MEDIACOM

BLOG

Market Update Q1 2020

INSIGHT MEDIA UK

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CINEMA

2020 Awards Season – Netflix or Notflix?

Not only does the awards season continue to remain a significant cultural event reported on by the media, it generates additional revenue for the cinema industry while attracting a more upmarket audience. Kicking off 2020 was this year's Golden Globes on January 5th. While Quentin Tarantino's *Once Upon A Time in Hollywood* won the most awards that evening, *1917* pulled off an upset by winning Best Motion Picture – Drama, and Best Director for Sam Mendes.

The nominations for the BAFTA's were announced to much controversy this year over its lack of diversity, leading to #BaftasSoWhite trending on Twitter. Despite rules introduced to encourage more diversity within the nominations and the addition of a more diverse voting committee, not a single non-white actor was nominated in any of the acting categories.

When the Oscar nominations were announced, it was *Joker* that scored the most nominations after grossing over a billion dollars worldwide. Notably, Netflix was the studio with the most nominations, gaining 24 nods for films such as Martin Scorsese's *The Irishman* and *Marriage Story*, a divorce drama starring Adam Driver and Scarlett Johansson. The on-demand subscription service is eligible for the awards as they premiere their films in a limited number of cinemas for a short time, after which it puts the movies exclusively onto Netflix.

Netflix's dominance at the Oscars has been deemed by some critics to be a threat to the cinema box office, claiming it will take audiences out of the cinema by encouraging them to watch new films at home. However, the statistics simply don't reflect this hypothesis, with the rise of Netflix coinciding with a period of growth in the UK cinema. 2018's admissions were the highest Britain has had since 1970.

In addition, the Netflix films nominated are 'quality' films that would never achieve the blockbuster status of the year's biggest studio successes like *Star Wars* and *Avengers: Endgame*. Critics even suggested that *The Irishman's* gargantuan running time of three and a half hours and its underwhelming performance during its limited run indicated that the film would have been a flop had it had a traditional cinematic release.

Boosted by the excitement surrounding the awards season, 2020 has got off to a great start with a 25% revenue increase on the same period last year. While massive blockbusters like *Star Wars* contribute a large portion of this increase, award contenders are also drawing a mass audience, with *1917* opening at number one at the box office. Award-nominated films are especially engaging to ABC1 Adults, who say they are 30% more likely to watch a film at the cinema if it had been nominated for awards. Award-nominated titles have a much higher share of affluent cinemagoers than the average film, while also creating an uplift in revenue for boutique cinemas such as Curzon, Everyman and Picturehouse.

By Christian Butler

DIGITAL DISPLAY

Moving Away From 3rd Party Cookies into a New Age

With the recent news that Google plans to kill off all 3rd party cookies in Chrome 'within the next 2 years,' the digital ad industry is shifting into a new age, an age in which marketers around the world are scrambling to overhaul the age-old reliance on 3rd party data to track and target users.

Google's announcement doesn't come as a surprise, with both Safari and Firefox already blocking 3rd party cookies. With Google Chrome's market dominance, it now means over 80% of web browsing will soon be 'almost' impossible to track. This isn't necessarily a bad thing, with many considering it a step in the right direction to ensure user privacy online. However, as DigiDay pointed out, despite Google putting out a call for input within the industry, both marketers and publishers are feeling excluded. Rather than partnering with standard advertising industry groups like the IAS, Google has partnered with the World Wide Web Consortium (W3C). W3C is an industry group that has very little participation from marketers and publishers.

Back in August, Google launched Privacy Sandbox, an initiative to help shape how behavioural advertising on the web without 3rd party cookies could exist. They invited all members of the industry to comment on how change can effectively made. Whilst Google's seeming commitment to bring together the broad-church of online media to comment on ideas moving forward, it has been met with some skepticism. Many are wondering whether the biggest advertising company in the world should be the one ultimately responsible for shaping the digital landscape, as it could quash competition in the process to better suit their bottom line.

The shift from 3rd party cookies could ultimately mean changing how media agencies will plan and buy digital media. One of the biggest challenges faced by the change will be attribution. When it comes to performance marketing, attribution modelling has heavily relied on 3rd party tracking to determine a weighting that each channel has played in a conversion. This change will mean that marketers will have to rely more heavily on last touch conversions, a model which heavily upweights the value of bottom funnel channels like PPC, whilst down weighting the value of more mid-funnel channels like Social and Display Prospecting. Without a viable attributed solution, some marketers may want to move their digital budgets toward PPC and away from social and display.

