POV

2019 / 2020

MINDSHARE

MINDSHARE POV
2019 / 2020

2019 was a year of safety concerns, expanding ad formats and diversifying platforms. Instagram removed the ability to see likes as it became more aware of mental health concerns, YouTube created a safer space for kids and Apple continued to highlight its efforts to be seen as secure. Meanwhile, Facebook continued to conquer the world in terms of users, whilst Google released its cloud gaming platform Stadia. We saw the meteoric rise of TikTok, the latest social media sensation and podcasts were increasingly popular with brands and consumers – and companies and brands continued to diversify their content accordingly.

We've collected together a whole year of Mindshare 'Point of View' articles to give you a complete picture of how the industry evolved in 2019.

All POVs are written 'in the moment' and were correct at the time of writing. Things change fast in this industry, so we've also given you some trends to look out for in 2020 that we think will matter to your business.

2020
TRENDS

OM5G

5G is set to come to life in 2020. It has the potential to improve our lives in many ways, although one of the hurdles of 5G run devices is educating people on quite how impactful it has the potential to be. Many people have heard of 5G, but most don't know anything about it, yet the possibilities are so vast, from improving traffic controls to personal voice assistants. Whilst we might not all see the immediate effects of 5G in 2020, it is certainly on its way and the three year-long expected transition period will begin.

BODY TALKS

Wearable tech that records our health, voice assistants that can recognise our tone of voice, and facial recognition that can determine our mood are all technologies that have evolved and improved over the last five years. An influx of 'body talks' data, including physical measures, mood patterns, fingerprints and DNA, is expected in 2020. One obstacle for brands wishing to benefit from this data is the need to overcome how comfortable consumers are with how this data is used.

SUSTAINABLE FUTURES

You cannot have failed to notice the worldwide focus on sustainability that gathered pace throughout 2019. Whether led by Extinction Rebellion or Greta Thunberg, there is a new level of consciousness from the consumer about how their life and product choices impact the world. The economics will increasingly work for sustainable businesses and advertising can accelerate the current groundswell into a mass behavioural shift. As articulated by Global Chief Development Officer at Mindshare, Marco Rimini, sustainability can be the megatrend of the next 20-years in the same way that digitalisation has been of the last 20.

BRAND NEW WORLD

The digital world, mobile connectivity and a changing retail landscape are all causing consumers to re-think who and what they buy in to. Many people believe they are less loyal to brands than they used to be so brands will have to think hard about how they will earn customer loyalty in 2020, particularly as the commerce landscape gets more complicated - with more sales channels to consider. The future therefore looks bright for those brands that can fully understand their consumer across the entire retail ecosystem.

AD BREAKS?

2020 will focus on ads that have more subtle and integrated solutions and find new ways to engage with people-generated content for authenticity - such as reviews and recommendations. Many people agree that reviews and recommendations from other people are much more likely to influence them than an ad for the product. Relevancy – of message, mindset and moment – will be increasingly important to make advertising more appealing to the consumer. A genuine and consistent approach to brand values will result in more thoughtful connections between consumers and brands.

LIVING THE STREAM

On-demand entertainment is a future that most people find appealing and with 5G gaining traction streaming is here to stay but many young people aged 16-34 can imagine themselves not watching 'regular' TV in 5 years' time. Streaming has shifted attitudes in favour of ad-free platforms so ultimately brand, content and user experience will all need to merge to deliver on the viewer's terms and we can expect new opportunities for brands to engage people through strategic partnerships and product placement.

JANUARY

APPLE APP STORE RECORD & Q1 WARNINGS

BACKGROUND:

Apple kicked off the New Year by announcing a new single-day spending record on the App Store, which was good news for the tech giant since the share price had taken a bashing after revealing weak sales in China.

IMPLICATIONS:

Apple ended 2018 with record-breaking sales on the App Store, with customers spending over $1.22bn between Christmas Eve and New Year's Eve alone. On January 1st, customers set a new record for the App Store, spending $322mn on a single day – as they loaded up their shiny new Apple devices or cashed in their iTunes gift cards from the holidays.

According to the Apple Newsroom: "The App Store helped drive Services revenue to an all-time record in the holiday quarter. Apple services set new all-time records in multiple categories, including the App Store, Apple Music, Cloud Services, Apple Pay and the App Store's search ad business".

Within the App Store, Gaming and Self-Care were the most popular app categories over the holidays. Fortnite, of course, was one of the most downloaded games alongside PUBG, Brawl Stars, Asphalt 9 and Monster Strike. With wellness trends taking over a variety of industries, it's no surprise to see that the self-care category brought Apple record revenue this holiday season. In addition to Gaming and Self-Care, apps the Productivity, Health and Fitness, and Education categories are already gaining traction as consumers start 2019 with New Year resolutions.

However, in advance of Apple's anticipated Q1 2019 earnings results, Apple CEO Tim Cook issued a letter to his investors lowering initial projections by around $9bn and more than 7% lower than initially predicted (which went from a high of $93bn to a new projection of $84bn). The reason for a lower Q1 projection includes: "lower than anticipated iPhone revenue, primarily in Greater China."

On the back of the announcement, Apple shares plunged 7% to $147 after market close on Wednesday 2nd and another 9.5% to $142.88 on Thursday 3rd. The shortfall in Apple's revenue is largely from its flagship iPhone device as other products including Mac, Apple Watch, iPad and its Services, grew by 19%. A strong US dollar, supply constraints and economic weakness in emerging markets were a few of the other issues Apple faced this quarter.

SUMMARY:

Smartphone numbers across the industry were down in 2018. We can see Apple slowly shifting its strategy away from generating iPhone revenue and instead focusing on growing revenue from services like iTunes, the App Store, Apple Pay, iCloud, Apple News and its upcoming video streaming services. It's clear that Apple's Services sector will be important for its business and will create a much more sustainable revenue stream than hardware sales – which tend to peak at launch and then drop off as time passes. Whether Apple will be able to do anything about market reaction to lower than expected hardware sales remains to be seen but stronger Services revenues will help for sure. It's an interesting year ahead for Apple.

CES 2019

BACKGROUND:

The Consumer Electronics Show (CES) took place in Las Vegas this week, drawing the world's leading consumer technology brands, all showing off their latest and greatest inventions.

IMPLICATIONS:

Three key themes were:

Infrastructure: Tech elements that will support and enable the next round of tech innovation. 5G wireless will achieve speeds up to 100x faster than 4G and cloud computing to store the data, applications, etc. will fuel new products, services and experiences.

Intelligence: Artificial intelligence is increasingly interwoven into all technology enabling faster decision making, better personalisation and greater relevancy.

Interconnectedness: Getting devices and technology to work together is a problem that still vexes the industry. Large and small players are aggressively working to be the default 'OS' that wins this challenge.

Here are some of the highlights:

5G: The 5G network, anticipated to roll out in the USA in 2019, is expected to transform a variety of industries including: transportation (driverless cars), medicine (remotely controlled operations), and personal entertainment (faster downloads/ streaming). For remote workers hampered by low bandwidth, 5G routers could be a game changer – the D-Link 5G NR Enhanced Gateway Router will provide 'speeds up to 40x faster than the fixed broadband speed in the U.S.'

Sound & Vision: Voice is making its way into everything and is becoming even more accurate and personalised. It has crept into even the most personal moments with the Kohler's Numi 2.0, an intelligent toilet with built-in Alexa. Vision at CES saw screens of all sizes becoming more physically flexible, so we may start seeing them in newer places. VR, on the other hand, still looks for a compelling case beyond gaming and entertainment.

Health & Wellness: The Health & Wellness industry is a huge business ($4.2tn, globally). Tech is pivoting from monitoring health to enabling wellness and offering not only 'diagnosis' but suggested action. Consumers view health data as extremely personal (and valuable); discussion around right of consumers to own (and profit from) that data is proliferating. Wellness is now an all-encompassing term.

Transport: Transportation will look different in the future. Personalised modes of transport and transport that converts easily from a passenger vehicle to a freight vehicle will be common. Transport will be more autonomous and safer. Autonomous cars will be more efficient, and the in-vehicle experience will make entertainment a focus.

Smart Homes & Cities: Companies are competing to be the central home control/ coordinator. Google, Amazon, Apple and Samsung appear to be leading. But smaller niche competitors are also in the space. Voice control is a key accelerant of the smart home. We no longer need to build smart cities from scratch as new tech is being created to turn 'analogue' buildings 'digital' and the tech we use to control our homes will also extend to the way in which we look after our pets.

SUMMARY:

The largest trade show in the world, CES is where the tech industry showcases what the future may hold. Expect personalisation to further encompass our lives and smart homes to become the norm.

COALITION FOR BETTER ADS UPDATE

BACKGROUND:

The Coalition for Better Ads (CBA), formed by trade associations and advertising companies to improve consumer experience of online advertising, has announced that it will expand the Better Ads Standards for desktop and mobile web to all countries and regions worldwide.

The move coincides with Google expanding Chrome's ad blocking of non-CBA compliant ads globally from July 9th, 2019. Chrome has been blocking these ads in North America and Europe since February 15th, 2018.

IMPLICATIONS:

GroupM is one of 50 Charter members of the Coalition for Better Ads, along with the ANA, WFA, 4A's, EDAA, IAB, NAI, P&G, & Unilever and as such fully endorse the Better Ads Standards.

The Better Ads Standards are based on 66,000 consumer surveys in 17 markets, representing over 70% of global online advertising spend. The statistically consistent findings across geographies confirm that consumers everywhere find the same ad formats to be annoying.

Desktop ad experiences that fall beneath the initial Better Ads Standard include: pop-up ads, auto-play video ads with sound, prestitial ads with countdown and large sticky ads.

Mobile web ad experiences that fall beneath the Standard include: pop-up ads, prestitial ads, ads with density greater than 30%, flashing animated ads, auto-play video ads with sound, postitial ads with countdown, full-screen scroll over ads, and large sticky ads.

GroupM best practice has been to avoid these ad formats since the beginning of 2018, when Chrome began blocking all advertising on sites using these formats in North America and Europe.

This announcement signals the expansion of the program to all regions. Google has confirmed that global Chrome ad blocking for Better Ads violators will commence on July 9th, 2019. This grace period is to give sites time to comply with standards but Mindshare teams will be avoiding investment with sites using the 12 current sub-standard display ad formats effective immediately.

SUMMARY:

This expansion is a welcome shift towards a user-centric ad experience. Mindshare is committed as part of GroupM to the Coalition for Better Ads, as we believe that a user-first approach yields better results for our clients' investments.

MICROSOFT PROJECT XCLOUD

BACKGROUND:

Microsoft's Project xCloud is a new streaming service for gaming which aims to deliver high-end, blockbuster gaming experiences on multiple devices. It is being hailed as 'Netflix for Games' by Microsoft CEO Satya Nadella.

