MEDIACOM

BLOG

Investment Update – September 2018

ADVERTISING DIGITAL INSIGHT

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Digital

Google enters partnership with Mastercard

In the last week there have been developments in the ongoing relationship between the credit card giant Mastercard and the tech powerhouse Google as they have been working together for nearly a year. The end goal for Google is now they are able to see whether a view from one of the ads on any of their platforms can be directly linked to a purchase. Bloomberg reports that Google have been purchasing this data for nearly 12 months and the only reason the partnership has now been publicised is due to Bloomberg 'lifting the lid'.

The response from Google has been to play down the news, as many users are worried about any data breaches in this agreement. According to sources at Google and

Mastercard, all data received has been anonymised and is no way a breach of data regulations. The response from Google has been the following: "*Before we launched this beta product last year, we built a new, double-blind encryption technology that prevents both Google and our partners from viewing our respective users' personally identifiable information. We do not have access to any personal information from our partners' credit and debit cards, nor do we share any personal information with our partners. Google users can opt-out with their Web and App Activity controls, at any time.*"

With GDPR only a few months old and the big fines that are likely to occur if these laws are broken, this could be something Google would have preferred to keep quiet until they were ready to release in their own time. Many online users would like to keep as much of their browsing and spending habits to themselves so it's not surprising that Google have had to come out and defend themselves on this.

Eventually this could be a very profitable move by Google, as it could give us a direct correlation between the value of online advertising and how it directly affects footfall. Mastercard data is widely available through many DSPs and is commonly used on retail campaigns, so we can consider users spending habits and determine product preference and potential wealth of users, but this looks like a new play for both companies. There are suppliers in the market such as Rippl who can look at the uplift from view to footfall, however with the power of Google and the reach of Mastercard this could really change the way retail clients plan and buy their media going forward.

Print

Publishing brands revived

This quarter has seen the latest ABC (Audit Bureau of Circulations) release, a crucial date in the calendar for magazine publishing brands as we learn current circulations across the market. It has also been the first opportunity to look at up-to-date ABC and PAMCo data in conjunction to ascertain a truer understanding of publishing brand health.

Generally, ABC results show the market is down year-on-year (YoY) and period-on-period (PoP), however there have been some surprise success stories. Notably Hello! Magazine has increased for the third consecutive period in a row, posting a 5.8% increase and outperforming all their weekly competition. This PoP growth has most likely been bolstered by a very Royal year, with the wedding of Prince Harry and Meghan Markle and the birth of Prince Louis being the highlights. Hello! has successfully harnessed the public's interest in the Royal Family, bringing unrivalled content to their readers every week across all their platforms. Hello!'s performance demonstrates there is still demand for the written word when it captures the public's imagination.

The Current Affairs and News magazine sector has also seen a strong period with both the Economist and The Spectator driving a 1.1% PoP increase for the sector – likely due to Brexit and Election interest with The Spectator and its satirical editorial thriving amongst the general public's current view on the political landscape. The Spectator alone saw a 12.8% rise. Interestingly, the Homes and Gardening market are also up, seeing an average 0.4% increase, proving how titles that tap into consumer's passion points are still very much valued.

Importantly though, when we align this information with PAMCo data the picture becomes much stronger. PAMCo (The Publishers Audience Measurement Company) is the newest Joint Industry Currency available to both agencies and media owners to help improve objectivity, transparency, and accountability in published brands for planning and trading. Its launch in April was essential in proving that many magazine brands now have broadcast scale when we look at the bigger picture and consider all touchpoints, with the latest results showing published media brands reach a whopping 83% of the UK adult population every week.

The challenge for media agencies now is to disseminate both ABC and PAMCo data and use this breadth of knowledge to effectively plan publishing campaigns to better harness brand reach. What does this mean for our clients? We are now better equipped with stronger data to help plan across brands, as opposed to just press in isolation. It will be interesting to see how many clients have embraced this in next quarter's newsletter.