Additionally, the change will likely mean publishers will begin to make a stronger play on their 1st party data capabilities in a bid to edge out the competition. Without the relevant audience insight that 3rd party cookies can provide (e.g. what content a user has been browsing on the web), media buyers will need to rely more heavily on 1st and 2nd party data, to ensure that they continue to reach the right audience at the right place and time.

Through all of this, it is still important to keep in mind that there is no deadline within the two-year window that Google have outlined. Two years is a lot of time in the digital ad industry and a lot can change between now and then. If you are unsure about the potential implications of changes to 3rd party cookies and what it may mean for your client, please reach out to your relevant digital contact.

By Chris Maher.

VOD UPDATE

Finecast gets seal of approval from PwC

PwC have now successfully completed the quality assurance process, across Finecast, giving them verification of a hugely respected third-party auditor. The main purpose of this was to ensure Finecast were in alignment with all legal and ethical requirements and covered campaigns across supply chain, delivery and reporting. They concluded that all correct management procedures and company commitments were being met. Following the success of this audit, Finecast have been defined as an organization committed to upholding quality addressable TV campaigns for their growing client base which is fantastic news.

Finecast came into being as the TV market continued to adapt as audiences and consumers watched on multiple devices at varying times of the day. As the UK Managing Director of Finecast, Harry Harcus, says “Advertisers have long relied on television to build their brands and sell their products, and they need trustworthy partners to help navigate the modern TV environment where linear TV viewing is declining, and viewing is fragmenting across a growing universe of on demand platforms.”

It was important to create a product to align with this ever-evolving marketplace and Finecast allows us to deliver targeted ads across multiple broadcasters, connected devices, set top boxes, and game consoles. Also, unlike many other video-on-demand providers, they have access to a wide variety of inventory including Sky, Virgin, Channel 4, Channel 5, and BT. Consequently, Finecast has become a one-stop shop for enhanced targeting across premium broadcast on-demand content and they continue to grow in strength. From their initial introduction into the market in September 2017, they’ve now reaching an estimated 50% of UK households.

Another huge benefit to using Finecast is their ability for advertisers to target viewers with greater precision. They do this through their access of different targeting segments from socio-economic to life stage, purchase and financial data. This helps advertisers reach viewers which traditionally have been considered hard to reach.

This PwC approval is brilliant news for Finecast and it will be interesting to see how competitors adapt in this ever-changing market. If you’d like to see the full PwC report, please read more here:

https://finecast.com/app/uploads/2020/01/Finecast-methodology-and-PwC-opinion-2019-

FINAL.pdf

Disney Plus

One highly valuable product coming to the UK in late March, is Disney Plus. Disney Plus launched in North America in November of 2019 and is a subscription-based streaming service. Everything featured on the application will be Disney content and will be available for £5.99 monthly or £59.99 yearly. Disney Plus was originally announced in 2017.

They've already seen quite a bit of success as it was the most downloaded app in Q4 last year in the US. In terms of original content, Disney have certainly kept up with the demand of Netflix and Amazon, with the release of 'The Mandalorian' which was highly praised by critics, this might also explain why Disney Plus is being released sooner than planned in the UK, as more people by the day are trying to download the series on pirate websites.

Disney have begun pulling some of their content from other streaming sites to incentivise consumers to shift across to their own platform. To rival their competitors, Disney have heavily invested into this project and by the end of 2020 they're hoping to have 90 million subscribers. To emphasise their optimism, we can compare them to the market leader: Netflix. It took Netflix 9 years to reach the 90 million subscriber mark, whereas Disney are planning on achieving this at the end of their first year. Some may say that this is an unrealistic target, however given the volume and quality of their content you would not bet against them!

By Max Beavis

OUT-OF-HOME UPDATE

2019 Review & The Year Ahead

OOH is the fastest growing traditional media and demonstrated growth of close to 8% in 2019, largely fuelled by on-going innovation and continued investment into Digital OOH. This isn't solely a UK phenomenon, but a global trend. GroupM estimate that for the first time this years spending on OOH is set to overtake newspaper ad sales; and by 2024 it will exceed both newspapers and magazines combined. DOOH is driving this growth, the UK is the most digitised country in the world with well over half of OOH spending now on digital sites, despite them accounting for less than 20% of all inventory.

With the continued development in DOOH the buzzword for 2019 was "automation". Media partners such as JCDecaux and Ocean Outdoor developed their respective platforms to deliver this. At MediaCom our Trade Desk has gone from strength to strength delivering real-time buying for the first time via a DSP.