IMPLICATIONS:

Similar projects to deliver cloud based streamed gaming experiences already exist at Google (Project Stream), Nvidia (Geoforce Now) and Sony (Playstation Now) amongst others and both Amazon and Verizon are rumoured to be developing offerings.

This is big news for gamers and advertisers alike. First announced last year, xCloud removes the need for an expensive gaming unit and instead promises to unlock console quality gaming on any device by allowing you to stream high-end video games anywhere.

Think of it as a way to bring the separate experiences of console gaming and mobile gaming together. Xbox leader Phil Spencer said: "there are 2 billion people who play video games on the planet today. We're not going to sell 2 billion consoles. Many of those people don't own a television; many have never owned a PC. For many people on the planet, the phone is their computer device."

Project xCloud aims to lower the entry barrier to high quality gaming and enable brands to reach new audiences. For advertisers, more games and more gamers means more opportunities whether that is bespoke game creation, in-game purchases or content creation around games. The global gaming market was estimated to be worth $137.9bn in 2018 (Newzoo), with over half of that coming from Asia. In-game revenue is a huge business globally with brands able to enhance gameplay by offering unique and limited edition brand content in-game.

xCloud and the other cloud-based gaming projects could also finally see the rise of VR gaming. VR has had two main hurdles; the cost of the hardware and the lack of good, high quality content. New VR gaming content from Microsoft could open a whole new world of content opportunities and drive use and adoption of VR headsets.

On the hardware front, the introduction of high speed 5G networks will free devices from having to do all the processing, enabling the streaming of VR experiences and so the cost of entry to VR around the hardware should fall. Even before 5G arrives, Microsoft has plans to offset speed issues by harnessing its worldwide data centers, matching players geographically with the connection closest to them to ensure there is no lag – the curse of gaming.

There is plenty of competition, but Microsoft is a big player in the market through Xbox and marquee games including Halo and Forza, not to mention its existing Xbox Live connected gaming platform that has 59m monthly active users globally.

SUMMARY:

Mobile gaming, console gaming, eSports and game streaming all offer different and unique opportunities for brands to embrace with a highly valuable and engaged audience that is only going to continue to grow. The new battleground will be cloud based gaming services – which is good news for any brand wanting to connect with its consumers around this content.

FEBRUARY

FACEBOOK INTEGRATES INSTAGRAM, WHATSAPP AND MESSENGER INFRASTRUCTURE

BACKGROUND:

Facebook has announced plans to integrate the messaging infrastructure of its hugely popular services WhatsApp, Instagram and Facebook Messenger into a singular product intended to deliver "the best messaging experiences".

IMPLICATIONS:

The Facebook-owned apps (used by 2bn+ people on a monthly basis) will continue to remain distinct from each other, but the move will seek to streamline and improve the consumer experience by allowing chats to cross between the products all within an end-to-end encrypted environment. The changes won't be complete until the end of 2019 or 2020.

The move is the latest step taken by Facebook in its integration of WhatsApp into its ecosystem. In 2016 this stance shifted so that WhatsApp shared some user data with Facebook. The latest change will allow Facebook to advance its own growth plans and at the same time increase user adoption and daily usage.

Facebook has recently come under pressure to provide assurances about data, including its security. This move allows it to adopt WhatsApp's end-to-end encryption technique across the unified messaging app, delivering a messaging platform that's both reliable and private.

As well as improving user experience and data protection, the change could also allow Facebook to look at how it can leverage the data from the combined back end into new advertising offerings.

No details about the possible ad products that could be created using this data have been revealed by the company, but the market perception is that it will result in Facebook collecting a higher volume of accurate user data that it can leverage into advertising products.

For example, better visibility on data from the platform could enhance Facebook's widely used 'Interest' targeting and as the data will come from one platform the user consent should be easier to track.

SUMMARY:

We expect this move to unify the WhatsApp, Instagram and Messenger technical back-end will further strengthen Facebook's data and in turn expand the depth of available data for paid social targeting. The integration will take time (an end date possibly in 2020) so we will have to wait to see if it results in the availability of a wider target criteria or other ad products. However, if it does we would expect those to be available across both brand and direct response campaigns on Facebook, Instagram, Messenger and WhatsApp.

SUPER BOWL 2019

BACKGROUND:

Brands played it safe at Super Bowl LIII. Politics has been a big story for the NFL in recent years and many said the focus on Colin Kaepernick had led to a loss of ratings.

IMPLICATIONS:

Political sentiment bled into 2017's Super Bowl spots when brands like Airbnb, 84 Lumber and Budweiser created ads referencing the contentious political climate and to a lesser extent again in 2018. This year, a combination of higher scoring games and less controversy off the field has seen the NFL's regular season ratings return.

Although research has shown people support brands that take a stand (particularly younger demographics), a recent poll by Morning Consult showed that two thirds of consumers think it's inappropriate for brands to make political statements during the Super Bowl specifically. Brands that went with CSR ads focused on issues that are universally well-received, such as female empowerment and accessibility.

Most brands decided to go for humour, which tends to have broader appeal. Many went with nostalgic celebrities (Backstreet Boys, Jeff Bridges, Sarah Jessica Parker), hoping to hit the NFL's main demo of older viewers. Noticeably, one theme was the use of robots, playing to the technology anxieties viewers have over AI, big data and job loss. They also provided a foil for brands trying to seem more human and relatable.

Amazon had a big presence at this year's Super Bowl (besides Bezos in the box suite). Amazon Web Services was an official sponsor and for a second year, Amazon's star-studded Alexa ad was one of the most well-received. Amazon Prime's Hanna and Bezos' owned Washington Post also had spots. As a whole, there was an increased presence from technology brands, such as Hulu, Bumble, Wix and more.

For the second straight year, Twitter hosted #BrandBowl, a competition that recognizes the brand that gets the most engagement during the game, regardless of whether they have a TV spot or not. While fan-favorites like Game of Thrones/Bud Light and Marvel received plenty of buzz, Frank's RedHot earned over 3.5 million impressions for its Twitter competition that also engaged 40 other brands.

SUMMARY:

Although a 30-second spot cost a record $5.25mn, a mix of Patriots fatigue, a boring game, the Kaepernick boycott and a Saints boycott led to the least-watched Super Bowl in 11 years. Brands like Sunny-D, Snickers, and Mercedes-Benz got in on the criticism (though Mercedes deleted their tweet). While you can't make the game more exciting, there are still ways for brands to tap into the public sentiment.

Q4 2018 EARNINGS

BACKGROUND:

It's the first quarterly earnings roundup of 2019 from the tech giants. Here's what you need to know.

IMPLICATIONS:

Alphabet: Alphabet's revenue for Q4 2018 grew 22% year-on-year from $32.32bn to $39.28bn beating Wall Street expectations of $38.9bn. Alphabet's ad revenue was 83% of its revenue with sales rising at least 20% quarter-on-quarter for the last six quarters. Meanwhile, "other revenues", which includes apps, cloud software and devices, brought in $6.49bn. Despite strong revenue, fears over rising costs saw stock down slightly.

Facebook: Facebook reported revenue for Q4 2018 of $16.9bn vs forecasted $16.39bn - a 30.4% increase year-on-year. Daily Active Users (DAU) and Monthly Active Users (MAU) both grew 9% to 1.52 billion and 2.32 billion respectively and Facebook now estimates 2.7 billion MAUs across its combined portfolio that includes Instagram, WhatsApp and Messenger as well as Facebook itself. Facebook estimates over 2 billion users interact daily with at least one of those platforms. There seems to be plenty of upside for advertising options on Facebook's other properties. Speaking to the FT, Jim Cridlin, Global Head of Innovation at Mindshare said Facebook's challenge was now to "monetise Facebook's other assets without turning consumers off."

Snap: Snap Inc.'s Q4 reported revenue of $389.9m beat analyst predictions of $277.5m. Stock prices soared 18% in after-hours trading. The company maintained 186 million DAUs for the second quarter in a row but down 1 million from the same period last year. Snap said it would be working on updating its Android app, which it hopes will attract back Android users who have struggled with the platform. Revenue outlook for Q1 is expected to be between $285m and $310m up between 24% and 34% compared to Q1 2018.

Twitter: Twitter's Q4 revenue of $909m, outperformed Wall Street expectations of $868.1m but stocks tanked 10% after announcing a 20% increase in expenses in order to support and sustain its services and offerings in 'health, conversation, revenue product and sales and platform.' MAUs down from 326 million to 321 million - the third consecutive quarter of decline. Twitter announced it will no longer report MAUs and instead will report a new monetized metric, mDAU - monetized Daily Active Users, which are users who log into the platform and are able to view ads. While MAUs have been decreasing, Twitter's DAUs were reported in actual figures for the first time – 126 million – a change from reporting the usual percentage growth in DAUs.

Spotify: Spotify reported revenue of $1.7bn for Q4 2018, slightly under predictions of $1.71bn for the quarter. Spotify says this is from its growing user base and its premium services. MAUs increased 29% year-on-year to 207 million, outperforming its guidance range of 199 million to 206 million users. Premium users also rose 36% to 96 million for the quarter. Stocks were down up to 7% after revenues rose less than expected.

SPOTIFY PODCAST ACQUISITIONS 2019

BACKGROUND:

Spotify recently announced the purchase of podcast firms Anchor and Gimlet and said that it has plans to spend up to $500m further on acquisitions. In a separate move, an update to its Terms and Conditions will start to see the termination of accounts and users that use ad blockers.

IMPLICATIONS:

Podcasts are the hot ticket in audio right now — nobody knows exactly how many people are now listening to podcasts across platforms, but the opportunity is huge. Apple alone confirmed that it hosts more than 550,000 active podcasts. A joint PWC/IAB podcast revenue study found that US podcast advertising revenue is expected to grow more than 110% by 2020, to $659m from a figure of $317m in 2017, with the financial services, direct to consumer, and arts and entertainment brands the biggest spenders.

With the purchase of both Anchor and Gimlet, Spotify is positioning itself as the destination for podcasts. It has been reported that the deal with Gimlet, the four-year old studio behind popular podcasts such as Homecoming, Reply All, and Crimetown, cost $230m, the largest deal ever for a Podcast creator. Last year, iHeartMedia bought Stuff Media, the company behind podcasts Stuff You Should Know and Atlanta Monster for $55m. Add this to the purchase of Anchor and it would appear that Spotify is gearing up to be the YouTube of audio — where users can create podcasts, publish them on Spotify and monetize them via ads.

"With the world focused on trying to reduce screen time, it opens up a massive audio opportunity" said Daniel Ek, CEO and Founder of Spotify. "Based on radio industry data... over time, more than 20 percent of all Spotify listening will be non-music content. This means the potential to grow much faster with more original programming —

and to differentiate Spotify by playing to what makes us unique — all with the goal of becoming the world's number-one audio platform".