Affiliates

The Rise of Dynamic Technology in Affiliates

Affiliate marketing has long been stuck with manual processes with little automation. Traditionally everyone sees the same offers from the brand. Recently there has been a rise of dynamic technology to hyper-target customers coming into the market. Rakuten have released a new product called the Consumer Graph which takes this a step further and gives publishers a lot more control over their targeting. So how does it work? Firstly, it enables Rakuten to pass real time customer data to a publisher before they've even landed on site. The publisher can then use this information to deliver a relevant message to the consumer arriving on the site. For example, if a brand has new customers as a core KPI, the publisher can then populate rates dynamically to further incentivise people who haven't purchased before. The customer benefits as they do not see a better rate being offered to new customers and ultimately it allows them to have a more personalised experienced, increasing the chances of them converting.

Tech Tip

Apple's Safari ITP 2.0 (Intelligent Tracking Prevention) has been rolling out this September, but what does it mean for us and our clients.

Background

Last year Apple announced some changes to how their Safari browser would handle cookies in an attempt to increase privacy for their users. This change effectively quarantined cookies after a 24-hour period from websites a user hadn't previously explicitly visited as a normal website. This meant that any tracking that works via redirects (where a user clicks on a link and is sent to a landing page via an ad-server) or solely using third party cookies (e.g. post impression conversion tracking) no longer worked.
At the time Google released a new feature for Campaign Manager that allowed conversion tracking to still work for search activity (this did not work for display or other digital channels). It was, however, unclear how the feature worked, so it was determined that the

work involved to replace all floodlights (which the new features requires) wasn't worthwhile. As a result, uptake of the new feature was minimal.

Latest Developments

Apple are now planning to release an update to ITP in mid-September that removes the 24-hour grace period. As a result, all conversions from safari browsers (covering the majority of iPhone/iPad and a small portion of desktop users) will no longer be trackable with cookie dependent tracking solutions such as Google Campaign Manager (formally DCM) and the rest of the Google Marketing Platform, Flashtalking or Sizmek.

Mitigation Options

Google

The solutions to latest version of ITP are the same as before for clients using Campaign Manager, it is just the need to apply it has now increased. It is still only applicable to search.
– For clients using GTM, a "conversion linker" tag needs to be created and applied to all pages. This is very quick to do and requires very little work, but is only suitable for clients using the floodlight templates when implementing the tags.
– For clients not using GTM, or it's templates, a new "global site tag" needs to be deployed to all pages and floodlights replaced with new code that talks to this master tag. This requires a lot more work as all current conversion tags would need to be replaced.

This new site tag (conversion linker or global site tag) looks for the presence of a special parameter added to the URL after clicking. If it finds one it stores it in a first party cookie. This value can then be passed back to Campaign Manager in subsequent floodlight fires allowing the system to tie the conversion back to the tracked click that drove it.

Flashtalking

For clients using Flashtalking, their existing fTrack product will currently mitigate against ITP 2.0. This will apply for all digital channels. This works by essentially fingerprinting the user and using 50+ different signals to identify a them, without the need for a cookie. Some of the signals include IP address, device ID, browser version and location.
This is an additional product, though, and comes with an additional cost to the normal ad-serving.

Limitations

As before Google's solution currently only works for search and not for other Campaign Manager tracked activity such as display clicks or impressions. It is expected that non-search post click activity will work with this solution soon (no firm ETA given from Google) but post impression conversion support might take quite a bit longer if it is made available at all.

Additionally, it is currently understood that if a user lands after clicking on a website domain that is different from the domain where the conversion takes place and a first party cookie can't be read the solution will not work.

e.g.

– Landing on: client.com and converting on client.tickets.com will not track as the first party cookie won't be readable.

– Landing on client.com and converting on shop.client.com will probably be ok as the first party cookie most likely can be read on the later sub domain, the other way around may not work.

– Landing on socialplatform.com (or any other external site) and converting on client.com will probably not work either.

In order to work, GTM or the global site tag needs to be applied to all pages of a site and the landing and conversion needs to happen in the same first party cookie space.

Additionally, the special parameter added to the URL when clicking needs to not be removed by any redirects, etc. on the client website.

Flashtalking has less limitations with regards to the solution currently, however the cost implication is a factor that needs to be considered. However, it is highly probably that Apple will continue to update the prevention including a way of blocking other signals that fTrack currently utilises. No updates yet, but it is possible this solution will also need to be adapted by Flashtalking.

Considerations

As the solution requires the setting of a couple of first party cookies any client that records details of all cookies set either for internal records of for listing in a privacy policy or similar

will need to request additional technical details.