The acquisition of Outdoor Plus, Primesight and Exterion by Global was one of the biggest news stories of 2018, with 2019 seeing the introduction of Global Outdoor which was the amalgamation of those companies into the Global fold. This consolidation was expected to speed up new technology and trading opportunities, and indeed we have just seen the rebranding of DAX to be a "Digital Advertising Exchange" which claims to allow advertisers to buy data-driven campaigns across DOOH and digital audio – for now watch this space!

The banning of advertising HFSS (High Fat, Salt & Sugar) products on TfL inventory was another big announcement for 2019, and resulted in many clients having to re-think their OOH plans. TfL maintain that advertising revenues haven't suffered since the introduction of the junk food advertising ban, although in the context of overall OOH growth this is uncertain. Advertising on TfL inventory has always been closely scrutinised and along with junk food, body image is a huge concern and this year we may also see the banning of gambling advertising on the network amongst other things

With OOH moving from strength to strength, further growth of 5% is expected in 2020, along with increased development in the automated buying of DOOH. Perhaps we should not lose sight of the more traditional "paper and paste" OOH advertising though. There is a continued reduction of billboards in the market, triggering longer lead times and more competition. But with an indication from Route that new DOOH screens being measured are not necessarily adding significant incremental reach and rather are clustering in areas where other digital screens are already in existence. Perhaps in 2020 we need to re-focus our attention on the more traditional OOH strengths such as driving mass awareness and delivering fame.

Finishing on a hot topic, the importance of sustainability is only increasing, with customers more likely to pick a brand if it has a good record of sustainability. In the OOH market we're playing our part with, amongst other strategies, a shift to the use of LED lighting, using renewable energy, more focus on the recycling of paper and plastic poster waste and media partners like Clear Channel who are planting trees in urban areas as part of their mission to be a "Platform for Good". Here at MediaCom our OOH team is part of the Green Team and sustainability in OOH will be a major focus in 2020.

By Hannah Cooper

PUBLISHING UPDATE

The Telegraph withdraws from ABC as it concentrates on growing its digital subscribers

As you may have seen in the trade and wider press, Telegraph Media Group has said the ABC results published as of 16th January will be the final set of results the group will take part in as it withdraws from the ABCs. This is not to say that The Telegraph will not be audited at all, it has just decided it will be independently audited by Price Waterhouse Coopers rather than ABC.

Whilst The Telegraph remains one of the highest selling quality newspapers it feels the ABC metric is no longer an indication of their success, as it aims to concentrate on its digital platforms, and in particular its subscription strategy.

The Telegraph Group has long been focussing on a subscriber first strategy underpinned by long term investment in digital transformation. So far, this has certainly paid off with its digital subscriptions growing 44% during 2019 and for the first time the number of digital subscribers has outgrown print. (Digital 213,868 subscribers vs print 209,443).

While The Telegraph won't be reporting on ABC's they will be transparent with their subscriber numbers, which are omni-channel and will be communicated each month. The last audit took place for the period ending Dec 2019, results provided above. The next audit will take place in March 2020 and will represent both print and digital volumes as well as average revenue per subscription.

Latest Industry View

Both the IPA and ABC are disappointed by The Telegraph's decision to pull out of ABC.

They feel that the ABC is an industry supported JIC (joint industry currency) and produces transparent and trusted data which is essential for newsbrands trading.

While both the IPA and ABC understand The Telegraph's wish to promote their growing subscription numbers they would prefer them to do so via an industry agreed ABC standard.

MediaCom View

Clients are focussing more on an audience first marketing approach and so agencies have had to delve deeper into channel performance and ultimately look at the where, what and how of audience consumption. This goes a lot further than ABC data.

While recently circulations have shown slow declines circulation and ABC data is only one measure of success traditionally used for trading. Meanwhile PAMCo – which replaced the National Readership Survey in 2018 is audience based and measures the multi-channel readership of a number of newspaper and magazine brands – data which is more valuable for planning effective Publishing campaigns.

The Telegraph's decision to pull out of ABC is not necessarily a good thing but it's also not the only valuable thing as agencies and advertisers alike look beyond this data. There are many metrics to quantify a Publisher's success. Readership, engagement, context, and trust are also all-important factors.

What The Telegraph have done is look for their own positive story to hero the media channel. If anything, reporting on subscriber data just means we are aware of loyal readers who have a devoted interest in the brand and its content, in turn being more receptive to advertising.