The rise in popularity of podcasts is such that we are now seeing many make the leap to television, with HBO turning popular crime podcast Serial into a show due to be released in April and Amazon Prime doing the same with Homecoming — a non-fiction thriller podcast turned into star-studded TV show.

Away from podcasting Spotify has also made an important update to its terms and conditions. From March 1 anyone using ad blockers on Spotify is at risk of having their account terminated. Last year Spotify began using ad blocking detection software after it discovered that just over 1% of free subscribers were using tools to listen ad-free. 'Offenders' were given notice to stop this practice.

SUMMARY:

At present the podcast world is open, with low barrier to entry and no dominant player. The acquisition of top podcast content creators and a nascent user generated content approach that can be monetized by a global platform is a strong indication that there could soon be a dominant global player.

FACEBOOK'S CAMPAIGN BUDGET OPTIMISATION

BACKGROUND:

Facebook has announced that all existing and new ad campaigns will run with Campaign Budget Optimisation (CBO) from September 2019. Facebook campaigns are structured in three levels:

Campaign: Containing one or more Ad Sets and Ads. Allowing you to choose one ad objective for each of your campaigns.

Ad Set: Containing one or more Ads. Allowing you to define your targeting, budget, schedule, bidding and placement at the Ad Set level.

Ad: The creative you use.

Advertisers can currently allocate budget at Ad Set level, however once the change comes into effect, budgets will be moved to Campaign level allowing Facebook's algorithm to automatically distribute budget to the best performing Ad Sets.

IMPLICATIONS:

Whilst Campaign Budget Optimisation has been available since 2017, it has so far been an optional setting to control budget at Campaign level. From September, this feature will be default, simplifying the approach to the campaign management process through the allocation of budget at Campaign level only. In its announcement, Facebook said: "you'll be able to set one central campaign budget for all your ad sets and we'll automatically and continuously distribute that budget in real time to your top-performing ad sets".

From Facebook's perspective, enforcing Campaign Budget Optimisation at Campaign level is a move to "help you spend your budget more efficiently" and ultimately generate better results at a lower cost. Facebook reports that advertisers such as BuzzFeed have tested the optimisation tool and achieved greater cost efficiencies alongside easier budget management. This is generally supported by tests done by GroupM teams in the region, with double digit % cost efficiencies in some cases.

However, despite the benefits, this will likely be a major change to current ways of working for advertisers. The move will see Facebook controlling more of the optimisation process whilst decreasing levels of control from advertisers who will only be able to set minimum and maximum spend limits at Ad Set level. Advertisers will need to place trust in Facebook's automated budget allocations to deliver efficient results or alternatively transition to creating separate campaigns for each Ad Set if a ringfenced budget allocation is needed. Facebook is also encouraging a shift to focus on Campaign level metrics rather than Ad Set level, to best analyse campaign performance.

SUMMARY:

The move represents a further shift away from manual involvement from advertisers. Whilst it may require time to adjust to this new protocol, we expect that Campaign Budget Optimisation will ultimately make the campaign management process more efficient. By reducing the time spent making manual optimisations across Ad Set budgets, advertisers are likely to see stronger and more cost-efficient results. Advertisers are advised to begin testing Campaign Budget Optimisation sooner rather than later before it becomes default.
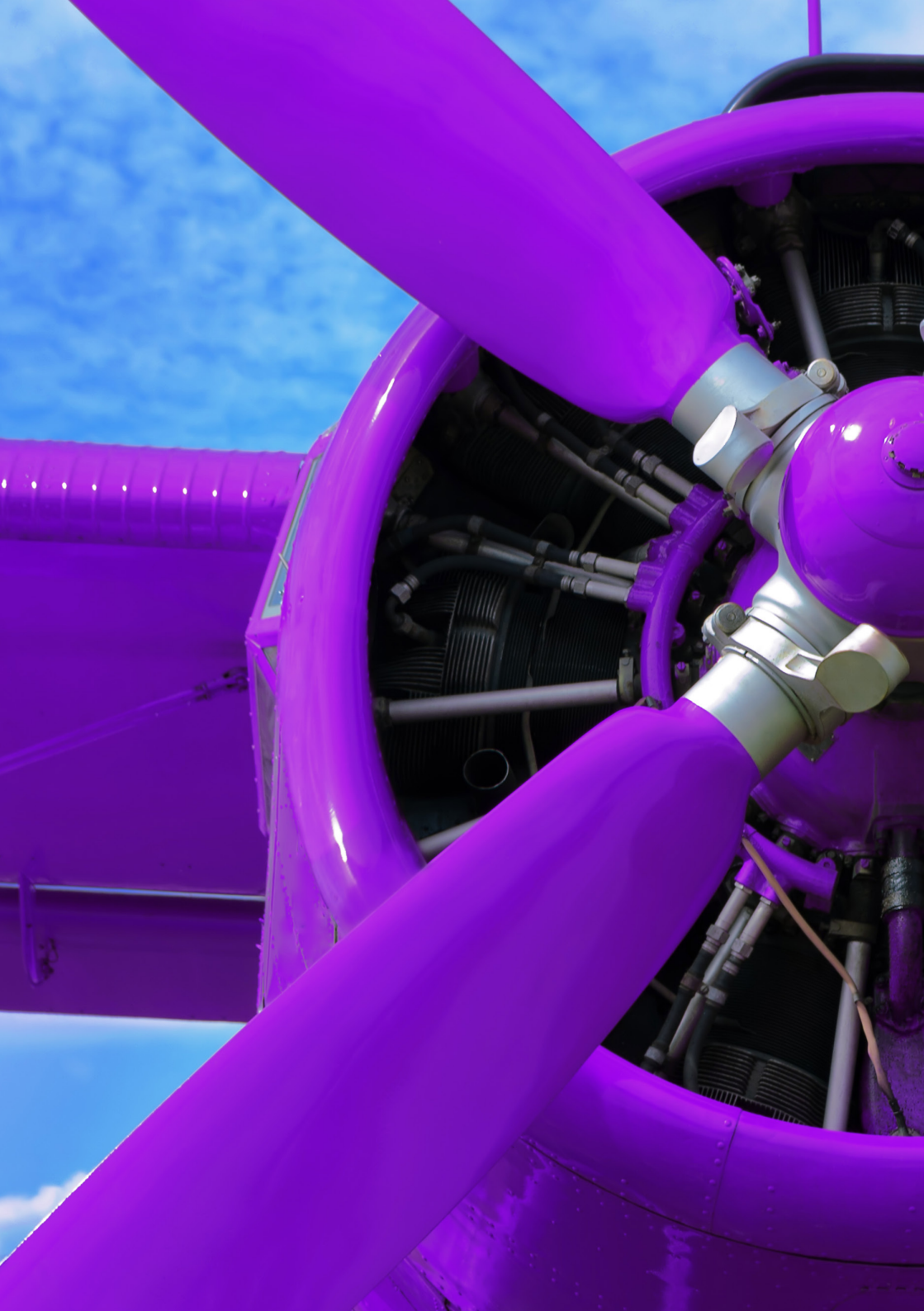
MARCH

MOBILE WORLD CONGRESS 2019

BACKGROUND:

GSMA, the trade body that represents mobile network operators globally and the organiser of the Mobile World Congress, opened the doors on MWC 2019 in Barcelona on 25th February to 2,400 companies and nearly 150,000 attendees - the biggest dedicated mobile event in the world.

IMPLICATIONS:

MWC 2019 will be remembered as the '5G edition'. 5G was the talk of the town as the new facilitator that brings to life the promise of the Internet of Things and makes everything faster, with better capacity and wireless. We also saw the announcement of foldable phones, flying taxi-drones, witnessed the first long-distance surgical intervention, and even listened to Sophie, the most intelligent robot in the world, answering questions in a live interview – but it was 5G that was on everyone's mind. Here are some of the highlights:

Mobile: Mobile phone users may not see the benefit of 5G for some time. The technology is more focused on the industrial field. The main advantages of 5G are speed (with reach up to 10 Gbps), better connectivity from more locations, greater capacity and latency, which will decrease to 4 milliseconds. In short, 5G will be the electricity of the 21st century.

Media: In a 5G media environment, surfaces can become interactive and agencies will be able to explore new advertising formats that could take advantage of all the new possibilities. 5G will also increase ad inventory, since super-fast wireless connectivity will allow for high-end displays in more areas. Augmented Reality (AR) will proliferate in new moments and locations and will be able to handle all types of 3D images and even holograms. Advertisers may, for example, provide customers with AR glasses to connect different marketing channels and integrate multiple layers of information in their consumers reality.

E-commerce: The growth of e-commerce and the advantages that 5G provides will enable the development of technological innovations, such as Machine Learning, AI, Big Data and VR, to increase the omnichannel presence of information. The amount of information flowing through multiple channels makes the need to consider new communication strategies and unify the information across all of them.

SUMMARY:

5G will allow the connection of billions of "things" to the new network and each other by 2020. The human-machine interaction is already starting to feel "natural". As Michael O'Hara, Marketing director of GSMA, said: "Backed by 5G and AI, intelligent connectivity is an important technological force that will set the path in which the future world will communicate".

This new connectivity will see many more devices connect seamlessly to each other making our lives easier. For example, you will be able to connect with your refrigerator, mark 'use by' date and add to a shopping list when something runs out. The paradigm shift for marketers will be the ability to detect a minimum change in consumer habits and open a whole new range of commercial proposals based on the data - programmatic or retargeted offers and adaptive, tailored advertising based on consumer behaviour.

INSTAGRAM RELEASES BRANDED CONTENT AD FORMAT TO ALL ADVERTISERS

BACKGROUND:

Instagram has released a Branded Content ad format, designed for influencer activity and providing advertisers with additional functionality and visibility over reporting metrics. Previously only available to select partners, the product is now available to all advertisers.

IMPLICATIONS:

Following increased scrutiny over influencer activity from standards boards and brands alike, Instagram has focused on developing an advertising solution that will allow brands to scale their influencer activity on the platform.

In September 2018, the UK Advertising Standards Authority (ASA) in conjunction with the Content Marketing Association (CMA) developed guidelines for influencer marketing. This required influencers to clearly state when a social media post has had paid support – be it through payment, gifts or other perks. In the US, the Federal Trade Commission's (FTC) Endorsement Guides state that if there is a "material connection" between an endorser and the marketer of a product that connection should be clearly and conspicuously disclosed, unless the connection is already clear from the context of the communication containing the endorsement. Material connections could consist of a business or family relationship, monetary payment, or the provision of free products to the endorser.

