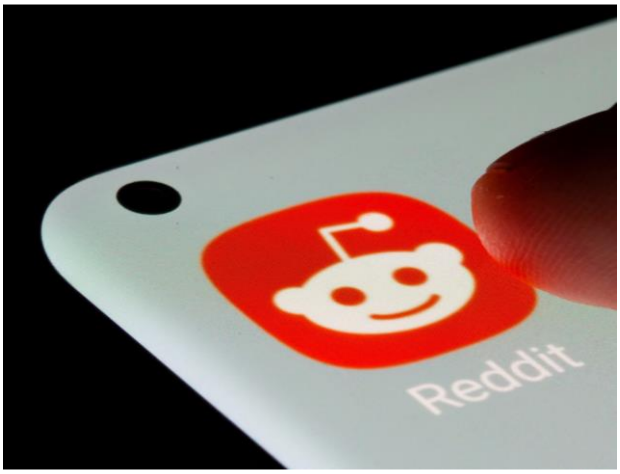
While the WHSmith logo rebranding sparked debate among strategy experts, it was an example of a test-and-learn framework in action. The brand experimented with something new at a select few stores, measured the public response, and promptly announced the end of the experiment. MarketingWeek's Mark Ritson was strongly critical of the onslaught, arguing that 'most people on LinkedIn are completely bonkers' and reiterating the importance of a test-and-learn approach in many brands' growth stories.

However, while a trial-and-error approach to rebranding could prove fruitful for some, brands should tread carefully when playing with longstanding logos, especially those with longstanding recognition among British consumers. In recent years, logo changes have often sparked a temporary outcry from certain corners of the internet – such as the simplification of many fashion house typefaces or the suggestion that Mozilla was dropping the eponymous fox from its Firefox emblem, which even prompted the brand to tell fans to 'remain calm'.

Testing and learning is a necessary, and often rewarding, process for most brands. But, as noted in Creative Review, if brands do decide to trial new identities, they should be prepared to explain clearly and concisely the purpose of the rebranding. After all, as Ritson alludes, social media reactions are often 'completely bonkers'.

This month's mini stories

OpenAI's GPT Store has officially launched, offering ChatGPT users access to a variety of custom apps and tools built on OpenAI's AI models. Users can now select specialised ChatGPT tools tailored to specific needs, enhancing guidance and outputs. OpenAI highlights the GPT Store's diverse range, featuring GPTs developed by partners and the community in categories such as DALL·E, writing, research, programming, education, and lifestyle. The store, initially unveiled at the developer conference in November, allows GPT creators to monetise their apps, with a revenue program set to launch in Q1. The GPT Store rollout begins with ChatGPT Plus, Team, and Enterprise users.



Reddit is reportedly planning to launch its IPO in March, aiming for a valuation of $15 billion. The forum-based social app, with 70 million daily active users and an estimated $800 million in ad revenue for the year, appears to be positioning itself below major platforms like Snapchat and X. Reddit has undergone significant clean-up efforts to attract advertisers, implementing rules against hate speech and updating community guidelines. Despite controversies and usage impact, Reddit's user base has grown from 52 million daily actives in 2021 to 70 million today. The platform is exploring AI opportunities, having increased API access costs to monetize data for potential AI developments. Reddit plans to sell around 10% of its shares in the upcoming IPO.

Instagram is launching nighttime nudges for teen accounts as part of its efforts to limit screen time. If teens spend more than 10 minutes on Instagram, particularly in areas like Reels or DMs, a notice will appear after 10 p.m. It will encourage users to take a break with a message like 'It's getting late. Consider closing Instagram for the night.' This feature cannot be turned off, but teens have the option to dismiss it. Instagram's move aligns with Meta's broader efforts to enhance teen safety, including content restrictions and upcoming testimony before the Senate on child safety. The platform faces regulatory scrutiny amid concerns about its impact on young users' mental health.