It is important to note that 3rd party media owner pixels may no longer work for any Safari conversions, unless they adopt their own solution to the prevention. In particular clients utilising an adserver to conditionally fire affiliate pixels might need to take a new approach. It might be that with this change along with other recent changes to functionality provided by tech vendors that your current ad tech solutions are no longer fulfilling the role they need to. If this is the case please reach out to us to discuss the options available to you.

TV

The endgame in the battle for Sky

The end game is almost here. Disney has until Sep 22nd to raise its bid for Sky, with Comcast currently leading the bidding war with their £14.75 per share bid. Disney/Fox have fallen behind at £14 per share. Does Disney have another big bid left in the bag? Or will it cede the fight to Comcast?

As it stands, Comcast's bid of £14.75 ($19.34) a share is at a premium to Fox's £14 a share. Now, the question is whether Fox or Disney, which is acquiring Fox's 39 percent stake in Sky, will top Comcast's offer. Comcast isn't likely to concede though. It has filed formal documents for Sky, whose shareholders have until 22nd September to decide whether to tender their shares to Comcast. Once Comcast gets to 50 percent plus one share of Sky, it will own a majority of the European pay-tv provider.

Unless Fox increases its offer for Sky, it's possible that Comcast will end up with Sky, while Disney walks away with Fox's entertainment assets, thus carving up Murdoch's media empire.

Love Island 2018 finale peaks with 4.1m viewers

The Love Island final has helped ITV2 reach record-breaking viewing figures with a five-

minute peak of 4.1 million people tuning in to watch Dani Dyer and Jack Fincham win the £50,000 prize.

The fourth series had an average audience of 3.6 million people, the highest ever for the channel, according to BARB. This is an extra 1 million viewers compared with last year's final. The second series finished with 1.4m, and the first series in 2014 had 800,000 for the final episode. ITV2 attracted 1.6 million 16- to 34-year-olds last night, and had 1.9 million simulcast requests on the ITV Hub, its on-demand platform.

The broadcaster said that Love Island has been the most-watched show on a digital channel ever for this hard-to-reach younger audience. It also confirmed that Love Island will be back for another series next year.

VoD

All4 Dynamic TV

All4 have a brand new product which has just been released, called 'Dynamic TV' a data led creative in the form of a bespoke skin that encases standard pre-roll. This is interesting for our clients as it can run across more of the inventory and you can have thousands of bespoke creative executions served in real time.

Dynamic TV allows brands to create bespoke ad formats which can be delivered to audience segments using data across TV, mobile and desktop VOD platforms. Targeting options include geo, cross platform sequential, weather and time of day and date.

BBC, ITV and C4 in talks for unified streaming service

The BBC, Channel 4 and ITV have entered into early discussions about the possibility of joining forces against rivals Netflix and Amazon, in what experts have branded a positive move for the media industry. Should the project go ahead, it would see the broadcasters combine their three separate on-demand and catch-up platforms – BBC iPlayer, ITV Hub and All 4 – into one unified online streaming service.

The proposal looks to be a revival of Project Kangaroo, a proposed online video collaboration between BBC, ITV and Channel 4 that was blocked in 2009 by the Competition Commission. The media landscape has evolved significantly since then and, with Netflix and Amazon creating unprecedented competition, the broadcasters appear to see fit to brush off the dust and reinitiate the project.

Radio

RAJAR Q2 Results

The UK population continues to listen to more commercial radio each week than BBC stations, with commercial radio posting 35.5 million listeners compared to the BBC's 34.55 million listeners. BBC radio stations have continued to lose listeners this quarter, with nine out of 13 stations recording declines. The BBC have said the loss in listenership is mostly due to a quieter news agenda in the second quarter of this year, compared to significant events last spring. At the BBC, digital stations 1Xtra, Asian Network, World Service and 5 live Sports Extra were the only national services seeing their audiences rise this quarter.

Digital listening has also seen a major boost. Listening has increased year-on-year to 50.2% share, up from 48.7% in Q2 2017; this figure has been helped by the growing popularity of digital-only stations and the growth of digital listening in car and in the workplace. Most of the UK now has access to over fifty DAB stations and in some major cities over seventy.