Following the release of all these guidelines the common solution for influencers to disclose their promotional activities was to use hashtags like #ad #advert etc. Additionally, while brands could easily pay for influencers to create and post their content to their organic following, a common pain point was that brands were then unable to promote this content from the influencer's account to their target audiences.

The release of the Instagram Branded Content solution now provides the functionality for all brands to run official branded partnerships with influencers. This means that the need for the hashtag #ad is gone, as brands are tagged clearly at the top of the post with links to their own social account. Brands can also promote this content to their own target audiences, while having access to organic reporting metrics which would have previously only been visible to the influencers themselves.

SUMMARY:

The investigation surrounding influencer activity to drive value for clients is ongoing; but with increased investment comes an equal need to prove return. Enabling access to organic reporting metrics is a positive move forward to provide transparency on media return adding further accountability for influencers and their activity.

Measurement of digital return however is still a work in progress, with limitations around tracking the impact of influencer engagements (e.g. impressions, video views or comments) to online sales (e.g. user engages with influencer content, searches for brand on Google and purchases). This is in addition to the issues raised by major advertisers around bad practice within the space, which includes fake followers, bots and other fraud.

However, an engaged social community is valuable in driving brand affinity, which in turn will eventually impact a brand's bottom line – it is just hard to measure this. We look forward to seeing the progress of these improved capabilities to attribute the return on investment back to client's influencer marketing.

ITP 2.1

BACKGROUND:

Apple has released the latest specifications of its Safari tracking controls called ITP 2.1 (aka Intelligent Tracking Prevention - part of WebKit, which is the open source browser engine that powers Safari). It further restricts Google and Facebook, both of whom switched to a first-party cookie/tracking method to avoid the effects of ITP 2.0.

Changes will come into effect once iOS 12.2 and Safari 12.1 come out of beta (expected to happen in the coming weeks), although researchers have already spotted the update in the wild.

IMPLICATIONS:

The Apple WebKit developers made clear that the key motivation is to move towards eliminating cross-domain tracking, primarily referring to ad networks' use of cookies to track multiple different websites to build a profile of user behaviour and interests. These are the key details:

All first-party cookies are now capped to 7 days of storage (to clarify: authentication cookies, which have been properly implemented won't be affected by the 7-day cap). This also means that the measurement of unique users in reporting, analytics and attribution might be impacted as the new limit will cause issues in how you can accurately define a unique user over a period longer than 7 days.

Additional changes are aimed at stopping those cookies from interfering with user-centric functional cookies. This was not something that was widely reported but was possible nonetheless with the increased workload expected of first-party cookies due to the changes made by Google, Facebook and others.

ITP 2.1 will also stop third-party cookies (used by most ad serving/tracking companies) from being set at all. So, whereas in ITP 2.0 a direct impression > click > conversion path was recorded, this will now no longer be recorded. This effectively means many affiliates and third-party data sources will cease to track conversions/sales altogether.

Other updates focus on enforcing these new restrictions and preventing tracking companies from exploiting other potential loopholes in the browser/cookie systems.

Interestingly, Apple has also chosen to withdraw support in ITP 2.1 for the "Do Not Track" signal (aka DNT, a user control enabling opt-out of tracking). DNT announced that the project was ending as Apple's research noted that most websites do not change their behaviour when this feature is enabled and there were companies that sought ways around complying with the user's wishes.

SUMMARY:

The overall impact will vary according to that market's iOS market share. In general, brands currently using first-party tracking solutions with a 7 day or shorter lookback window should be mostly unaffected. Brands using a longer lookback window will see a drop in their cookie pools for retargeting and audiences, as only users of 7 days or newer will be targetable. Brands using a third-party tracking solution will no longer see any conversions on Safari browsers, whereas they would have seen direct click to conversion events under IPT 2.0.

Apple's claims to improve user experience and simplify cookie implementation for web developers could fuel speculation that other browsers may feel compelled to adopt similar measures to retain their user base.

SXSWI 2019

BACKGROUND:

Taking place March 8-12, in a city with the unofficial motto of 'Keep Austin Weird,' SXSW Interactive is not a usual advertising and media event. It's one of the few events that explores everything from government issues, social activism, and technology to entertainment, music and of course marketing.

IMPLICATIONS:

Story-making and immersive experiences: Walking around downtown Austin, it was impossible to miss the promotions of upcoming shows from HBO and Amazon Prime – the much-anticipated final season of Game of Thrones and new series Good Omens. They both went to great lengths to tap into 'fan culture'. We live in an 'audience-first' world where we want more than simply to be told a new show is 'coming soon'. Amazon created a huge immersive experience called "Good Omens' Garden of Earthly Delights." Which was divided into hell and heaven. HBO created a Game of Thrones experience and linked to the Red Cross so that people could donate blood at the same time. In a panel with the NBA, there was much discussion of how digital players, streamers and leagues are feeding the super fan's appetite. How fans connect with sports is radically different now and the NBA is using new technology to expand on fan relationships – including launching the NBA 2K League, the first official esports league operated by a U.S. professional sports league. As AR, VR, XR etc. grow, there are huge opportunities to create meaningful and memorable experiences for consumers.

Is privacy dead? A session titled: Beyond the Data Surveillance Business Model focused primarily on data and consumer privacy issues. Elizabeth Warren and other 2020 U.S. Presidential hopefuls and Congress representatives, took a stance on data privacy from a consumer protection and anti-trust perspective. Amy Webb (a 'quantitative futurist') held a panel session titled: Fighting Misinformation & Defending the Open Web. Ultimately, the key take-away for brands was trust and transparency. Consumers want privacy and platforms that provide this whilst delivering valuable services and information will be the ones that earn their trust.

Inclusion and profit: Filmmaker Cheryl Miller Houser stated during her session: Storytelling and Empathy in a Purpose-Driven Economy, that 78% of consumers want to align with companies that share their values and create positive social impact, as do employees and investors. Brands appear to be inundated by the demand for authentic inclusivity in their campaigns. To drive performance, advertisers need to be active instead of reactive. Meaning, brands are required to go beyond a symbol of inclusion next to their logo.

SUMMARY:

People love SXSWi to escape the day-to-day and get inspired. If you want a deep dive into the specifics of the industry and technology, Austin isn't for you. However, if you want to get out of your comfort zone and learn something new, head south to nourish your mind and body (the barbecue is excellent).

GOOGLE'S STADIA

BACKGROUND:

Google has announced the launch of cloud gaming platform 'Stadia' at the Game Developers Conference in San Francisco and a Wi-Fi enabled controller that connects to Stadia. Stadia, an evolution of Google's beta 'Project Stream' run last year, is Google's entry into the cloud-based games market and will allow gamers to stream games to any device.

IMPLICATIONS:

The main promise of Stadia is that users will be able to play games from any screen using the Chrome browser, a Chromecast device or a Google Pixel phone or tablet. Like Project Stream, Google's servers will run all gameplay, liberating users from expensive consoles and PCs.

Players will be able to access games through the platform and via adverts on YouTube, by clicking on CTAs directing people to the game. It is reported that this won't be tied to YouTube alone; Facebook, Twitter and Gmail will also house this capability. The new controller has a smart assistant button, to talk to Google Assistant in-game and a capture button to save or share gameplay straight to YouTube – threatening gameplay streaming platform Twitch.

Stadia brings a lot of exciting promises but also some major hurdles. Google will need to get games onto the platform. Although Google has promised that 100+ games studios have developer kits, only Doom Eternal has been demoed on Stadia so far. Google will need big game publishers on-board, but costs are yet to be announced. This leaves speculation that Google will use its own Stadia Games and Entertainment Studio to create Stadia-exclusive titles.

Another major hurdle is that players will need reliable and fast internet connections to access Stadia because 'lag', when controller commands are not instantly matched by the gameplay on screen, is the enemy of gaming. In Project Stream, games were delivered up to 1080p graphics at up to 60 frames per second (fps) but Stadia promises to launch supporting 4K resolution at 60 fps, supporting HDR and surround sound. Google has recommended a connection of roughly 25Mbps for 1080p resolution at 60 fps. Therefore, those in areas without broadband coverage and/or relying on rural internet speeds may struggle. Players will also need unlimited broadband as the cloud-based system will eat through data.

Stadia is launching into an increasingly crowded market. Amazon, which owns gameplay streaming platform Twitch, is rumoured to be planning a similar service. Sony has PlayStation Now, which can stream PlayStation games to its consoles and Microsoft has game streaming service xCloud. Sony and Microsoft are considered to have the upper-hand as they can offer their existing big game libraries and don't require developers to rebuild games.

SUMMARY:

Information such as available games, costs and customer ownership of games is yet to be announced. However, if Google pulls this off, it will be a huge shift in the gaming industry, making gaming more accessible and seamless on-the-go gaming more ubiquitous. It will be more important than ever for brands to play a meaningful role in the gaming community – whether through ads, content integrations, licensing deals or in-game purchases.

APPLE EVENT 2019

BACKGROUND:

This week, Apple presented its Spring "Apple Event". While previous "Events" have historically focused on product releases/updates in the Fall/Autumn, Apple took a cue from the traditional broadcast market to showcase its announcements in content development, subscription services and Apple Pay prior to the upfront season.

IMPLICATIONS:

Apple TV+: Apple TV+ is a new Apple Originals-focused OTT (over the top) subscription service. Kicking off the presentation with Steven Spielberg and ending with Oprah, Apple is working with the best in the business for premium content. However, it might lack the impact of well-known content such as House of Cards or The Handmaid's Tale. Apple will need a hit anchor show to create a subscriber base. The service will launch in the Fall/Autumn and pricing is to be confirmed.

Apple TV App: Apple TV has historically been a hardware device that connects to TVs. This May, Apple TV will extend as a standalone app, delivering a seamless, curated TV experience and will eventually be available across many non-Apple devices. The app will allow users to pay for specific channels or content providers. The goal is for an unbundled experience, where users only pay for channels they use, however, initial channel offerings are limited. Live TV can be streamed through services such as Hulu or PlayStation Vue, available within the app.

Apple News+: Apple News is working to create the ultimate premium print content bundle, featuring 300+ magazine titles and news publications. Like Spotify with audio content, Apple will give users access to premium publications for $9.99/month and revenue share based on content consumption. Apple also announced that usage behavior will not leave the device or be sold to advertisers. This is available with the latest OS update.

Apple Arcade: Mobile gaming has hit an era of quick hit, free games generating in-game purchases, which creates frustrating user experiences and has impacted premium gaming title development. Apple wants to change this with its Arcade subscription service (coming this Fall/Autumn), allowing users access to 100+ premium games, with no hardcore violence or in-game purchasing, across all Apple devices and Apple TV.