Implications for Advertisers

While The Telegraph have moved out of ABC it will still be audited by a reputable source and not affect our planning or spend with The Telegraph. It may just mean the way in which we trade with The Telegraph will be different as we look to prioritise readership data. While this is not necessarily the wrong data it will mean it's not comparable with other publishers and therefore difficult to quantify cost effectiveness versus the rest of the market. Unless of course the industry moves to a trading model that looks at readership data over and above circulation.

By Emma Brodgen

RADIO UPDATE

Global adds Digital Outdoor to Audio offering on DAX

Global is making its Outdoor inventory available on DAX, and in turn has rebranded from Digital Audio Exchange to Digital Advertising Exchange. This development will allow advertisers to buy data-driven campaigns across both Digital OOH and Digital Audio.

Following the acquisition of the OOH agencies Exterion Media, Primesight and Outdoor Plus, DAX have rolled out 954 digital screens across the country. This expansion has increased the potential reach to 51 million people each week after adding the OOH inventory, a significant increase from the previous figure of 27 million.

A key benefit of DAX moving into OOH is that it will allow brands to reach audiences at scale, rather than focus on specific sites or locations. This will give our MediaCom brands the opportunity to interlink media campaigns in a programmatic, highly targeted way, with the option of synergising our target audiences across different media platforms. In turn, this should mean less waste and more efficient targeting across campaigns as a whole.

By Freddie Jackson

SEARCH UPDATE

What Dominated our PPC Agenda in 2019 and this Year’s Developments

Automation was and continues to be a topic that is dominating the Search space. It also happens to be a wide field: for example, there is automation and machine learning via platforms like Google Ads (think Optimisation Score) and there is the automation of parts of (mainly operational) processes media agencies run through. Human supervision is often being the key to ensure automated elements of Search performance management are working as intended; it is interesting to notice that options arise to relax this to a degree, by giving a Google Ads account permission to action certain hygiene tasks automatically without further human interaction. This certainly requires confidence in methodology and set-up as well as the ‘intelligence’ of a machine.

After Google’s Responsive Search Ads (RSA) launched as a beta in 2018, it saw adoption rates growing quickly last year when it became available via Microsoft Advertising too. Knowing how much click-through rates are impacted by ad copy that closely matches a Search query, RSA allows to dynamically test multiple ad titles and description lines. It can be described as a quick way of letting the machine work out the best copy combinations and may even eradicate the need for traditional A/B testing.

Google Ads (previously AdWords) will celebrate its 20th anniversary this year and Bing is also already a decade old. Some of the key account building blocks (like keywords) have not changed since those early days, but refined audience targeting has been the strongest performance driver for the past few years, avoiding media spend wastage as much as possible. New audience segments such as Google’s affinity and in-market audience lists are continuously launching, and having the ability to share these across the wider Google ecosystem makes them particularly attractive.

Search practitioners are used to evolving platforms with user interface refreshes, but it was a real departure from a metric that had featured in every performance report since AdWords was born: Average ad position. Google decided to deprecate it and replace it with the more meaningful Impression Share. That shift had consequences and meant in certain instances changing automated bid management rules or forecast metrics. Microsoft initially confirmed to hold on to average position but then recently announced to also drop it for impression share metrics. It is not surprising that this change has been met with little resistance, meaning we instead focus on metrics that give better insight into presence above the Search engine’s organic results.

Whilst Automation and Audiences are continued popular industry-wide topics, other 2019 news saw more of a shooting star appearance like Google’s Gallery Ads – a swipeable, image-based ad format appearing on mobile phones for certain products like cars. The idea being that users are provided with immediate access to product information before they even click through to a landing page. Probably not the most successful beta Google ever launched, but there will no doubt be more image enhanced ad format tests this year.

Search being a complex beast, we will also drive continued discourse on topics like voice and visual Search, cross-media and cross-platform integration, and KPI metric evaluation and potential overhaul (particularly in the face of continued CPC inflation).

By Claudia Ziegenbein

PAID SOCIAL UPDATE

A look at the Social market: Let’s take this inside

Facebook’s family of apps is ever-growing, allowing them an agility their counterparts can’t match. In 2019 Zuckerberg explicitly admitted moving toward a privacy-focussed platform. Recognising the changing behaviours of users, led by a new generation, Gen Z, Facebook has made several big changes as it tries to regain the public trust that’s been missing in recent years. In 2019, changes included the decision to remove ‘likes’ from Instagram. Instagram stated their intention saying, “We want your friends to focus on the photos and videos you share, not how many likes they get” – a change prompted by ongoing criticism of the platform regarding bullying and mental health issues.

While perhaps not intentionally, this did raise an issue for Influencers. In 2020, brands will now need to find creative ways to partner with influencers to prove ROI. This lends itself perfectly to our own MediaCom offering ‘Influencer Lite’ where our focus is on delivering business outcomes instead of vanity metrics.