Cinema

Cineworld Launch ScreenX

Cineworld has unveiled its latest exciting innovation in screen technology, ScreenX – the world's first mutli-projection system used within a theatre setting. It offers a 270-degree panoramic viewing experience by expanding the screen onto the side walls of the

auditorium. This creates a fully-immersive experience which will pull moviegoers into the world of their favourite films like nothing before.

The technology has been installed in three sites currently in the UK, The O2, Speke and Leeds, but will be rolled out across 40 sites nationwide in the next few years.

Previous films which have utilised the ScreenX technology include Black Panther, Rampage and Kingsman: The Golden Circle. Upcoming releases included Aquaman, Shazam! and The Nun.

Search

Ads for products being promoted by competing CSEs are now allowed to show in the Google Shopping carousel in the UK (and possibly other EU countries). The inclusion of ads from competing CSEs is part of Google's response to an antitrust ruling and massive fine issued by the European Commission last year.

Google Shopping has since established itself as a distinct business in the EU. In a new structure it then bids against other CSEs in the ad auction to give the competing engines "equal treatment" as mandated in the ruling. In the US and other non-EU markets, individual advertisers compete within the Google Shopping auction.

A merchant's visibility on Google Shopping in EU markets will now depend on how well it performs for Google Shopping and any other CSEs on which it purchases ads. This is in addition to its bid and the CSE's evaluation of its expected performance for a given query. Because Google is bidding against other players, it will likely bid only as high as is profitable for it as a marketer which will likely lead to advertisers purchasing lower cost inventory and increase share of voice.

Paid Social

Almost a year to the day since Facebook launched *Watch* in the US, it's been rolled out worldwide. *Watch* is an alternative video only feed which gives Facebook users a place to

discover shows and creators, and start conversations with friends, fans, and the creators themselves. According to Fidji Simo, Facebook's vice-president of video, *"Watch is built on the notion that watching video doesn't have to be a passive experience",* to help viewers interact with one another.

Widely touted as Facebook's response to YouTube in the ever raging battle between the digital duopoly, there is also the suggestion it may compete against traditional TV channels and online outlets such as Netflix. In the US big name stars such as Jada Pinkett Smith and Bear Grylls have created exclusive show style content in a partnership which sees any advertising revenues split 55% to the content creators and 45% to Facebook.

Advertising break opportunities, whilst initially limited to select publishers, will be available to all content creators who meet certain criteria such as: video length exceeds 3 minutes, channels have more than 30k viewers whom watched content for more than 1 minute in the past 2 months, and they have a minimum of 10k followers

The advertising itself will be in-stream video placements which must be between 5-15 seconds in length.

What does this mean for advertisers?

The consumption of video content online is only going one way, and every move Facebook makes in this space is a clear indication they want to have the go-to platforms; IGTV serves the exact same purpose as *Watch*. But there are two big intertwining questions which need answering:

Can Facebook reinvent user behaviour on the platform, and get users to come to view long-form or episodic content?

Facebook's US data suggests yes, with 50 million people using *Watch* each month with time spent increasing 14x since the start of 2018. But Facebook are hardly going to offer any other impression about *Watch's* success, and multiples can be misleading compared

with actual figures. A recent study by the Diffusion Group in the US suggest 50% of adults had never heard of *Watch* and GroupM research shows only 17% of Facebook video in the UK is watched beyond 5seconds; this will be an up-hill battle.

If Facebook can achieve this, advertisers are looking at a reduction in CPMs and an increase in penetration as available inventory increases. Media agencies will also need to ensure AV plans are holistically connected both on and offline if user behaviour in both mediums is to make appointments to view, especially if TV channels are to become *Watch* publishers. There will be great opportunities to create a “water cooler” effect.

Will Facebook get the creative to challenge YouTube and help drive this change in user behaviour?

Based on the generous revenue split creators will look to Facebook as a means of earning money when creating new content, and make it bespoke for the channel. When great content inevitably begins to launch exclusively on Facebook, there will be significant opportunities for brand partnerships and impact through creative association.

That said, with Facebook loosening the reigns on which publishers can offer advertising, agencies must be conscious that not all creative will be premium. With targeting options being behavioural and not contextual brand safety must be of paramount importance and kept at the forefront of any proposed campaigns.

It’s too soon to tell what the effect of *Watch* will be, but it’s certainly an area to watch.

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