Apple Card: Another announcement was Apple's mission to disrupt the credit card market. Apple will be launching its own credit card, Apple Card (coming this Summer). The card will feature no fees and move away from a typical monthly payment schedule. It will give cash back of 2% for all purchases via Apple Pay and 3% for Apple product purchases.

SUMMARY:

Apple has put its stake in the ground in the content space. Time will tell if the investments will translate into hit shows that consumers will pay for. Meanwhile, Apple has created a safe place for users to have premium experiences – continuing its efforts to be seen as secure and conscious of consumer's growing privacy concerns. Consumers can choose if they want Google's open/ad supported platform or Apple's closed/paywall focused system. Brands targeting affluent consumers will need to play within that content space if they want to connect with those that pay to get ad free experiences.

EU ARTICLE 13 COPYRIGHT LAWS

BACKGROUND:

The European Parliament has adopted a new Copyright Directive. It is one of the most debated and lobbied proposals in the history of the EU due to two specific Articles - #11 and #13.

- Article 11 stipulates rules on 'the neighbouring right', i.e. when and how tech platforms pay for the right to use publishers' work (being referred to commonly as the 'link tax').

- Article 13 stipulates rules on liability of tech platforms when hosting copyrighted material, and their obligations in handling such situations (being commonly referred to as the 'upload filter').

IMPLICATIONS:

Article 11 means that under the final deal, companies such as Google and Apple will have to negotiate licensing agreements with rights-holders such as record companies and news companies, to publish their content on platforms like YouTube, Google News and Apple News.

Article 13 means they also face new obligations to monitor their sites for any copyright-infringing content and removing any that falls under those licensing deals. However, it is uncertain how these platforms are expected to identify content under copyright before it is uploaded.

Some uploaded material, such as memes or GIFs are specifically excluded from the directive and hyperlinks to news articles, accompanied by 'individual words or very short extracts', can be shared freely.

The Directive needs to be transposed into national legislation, which will give national regulators flexibility and a lot of say in the final implementation. The Directive will enter into force 2 years after the official publication, which was 26 March 2019.

Key controversies:

Article 11 - Hyperlinks: The 'neighbouring right' is widely considered to give publishers more power in their negotiations with online publishers e.g. Google and Apple News. Opponents argue that such online platforms will simply remove publishers from these services; therefore, reducing access to information.

Article 13 - Upload filters vs freedom of speech: Some freedom of speech organisations say that platforms will set upload filters which will prevent users from uploading memes, parody content or just a simple photo slide with a music background for fear of breaching copyright. As such they argue the Directive will hamper online freedom of speech. At the same time, Google has been arguing that this will hinder the creativity of YouTube communities. Currently, YouTube is not responsible for copyright violations, though it must remove content when directed to do so by the content's rights holders (take down notices).

SUMMARY:

Better protection of copyrighted material in online environments is in the interest of the advertising industry as it provides better protection of brands appearing next to such illegal content. However, there is some concern about brand licensed content getting caught in any system designed to spot illegally uploaded content. It will be two years before the Directive will be implemented at a national level, so there will need to be some serious innovation during that time to address these concerns.

APRIL

SNAP INC.'S FIRST PARTNER SUMMIT

BACKGROUND:
Snap Inc.'s first Partner Summit took place this week in California, with the Snapchat parent company releasing a variety of features, products and updates.

IMPLICATIONS:
Snap Audience Network: Snap's new Audience Network will arrive soon to allow advertisers using Snap to reach outside the core Snapchat audience. The new offering allows app developers to outsource their ad inventory to Snap and get the same full-screen, vertical video ads that appear inside the Snapchat app. Ad revenue will be split between Snap and the developer.

Snap Kit Update: The update to Snap Kit includes App Stories, a tool that allows users to share content from their Snapchat camera to other apps. Inside Snap Kit is Creative Kit, which already allows users to share moments from other apps with their friends. Snap has now launched Creative Kit for Web, giving publishers the ability to add a 'Share to Snapchat' button to their website making it easy to share content. Bitmoji Kit has also been expanded to allow devices like Fitbit and platforms like Venmo to support Bitmojis and last but not least, Ad Kit is what gives developers access to the Snap Audience Network.

Snap Games: A new gaming platform coming to Snapchat, which will feature both original gaming content as well as third-party content from popular developers like Game Closure, PikPok, Spry Fox, Zeptolab, Zynga and more. Snapchat has already released a handful of titles. Users will be able to access and play Snap Games for free, however they will have to watch unskippable six-second adverts. Snap will share revenues with the game developers.

New Snap Originals: Snap Originals is back with a new lineup of programming. Like Stories, these shows will play full-screen in portrait mode. Ten new shows will roll out in May. Production partners involved with these new shows include Bunim/Murray Productions, Dakota Pictures, New Form and Bazelevs. Similar to Snap Games, Snap will be monetising Originals with unskippable ads.

Lenses: Snapchat's 'Lenses' offering allows users to filter selfies and videos, play AR games with selfies and add 3D stickers to Snaps. Snapchat has now launched Creator Profiles to help Lens Creators show their work and learn about their audiences. Also, users can now Scan their environment with Lenses, for example scanning products will show users results on Amazon. Lastly, a new update to Lenses is Landmarks, allowing creators to transform iconic landmarks that will appear when Snapchatters scan landmarks.

SUMMARY:
With a steady user base that hasn't grown for the past two years, Snapchat's inaugural Partner Summit gives users, shareholders and advertisers a reason to stay with the Platform if not necessarily within the platform. The updates allow advertisers to reach a larger audience without that growing user base; giving users a new way to integrate Snap within lifestyle apps like Tinder and Venmo and shareholders a reason to keep investing. Though shares of Snap were up 1.1% following the Partner Summit, it will be interesting to see how these updates will impact tits user base and the advertisers investing in Snap's ad formats.

FACEBOOK SAFETY: INVENTORY FILTERS

BACKGROUND:

Facebook has introduced a new brand safety update and a new set of 'inventory filter' controls for advertising that appears within placements outside the social newsfeed across Instant Articles, Audience Network and Facebook in-stream video.

IMPLICATIONS:

Following the increased scrutiny over brand safety within the platform Facebook will be transitioning from its current category exclusion controls and introducing a new set of inventory filter controls for Instant Articles, Audience Network and Facebook in-stream video starting on April 17th.

The new inventory filters are based on a three-tier system enabling the setting up of a brand safety profile depending on the level of desired advertiser control – full, standard or limited inventory.

Full inventory: Opt-in to delivery of all eligible content. This setting offers maximum reach.

Standard inventory: Opt-out of delivery to the most sensitive content across all categories at once. This setting offers moderate reach and moderate brand safety protection. It is also the default setting.

Limited inventory: Opt-out of delivery to content that is considered moderately sensitive and above, across all categories. This setting offers minimum reach and maximum brand safety protection.

Since 2016 Facebook has used a program called "remove, reduce, inform" to tackle 'problematic content' on the platform. Whilst this has also been updated recently, it has not proven to go far enough to fully mitigate potential UGC risks for advertisers outside of the new stream across Instant Articles, Audience Network and Facebook in-stream video.

When applying the new inventory filter controls it is imperative to firstly consider the potential continued risk associated with Instant Articles, Audience Network and Facebook in-stream video. This should be based on an advertiser's tolerance between reach and contextual risk.

If the paid social activity of the advertiser is only run through newsfeed, stories or messenger, we expect no change in the available reach or CPM. However, if an advertiser's tolerance enables the activation of paid social activity across Instant Articles, Audience Network and Facebook in-stream video, we expect Standard or Limited inventory settings to reduce campaign reach by 10-25% due to CPMs and Cost Per Reach increasing between 5-20% respectively.*

It's important to note that the total available audience size will not reduce. Tighter brand safety controls are likely to influence CPMs which in turn reduces the total reach achieved during a campaign with the same budget.

SUMMARY:

It's proposed that if advertisers are live with campaigns using Instant Articles, Audience Network and Facebook in-stream video during the switchover, reach and performance will be monitored pre- and post the amend to ascertain future impact for that advertiser.

Please note estimations are predictions based on earlier brand safety changes made by Facebook and can differ by advertiser, local market and targeted audience.

FACEBOOK VOICE ASSISTANT

BACKGROUND:

Facebook is working on a new voice assistant to rivals Alexa, Siri and Google Assistant.

IMPLICATIONS:

The story, broken by CNBC and later confirmed by a Facebook spokesperson in an email to Reuters, revealed Facebook is working on its second attempt to develop an assistant after the failure of the 'M' assistant for Messenger – a project that Facebook launched in 2015 and killed last year.

According to the Facebook spokesperson the company is working to develop: "voice and AI assistant technologies that may work across our family of AR/VR products including Portal, Oculus and future products".

The CNBC story was based on interviews with two former Facebook employees that said that the development of the new assistant was based out of Redmond, Washington and is being led by Ira Snyder, director of AR/VR and Facebook Assistant. They further suggested that this team had been contacting vendors in the smart speaker supply chain.

Competition is fierce to own the digital assistant space – the next key battleground as the world moves to a voice-controlled interface. Amazon (Alexa), Alibaba (Tmall Genie), Google (Assistant), Microsoft (Cortana) and Samsung (Bixby) all have their own assistants and Facebook is keen to join the crowd.

The smart speaker is one of the fastest adopted technologies in history. In the US, adoption has reached 66 million units according to research firm CIRP, led by Amazon's Alexa (70% share), whilst in China adoption will rise 166% in 2019 to an installed base of 59.9 million according to a forecast this week from Canalys, led by the 'Tmall Genie' from Alibaba.

The proposed Facebook assistant would be a natural accompaniment for both the recently launched Facebook Portal video chat camera and Oculus, allowing hands free control of virtual reality experiences.

Voice commerce sales are relatively small at present, $2bn in the US according to estimates by research firm OC&C but that could rise to $40bn by 2022 – hence the huge interest from Facebook to make sure that it doesn't miss a very lucrative boat.

SUMMARY:

Details are sparse at present, but it is not that surprising that Facebook is looking to develop a capability in the voice assistant space. How that voice assistant is integrated into the company's various platforms and what tasks it will allow you to perform will give an idea as to where Facebook feels the biggest opportunity lies.

Integration with Portal will not only enhance the device as a smart calling device, but would open it up to much more functionality – including commerce and a possible lucrative revenue stream. Integration into Oculus, coupled with 5G, would allow the creation of much more immersive experiences – even before you start to think about other AR/VR capabilities – and would bolster the appeal of Oculus to consumers.

Q1 2019 EARNINGS

BACKGROUND:

Snap, Twitter, Facebook and Amazon all reported results this week. Here's what you need to know.