Facebook also recognises that people increasingly want to share privately. Facebook won’t lose users due to this, thanks to their ‘family of apps’ which includes Messenger and

WhatsApp. What they may lose is eye-balls and time spent in the Feed. Advertisers like to reach as many users as they can and if they can't do this on Feed, will it mean lost ad dollars for Facebook? If so, where will Facebook find their revenue in 2020?

You'll have heard about Facebook's cryptocurrency and maybe even their stand-alone private messaging app Threads. However, in 2020 Facebook will look first to eCommerce. Checkout on Instagram has already been launched meaning users can, check out on Instagram directly. As users become more confident buying online and expect an easy path to purchase, this format seems fitting. The likelihood is that brands will love this new opportunity and Facebook will be there to pick up their "selling fees" when they do. Facebook do not yet have a payment method but with cryptocurrency on the horizon there have been articles suggesting a Facebook coin could be used to send money across its apps giving it more of a WeChat model.

It seems the Social world is moving indoors. Tell that to TikTok! Coming seemingly from nowhere, this new disruptor platform is now reporting 500m users worldwide and over 1m videos viewed every day, but brands aren't backing it just yet. If Facebook's 2019 was about privacy, private-sharing, security and transparency then TikTok's was quite the opposite. They came with a brash and, to-date, unapologetic explosion into the market with a mass reach strategy that flew in the face of what our users were telling us.

Currently 2020 is unclear for TikTok, particularly until they sort out brand safety concerns and provide greater transparency with agency and client partners. Will any brand be brave enough? A few have jumped first and they'll either sink or swim. Watch this space.

By Chris Pattinson

TV UPDATE

Young TV audiences: A decade in review

The ‘Death of TV’ has been heralded for years! Yet in the last decade TV has maintained its almighty power and still reaches 94.9% of individuals in the UK on a weekly basis (Source: BARB) We cannot avoid the facts: Traditional, linear TV audiences are getting older, and younger audiences are watching less TV. But it’s time to demystify the myth that TV is dead for youth……it’s just evolving!

TV impressions have declined by 48% for young audiences in the past 10 years. This is been largely due to changing viewing consumption of traditional broadcast content, unsurprisingly more apparent against young or ‘Gen Z’ demographics. There is a strong demand for programming to be accessed at any time or place, and this trend is not forecasted to slow down. If anything, this behaviour of consumption will continue to be adopted by future generations and as the current Gen Z age, will have a ripple effect on 25-54 audiences.

The migration of young audiences to streaming platforms such as Broadcaster VOD, Netflix, Now TV and Amazon Prime, is continuing, though at the heart of their media consumption is content. For the traditional TV broadcasters (ITV, Channel 4 and Sky) this is not the death of TV, but rather an evolution of the traditional TV model.

TV still has an impact for young audiences and in a recent Thinkbox study, TV (linear and BVOD combined) reaches 92.5% of 16-34 adults in one week (https://www.thinkbox.tv/research/nickable-charts/killer-charts/tv-advertisings-killer-charts/#download). They may not be watching in the traditional sense, but they still have an appetite for high quality broadcaster content.

Channel 4 and ITV Digital have been focused on creating younger programming. For Channel 4 in particular they are looking to maintain and grow their connection with young people – an increasingly hard-to-reach audience, as young viewers move towards on-demand content and platforms. Proof is in the pudding with Channel 4’s younger programming slate such as *SAS Who Dares Wins* and *Hunted* scheduled in Q1 and both are forecasted to do well for 16-34 adults.

The biggest success of the past decade for reaching young audiences has been *Love Island* on ITV2, which launched in June 2015. Love Island's 5th series ended in July 2019 with the finale was the most watched episode of the series. Popularity has continued to grow since it was first aired, with the last series being the most watched of any series, averaging 5.7 million viewers per episode, up year-on-year by 600,000.

Cashing in on the success of *Love Island*, ITV launched its new spin off, *Winter Love Island* in January. The first episode aired on the 12th January and was seen by 1.9 million 16-34 adults, five times more than the same programme slot across ITV2 on the 12th January 2019.

With success' such as this we can conclude that TV is not dead for 16-34 adults. Commercial TV and BVOD delivers scale and reach, long and short-term ROI for brands, and despite inflation is still highly cost efficient. As we head into a new decade of audio visual (AV) planning, getting the blend correct between linear TV and BVOD will continue to be key.

By Jade Carpenter

INSIGHT MEDIA UK