IMPLICATIONS:

Snap Inc: Q1 2019 reported revenue of $320m beat analyst predictions of $307m. For the first time in two quarters, the company saw a 2% growth in its global Daily Active Users (DAUs) to 190 million from 186 million in the previous quarter. Snap also took the time to reiterate updates announced at its First Partner Summit: a new gaming platform, new original shows and ad network. In addition, the platform's new Android app is now available on all Android devices hoping to ease issues Android users had using the platform.

Twitter: Q1 2019 revenue of $787m, outperforming Wall Street expectations of $776.1m, sent stocks surging more than 15%. Monthly Active Users (MAUs) (excluding SMS users) were up 330 million vs the expected 318 million and up from the reported 326 million last quarter. This will be the last quarter that Twitter will report its MAUs, instead focusing on its new monetised metric: mDAU (monetised Daily Active Users) – users that log in to Twitter either via desktop or through mobile and are able to view ads. Q1 reported 134 million mDAUs compared to 126 million from the previous quarter. The company reiterated that it expects operating expenses to increase 20% in 2019 in efforts to continue investing in "revenue product and sales and platform."

Facebook: Reported revenue for Q1 2019 of $15.08bn vs forecasted $14.98bn – a decrease from its previous quarter revenue of $16.9bn. DAUs and MAUs both stayed relatively consistent with 1.56 billion and 2.38 billion users respectively and Facebook continues to see 2.7 billion MAUs across its combined portfolio including Instagram, WhatsApp and Messenger as well as the main Facebook platform. After a revamp to its Stories products, the social media giant now sees 3 million advertisers using Stories ads across most of its products including Instagram, Facebook and Messenger. The headlines were all taken by Facebook's decision to put aside $3bn to cover potential costs from an ongoing FTC investigation into privacy practices, whilst admitting a potential fine could be up to $5bn.

Amazon: Q1 2019 was its most profitable quarter ever. Reported revenue of $59.7bn was in line with expectations and 17% YoY growth, but growth is slowing. Growth in the advertising business significantly slowed, seeing only 34% revenue growth to $2.7 billion, after growing at least 60% in the past five quarters. According to eMarketer, Amazon now takes over 8.8% of net digital ad revenue share in the U.S., trailing only Facebook (22%) and Google (37%). Amazon warned that its revenue and earnings for the second quarter could fall short of analysts' estimates. However, Amazon is delivering more profit for its investors. Net income hit a record $3.6 billion and its operating profit of $4.4 billion represented a 7.4% margin, up from 3.8% last year. Amazon's web services continued to be the biggest contributor to the company's bottom line with $7.7bn revenue, a 41% increase YoY and $2.2bn in profit.

SUMMARY:

Snap's recent efforts to broaden reach and increase the time existing users spend on the app seem to be paying off. Twitter is posting consistent growth, which is a positive sign for advertisers after a period of stagnation. Facebook, despite the well document privacy issues keeps on posting record revenues. Amazon was possibly the most interesting of the set of results. Whether the slow-down in its advertising business growth was structural or short term wasn't answered in analyst calls.

MAY

FACEBOOK F8 DEVELOPER CONFERENCE 2019

BACKGROUND:

Facebook hosted its global developer conference 'F8' in San Jose this week, gathering more than 5,000 developers, creators and entrepreneurs from around the world to talk about the future of technology and Facebook's plans.

IMPLICATIONS:

The event opened with a keynote from Mark Zuckerberg focusing on the company's privacy-focused vision for social networking and unveiling the redesign of Facebook saying: 'We want to give people private spaces where they can express themselves freely and feel connected to the people and communities that matter most'.

A variety of updates to Facebook's family of apps and services were announced during the conference. Here are the highlights.

Instagram: Three major enhancements were announced to provide new ways to connect people with each other and their interests on Instagram. A new and improved camera interface and a new "Create mode" which makes it easier to share content beyond traditional photos and videos – such as quizzes. A donations sticker in Stories to help you raise money for a nonprofit and the ability to shop from creators without leaving Instagram.

Messenger: Several new products and features were unveiled. Messenger will be faster and lighter than ever before. Messenger will now let people watch content together without being in the same location. There is also a new dedicated space to discover Facebook Stories with your closest friends and family. For businesses, new solutions will make it easier to generate leads, drive in-store traffic and provide customer care. These will include lead generation Ads Manager templates and a new appointment scheduling feature.

Facebook: A fresh new design for 'the blue app' will be rolled out. The aim is to make it easier to find and connect with relevant Facebook Groups and Events with improved suggestions, browsing and discovery tools. Facebook introduced Facebook Dating last year and announced that it is expanding to 14 more countries (limited to Asia and Latin America) and will have a new feature called "Secret Crush" that lets you express interest in up to nine friends.

WhatsApp: A new feature will give businesses the ability to showcase their goods within WhatsApp through the WhatsApp Business Catalog. This new feature will allow businesses to showcase products to users interacting with them on the messaging platform, with the ability to upload images and descriptions of products. There were no details on any commerce integration.

AR/VR: Oculus opened preorders for Quest and Rift S VR headsets, with shipping beginning on May 21 with 53 games available at launch. Facebook's Spark AR Studio app creation platform now supports both Windows and Mac with plans to open Instagram to the entire Spark AR creator and developer ecosystem later this year.

SUMMARY:

Privacy was the key theme of the conference (understandable after recent issues) and the updates show that Facebook is planning for a more privacy focused future for its consumers, whilst readying a more commerce focused future for its advertisers – increasingly important in a world of Amazon and Alibaba.

GOOGLE I/O CONFERENCE 2019

BACKGROUND:

Google's annual developer conference – Google I/O – was held in Mountain View last week. With a slew of new devices and services, here are the key updates.

IMPLICATIONS:

Google Ad-Tracking: Google announced updates to how Chrome Cookies are handled moving forward and restricting the use of fingerprinting. This is to give the users more control over their data and privacy allowing them to block third party tracking if they wish. These changes may see impacts for digital advertisers with regards to cookie-based conversion measurement and limit the ability to personalise ads via fingerprinting methods. These limitations on customer insights may see long-term knock-on effects resulting in less revenue for publishers.

Google Next Gen Assistant: Google Assistant is now even faster after Google announced it had shrunk its voice recognition models down from hundreds of gigabytes to half a gigabyte. Now that its recognition models are stored locally, Assistant will also work on Airplane Mode with minimal delays between commands and resulting actions. Google's Next Gen Assistant will be available on new Pixel phones later this year.

Google Nest: Google rebranded its Google Home line, which will now fall under the Google Nest umbrella. The company also announced the launch of Nest Hub Max, which will retail for $229. The device offers a security camera, smart display/speakers and combines the Nest Camera, Google Home Hub and Google Home Max. The Nest Hub Max's built-in camera allows for facial recognition and is able to bring up personalised results unique to each family member.

Google Lens: Google Lens had a few updates focusing on eating out with friends and usability. Updates include the ability to contextualise information on a piece of paper. For example, searching for dishes on a menu to pull up photos from Google search information and even translate foreign languages or create a live text-to-speech translation.

Project Euphoria: Project Euphoria, powered by Google AI and a variety of non-profit organisations, has built a software that turns recorded voice samples into a spectrogram making communication more accessible. This will open up the world of voice-controlled assistants to those who have a variety of speech related issues. Google's AI algorithm currently collects voice data and helps accommodate users who speak English and have impairments associated with ALS, but, Google is hoping that the algorithm can be applied to larger groups of people with different speech impairments.

Google Duplex: Last year, Google launched Duplex, an AI customer service offering for small businesses to help them field more phone calls, schedule reservations and more. This year Google announced that Duplex is coming to the web. Instead of talking, Duplex will pull up websites for your reservations, and pre-fill booking forms found from your calendar and your preferences based on previous bookings, furthering the Google Assistant umbrella offering.

SUMMARY:

It was all about AI. Assistants are set to rule, the question for consumers will be what is the right balance between privacy and data security concerns and the utility and benefit to our lives that is provided. It is no surprise Google's developments are contextualized along the same lines as Google and Facebook with privacy concerns. The battle continues to try and ensure that the consumer spends the majority of their time inside one platform's ecosystems.

GOOGLE'S NEW AD FORMATS

BACKGROUND:

Google unveiled a new suite of advertising products at the annual Google Marketing live conference in San Francisco this week. Announcements include a new set of visual ad formats for retailers on Gmail, Google Images, YouTube App, Google Assistant and more.

IMPLICATIONS:

Google is enabling advertisers to run automated ad formats across all of its Google-owned properties including Gmail, Google Images, the YouTube mobile app and Google Assistant.

These new image-focused ad formats will allow consumers to shop from the ad without having to leave the site.

Discovery Ads: Discovery ads are 'visually rich, mobile-first' native ads that can be served within the YouTube app's homepage feed, Gmail's promotions tab and the Discover section in Google Search. They use what Google calls 'the power of intent' - the same signals Google derives from a consumer's usage history and the same signals used for Google's in-market audience targeting. With the Discover feed reaching more than 800 million users globally, ads within the new Discover feed are targeted by audience, not keyword-based search targeting and can help brands reach the right audience at the right time. Discovery Ads will be available to marketers globally later this year.

Gallery Ads: New to Google's ad offerings, Gallery Ads allow retailers to add up to eight images on a swipeable carousel with a 70-character description and up to three headlines that automatically optimized based on performance. Advertisers can serve carousel galleries only on mobile (at least for now) in the top spot in Google's search result and they compete in the same auction against text ads. "By combining search intent with a more interactive visual format, gallery ads makes it easier for you to communicate what your brand has to offer," said Prabhakar Raghavan, SVP of Google Ads and Commerce.

Showcase Shopping Ads: This feature brings 'showcase shopping ads' to Google Images, Google's Discover feed and YouTube, allowing consumers to buy sponsored products within those sites without leaving them. "Users can buy the products shown in the video they're currently watching while the video continues playing," said Oliver Heckmann, Google's VP of travel and shopping.

Whilst shopping formats have previously been focused on the lower funnel, Google is now offering marketers the opportunity to reach consumers from the discovery or inspiration phase of their journey all the way through to a consumer considering a purchase.

SUMMARY:

Though Google raked in $116bn last year in sales and still dominates the online advertising industry, stock prices have recently taken a dip. Google's new advertising offerings fights back against Amazon and Instagram, which are now becoming hot spots for marketers targeting online shoppers. Just last month, Instagram announced it was making influencer posts shoppable on its platform enabling them to tag and sell products directly on the grid. The renewed focus from Google on commerce enabled ad formats is further proof that the worlds of commerce and media are coming closer together and the consumer journey from discovery to purchase is collapsing in the digital space.

AMAZON LOOKS TO BUY SIZMEK

BACKGROUND:

Bloomberg reports that Amazon is finalising a deal to buy ad-serving tech company Sizmek.

IMPLICATIONS:

Sizmek filed for bankruptcy in March, stating in its filing that its assets were worth between $100m and $500m. It proceeded to sell its demand-side platform (DSP) and data management platform (DMP) business to Zeta Global for up to $36 million, meaning any deal with Amazon is likely to be less than the top end number.

It is no secret that Amazon is looking to get serious about taking part of the digital advertising business. Currently, Google dominates market share (31.1% of the global digital ad market) with $102.4bn of net digital ad revenue (including YouTube ad revenue).

Facebook (with 20.2% of the global digital ad market) follows close behind with $67.2bn (including Instagram ad revenues).

In comparison, Amazon's $9.1bn net digital ad revenue is small. However, an acquisition of Sizmek would give Amazon the ad serving capability it needs to encourage advertisers and brands to shift their online ad budgets from Google and Facebook over to Amazon - especially if that ad server is powered by the Amazon ID and the wealth of first party data that Amazon holds on its customers shopping and viewing habits.

The world of commerce is continuing to merge with the world of media, collapsing the traditional sales funnel and bringing the point of purchase for consumers all the way up to the point they see the ad. Amazon has admitted itself that its advertising services are not as easy to access as they could be – the acquisition of an ad server that can be integrated with its huge pool of consumer data could go a very long way to solving that issue.

The deal is also reminiscent of Facebook's purchase of Atlas Advertiser Suite from Microsoft in 2013. At that time, Atlas was seen as a less than perfect technology and the sale price was less than $100m. However, Facebook successfully re-engineered Atlas to run using the Facebook ID and has never looked back. Initially using it as an ad server for the platform and its wider ad network and then gradually changing its purpose to sit at the heart of the platform's measurement suit to prove the value of advertising on the platform.

At the time of writing the deal hasn't been finalized and both parties have declined to comment.

SUMMARY:

Though Google currently still dominates the digital advertising industry, Amazon is keen to muscle in on the action. Due to Amazon's vast consumer reach, it has become a great gateway for marketers targeting shoppers and it holds an enormous trove of first party consumer data. As advertisers and brands shift their attention towards the convergence of commerce and media we will see media platforms increasingly trying to embed commerce into their services and commerce platforms adding more media and advertising services.

FACEBOOK INTERACTIVE ADS

BACKGROUND:

Facebook is bringing interactive playable ads to its Audience Network. In August last year Facebook launched a new ad format that lives in the Facebook news feed and allows users to trial 'lite' versions of mobile games before downloading. Facebook saw that users who tried an app before downloading it were 60% more likely to open the new game and six times more likely to make in-game purchases, than users that installed the apps via other ads.

IMPLICATIONS:

Facebook is now evolving its offering by making playable ads available in both 'rewarded' and interstitial formats through the Facebook Audience Network. Facebook Audience Network is an off-Facebook, in-app advertising network for mobile apps. Advertisers can serve ads to customers using mobile sites and apps other than Facebook, meaning reach can be extended beyond the Facebook platform while still using the Facebook ad system.

The rewarded playable ads enable developers and advertisers to give rewards to players that engage with the ad unit for at least 15 seconds. The interstitial playable format enables players to interact with the ad or download the game after five seconds.

The player is directed to the app store to install the game as a call to action.

A new measurement tool for playable ads is also being introduced, enabling developers to track: when a user starts to engage with a playable ad; how engaged the user is and the outbound traffic to determine how much traffic each ad is driving.

In the coming weeks, Facebook will be offering support to advertisers by allowing them to create higher-quality playable experiences with larger file sizes and to use playable files from other sources on Facebook and Facebook Audience Network.

SUMMARY:

The total number of active gaming publishers on Audience Network grew by 50% in 2018 and payouts from rewarded video alone increased more than eightfold, proving that playable ad units work. The latest evolution with increased engagement will invite more interaction with brands and games whilst advertisers will be able to improve on the experience using the new measurement tool, tailoring the creative to the user.

Winning mobile gamers in the discovery phase is critical. By extending playable ads to the Audience Network and by improving the creation process and measurement, this format is likely to provide even better results for advertisers, helping them accelerate the growth of their game and reach a more highly engaged audience.

JUNE

APPLE WWDC 2019

BACKGROUND:

This week Apple held its annual Worldwide Developer Conference (WWDC). As expected, Apple's announcements focused on Operating System updates and also on privacy.

IMPLICATIONS:

iOS13: Amongst a slew of new features such as: 'dark mode'; a more human Siri voice and refreshed maps including a 'street view' style look around mode, Apple's messaging was consistently referencing its efforts in privacy. With each announcement, Apple highlighted its new privacy protection, limiting location tracking on apps and data sharing during app log in. The most explicit demonstration of this privacy position is the upcoming launch of a new 'Sign in with Apple' button, that will allow consumers the ability to have a unique, randomly generated email address for any log in, with two-factor authentication.

iPad OS13: In a clear effort to demonstrate the iPad's abilities as a viable laptop replacement, Apple has announced the launch of iPadOS13. Whilst there have been subtle enhancements to the home screen it is the new operating system's ability to make fuller use of the iPad's larger screen for multitasking that sets it apart. The inclusion of an overhauled file management system, the ability to support USB thumb drives and import photos directly from camera all aid the demonstration of the iPad's laptop slaying aspirations.

MacOS: Apple has moved from desert to sea and announced the launch of MacOS Catalina. The death of iTunes has spawned three new apps: Apple Music, Apple Podcasts and Apple TV. The introduction of Sidecar allows consumers to use their iPad as a second, touch enabled screen for their Mac. The launch of Activation Lock and Find My on Mac provides greater security. The most excitement in the room was generated by Project Catalyst, which allows developers to more easily port iPad apps across to Macs. Catalyst, along with developments to the Swift programming language, provides a framework designed to make programming far easer.

WatchOS: Apple announced some new faces alongside WatchOS 6. New health announcements included a Noise monitoring app and menstrual cycle tracking. Whilst we have finally seen the inclusion of a much requested Voice Recording and Calculator app, it was the launch of the App Store on the Watch itself and the ability to run apps without an iPhone that reflects Apple's aim to make Watch OS a whole platform on its own.

SUMMARY:

We have seen a real focus on both the separation of individual ecosystems to play to the devices' strengths. We have also seen a step forward in the integration of those ecosystems. But the consistent refrain has been 'privacy'. "We believe privacy is a fundamental human right, and we engineer it into everything we do," said Craig Federighi, Apple's SVP of Software Engineering. We will watch to see whether consumers trust Apple more than Google and Facebook with their personal data but it is clear that Apple is aiming to be the consumers number one trusted partner in a world where personal data is becoming increasingly more valuable.

MARY MEEKER 'FUTURE OF THE INTERNET' REPORT 2019

BACKGROUND:

Mary Meeker's 'Future of the Internet' report for 2019 is out - and as usual it is packed full of insights and stats that show the continuing growth of the digital economy.

IMPLICATIONS:

Meeker has been producing 'Future of the Internet' reports since 1995, when she famously said the internet had 'lots of upside'. The 2019 edition (now from her own company Bond Capital after she left Kleiner Perkins last year) contains the usual statistics on usage and adoption of technology, as well as more detailed focus on areas such as ecommerce, the Internet of Things and Cloud computing. Below are some of the highlights:

- More than 50% of the world's population (3.8bn) has access to the internet but it is getting harder to reach new users, which is indicated by the 4% fall in global smartphone shipments in 2018, compared to 0% the prior year.

- 53% of the world's internet users are located in Asia-Pacific, with China the largest single internet market in the world, with 0.8bn internet users.

- Ecommerce growth in the US is 12.4% compared to the previous year 12.1% growth rate and physical retail is also still growing, although only at about 2% and Ecommerce now accounts for about 15% of US retail sales.

- Percentage of ad spend levels have now reached an equilibrium in the US when compared to time spent on device for both desktop (18%) and mobile (33%).

- 62% of display advertising is brought via programmatic means Vs direct.

- Free trial and recommendation are the two biggest drivers for converting users into paying subscribers for services.

- The average US adult spends 6.3 hours each day with digital media, with over 50% of that on mobile.

- 30% of global internet users are using Facebook at least once per day. The next most popular platform is YouTube (27%), WhatsApp (25%), WeChat (23%), Instagram (19%) Facebook Messenger (15%), Twitter (11%), Snapchat (5%), Pinterest (4%) and Twitch (2%)

- There are 2.4 billion interactive game players in the world, +6% over the prior year.

- Cloud services revenues of Google, Amazon, and Microsoft are collectively closing in on $14 billion, +58% year-over-year and more data is now stored in the cloud than on private enterprise servers or consumer devices.

SUMMARY:

The annual report (333 slides this year) is a must read for all technology investors and digital advertising professionals – not to mention being the most pillaged document for charts to add into presentations. The overall picture, in her own words, is: *While Internet user growth is slowing, global innovation and competition continue to drive product improvements, new types of usage and monetisation – especially in areas of digital video, voice, wearables, on-demand + local services and traditionally underserved markets.*

FACEBOOK LIBRA

BACKGROUND:

Either it is the end of banking and credit cards as we know it, or it is the latest hyperbole blockchain release – depending on your point of view. One thing you cannot deny is that Facebook's launch of Libra is a gamechanger and another step by Facebook to diversify its business model.

IMPLICATIONS:

Billed as a simple global currency and financial infrastructure that empowers billions of people, Libra will be designed to allow its users to send each other money or to enable purchases with nearly zero fees.

Facebook has only announced its white paper, setting out the basic tenets of how Libra will work and it is aiming for a public launch in the first half of 2020. The concept is that users will be able to buy and exchange Libra at physical locations and then spend the currency using third party wallet apps or Facebook's own wallet 'Calibra' inside apps such as WhatsApp, Messenger and the core Facebook App.

In a move similar to the launch of Google's Android through the Open Handset Alliance, Facebook will not 100% control Libra, instead creating the Libra Foundation and joining other founder members including Visa, Uber, PayPal, MasterCard, Spotify, Lyft and Andreessen Horowitz on the board – each of whom have invested $10m into the project. Conscious of the current focus from consumers on privacy, Facebook is also launching a separate company that will handle it's crypto-investment called Calibra - and this company will operate at arms-length from the rest of the Facebook business so that Libra payments will never be mixed with Facebook user data.

Launched with a 'vision' to empower billions of people, especially the 1.7bn unbanked, there are those that view the launch of Libra as much as a defensive move as a new opportunity for Facebook. The argument being that if Facebook didn't launch its own coin, then a competitor would do it instead and then have a vast pool of data based on what people are buying with it - presenting a danger to future revenues for Facebook.

SUMMARY:

There are 100 pages in the Libra whitepaper but the big picture is that this move will have sent ripples out into the industry. It is hoped that the scale of Facebook's user and advertiser base will provide a more robust and stable foundation for a global crypto-currency. Libra will also be backed by a reserve, so that there will be assets against the value of all Libra created.

Also, in the West the idea of a social platform with an integrated payment platform is not that common but in China there is already WeChat Pay. So, this move can also be viewed in a wider context of an upcoming battle between the East and West social and soon to be ecommerce giants.

The other question is will Amazon, Google and Apple just stay on the sidelines? This is going to get interesting, so it's worth reading up now.

INSTAGRAM EXPLORE ADS

BACKGROUND:

Instagram has revamped its Explore page to feature a new format of ad and has introduced larger format posts that give preference to e-commerce and video content.

IMPLICATIONS:

Within the Explore page, a user can now tap on a post to see a full-screen version. Instagram will then give users a contextual feed of similar posts that the user can scroll through. Ads will be displayed here in a more natural environment since the Explore page is where a user is looking to be exposed to new people, brands and content.

Advertisers can buy the ads using the same Facebook ads manager and API they use to buy Instagram feed and Stories real estate.

Explore will now also include longer form content versions of IGTV and a shopping feature in the top navigation bar – so users can access shopping directly from the navigation bar.

Users will also start the Explore experience by seeing two new slightly larger format posts within the Explore grid, these posts will be either video or shopping posts – the latter of which will now allow users to purchase without the need to leave the App.

With 80% of Instagram's 1bn users following a business on the platform and 50% of all accounts using the Explore page every month, the revamped Explore page and ad experiences will give brands and advertisers the ability to tap into a new area of growth under the Facebook umbrella.

According to Morgan Stanley analysts, Explore's new ad rollout programme could bring $1bn in revenue for Facebook by 2021 and it is just the latest move that has seen Facebook looking to monetise its products.

Facebook Interactive Ads were released in May offering 'playable' ads through the Facebook Audience Network, the company's off-Facebook, in-app advertising network for mobile apps.

SUMMARY:

In 2018 the e-commerce industry surpassed $2.86trn in sales globally and although it's currently dominated by retail giants such as Alibaba, JD.com and Amazon, Facebook's push through Instagram to own a bigger slice of this market brings more opportunities for retailers given its 1bn user base.

Also, the recent reveal of Facebook Libra, the Facebook crypto-currency that is due to launch next year, makes any move that Facebook takes to enhance it e-commerce capabilities on any of its platforms worth paying attention to – especially as commerce and media continue to combine across all platforms.

JULY
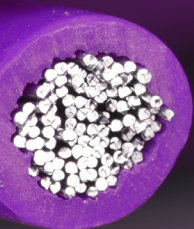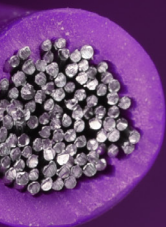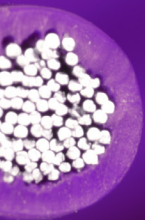
PRIME DAY 2019 PREVIEW

BACKGROUND:

On July 15th Amazon Prime Day returns for its fifth year to offer members access to millions of heavily discounted products. However, the pre-event offers and emails have already begun. This year the event stretches over 48 hours and will take place in 18 countries, with the U.A.E joining the party and providing a gateway to broader audiences across the Middle East.

IMPLICATIONS:

What started as a reward for existing Prime Members has quickly blossomed into one of the most hotly anticipated promotional events in the retail calendar. However, access to the event is contingent upon being a Prime Member, so although revenue and units sold will no doubt grab the headlines, Prime Day serves primarily as a subscription driver which last year tipped the 100m mark. The reason for this focus is because the average Prime member spends 130% more than non-members annually.

Access to discounts on Prime Day aside, Prime membership offers free delivery and 2-day international shipping which helps develop exceptional stickiness with customers and keeps them coming back to Amazon at the expense of other retailers.

The stickiness of Prime makes Amazon the preferred destination for online purchases for members, but beyond that, membership also includes access to Amazon Video, Amazon Music and its gaming platform, Twitch. All of this adds up and helps position Amazon as being not just a place of purchase, but also a place of entertainment.

Last year, over 100 million products were purchased worldwide in 36 hours. The best-sellers weren't just Amazon devices; they were Amazon devices that connect to Amazon services: Fire TVs, Kindle Fires, Echo Devices and Alexa Remotes. Each of them connecting to Amazon Prime and each one

of them requiring a Prime membership to buy in the first place. So, when Black Friday rolls around, Amazon will own an even greater audience of members for whom shopping on Amazon is the default.

An important difference between Prime Day and Black Friday is that the latter doesn't create new spending, it just moves it slightly. As shown in recent years, the money consumers spend over Black Friday is money they were going to spend anyway; all Black Friday really does is concentrate pre-Christmas shopping in the last week of November, whereas Prime Day creates incremental opportunity.

It's also worth noting the size of Prime Day compared to Double 11 (or Single's Day as it is also known). The annual Chinese (and increasingly international) shopping extravaganza saw sales of $30.8bn in 24 hours for Alibaba in 2018, 27% up on 2017 and hitting $1bn in sales in 1 minute 25 seconds. In contrast, Prime Day, for which Amazon does not split out revenue figures, was believed to have seen sales of around $3.5bn for its 36 hours of shopping frenzy.

SUMMARY:

On a day where focus is usually placed on volume over margin as a single event, our energy should instead be focused on how that margin loss is amortized over the year via retention and advocacy strategies.

TWITTER AND PINTEREST'S NEW AD OFFERINGS 2019

BACKGROUND:

In a bid to attract more brands and advertisers to its platform Twitter has launched ArtHouse - a new content studio helping marketers to create 'Twitter-first' content. At the same time, Pinterest is also wooing the advertising community by introducing new suite of video advertising services that give brands new abilities to feature and track videos.

IMPLICATIONS:

First you had YouTube for video, then Facebook and Instagram's IGTV came into the game. Now, Twitter and Pinterest are making a play for the brand video dollars.

Twitter's ArtHouse aims to help connect brands to relevant Influencers, Artists and Editors who will be able to create content relevant to the platform's user base. Twitter ArtHouse will also help brands optimise their videos using performance-driven best practices best suited for the Twitter feed. According to a study by Twitter and GroupM, in comparison to TV adverts, optimised videos drive an increase of 33% in emotional recall, +19% in unaided recall and +6% in message association. Twitter ArtHouse is now available globally.

Pinterest has released some research to back up its new launches. Its research showed a 31% increase in searches for "inspirational videos" since 2018 and that Pinners would be "54% more likely to say they're inspired to action by videos on Pinterest compared to videos on other media platforms". The new suite of video services includes: a new video tab to allow brands to feature their videos in one place; a new uploader and scheduler and a new analytics tool that will let brands track traffic and get insights into video performance over time with a new "lifetime view" metric. Pinterest's new features have launched in all English-speaking countries as well as France and Germany and will be rolled out globally.

Of course, in-house content studios aren't a new phenomenon for social media platforms. Facebook's 'Anthology' was a branded video program that launched in April 2015. It was revamped with the launch of Brands Collabs Manager, which essentially connects brands and advertisers with creators for branded content partnerships.

SUMMARY:

Brands are looking for more video advertising to reach consumers as we see the continued trend of ad dollars moving to video. According to the IAB and eMarketer, digital video ad spend will continue to soar, with advertisers reporting that they expect spend to reach $18m in 2019 and that over half of digital video ad spend will be driven by video ads featuring original content.

A robust offering from platforms other than Google and Facebook is good for the ecosystem, so the upgrading of the ad offering from Twitter and Pinterest and the creation of in-house content studios to support brands is positive. Also, the prioritising of video formats and branded content on the platforms is another good development in terms of providing choice for advertisers.

However, the debate whether influencer marketing strategies are successful or not, which is raging across the industry at present, may play a role in whether these new content studios will flourish or not.

AMAZON PRIME DAY 2019

BACKGROUND:

Amazon's Prime Day was back for 2019 bigger, longer and with a relentless drive to change the face of commerce. Stretching across both Monday and Tuesday this week, countless retail sites countered Amazon's charge, or surfed the wave of retail frenzy it created, by offering 48 hours of deals in response.

IMPLICATIONS:

Amazon Prime Day expanded its sale window from 36 hours in 2018, to 48 hours in 2019 across 18 countries. According to Amazon, this year's Prime Day surpassed sales of Black Friday and Cyber Monday combined. Amazon also had its largest sign-up of Prime Members on July 15 and almost broke that record on July 16! That is in the context of Amazon revealing in April that there are over 100 million Prime subscribers worldwide.

Prime Day is Amazon's version of Alibaba's Singles Day held on 11th November. For comparison, Singles Day delivered over $30 billion in sales in a 24-hour period in 2018, whereas Amazon is projected Amazon to show $5.8 billion in sales in a 48-hour period (Amazon doesn't release official Prime Day sales figures). Amazon Prime Day is only available to Prime members ($119 a year in the US) but other competitor retail sites jump on the day to offer specific deals with no subscription fee to become part of what has turned into a cultural moment.

Though Amazon is the leader of ecommerce in the U.S., all retailers benefited from the Prime Day halo. According to Adobe Analytics, large retailers saw a 68% sales increase over the 48 hours on Monday and Tuesday.

The implications of Prime Day have year long effects. From a brand standpoint, regardless of category, online retail destinations continue to grow in importance in the omni-channel shopper experience and many brands are focusing retail media on a sustain-and-scale approach. Sustain a consistent presence on ecommerce destinations, through search, display, and social, then Scale spend during key seasonality and events through sponsorships and share of voice ownership.

The growing size of Prime Day forces brands to pay more attention to the Amazon platform and understand the retailer's capabilities in the pre-shop, shop and post shop experience, and how data and media can intercept and convert consumers on that journey (whether that is on Amazon or any retailer taking part on the wider shopping frenzy). The growth of ecommerce and events like Prime Day have also showcased the importance of being retail ready through a simplified and easy to understand consumer friendly product page.

SUMMARY:

According to Amazon there were 175 million items purchased this year and millions of those items were Alexa-enabled, allowing for consumers to more easily engage and buy from Amazon day in and day out (Amazon and Alexa products were amongst the most heavily discounted). This growth in voice commerce will continue to fuel the importance of enabling your digital assets to allow ease of purchase across all retail and direct-to-consumer platforms – and through voice.

Q2 2019 EARNINGS

BACKGROUND:

The latest quarterly earnings reports are in from Snap, Facebook, Alphabet and Amazon. Here are the headlines.

IMPLICATIONS:

Snap Inc.: Q2 2019 reported global revenue reached $388mn, a 48% increase from the same quarter last year, beating analyst predictions of $359.7m. Reported revenue resulted in stock prices soaring 12% in after-hours trading. Snap Inc. also saw a 7% growth in its global Daily Active Users (DAU) to 203 million from 190 million in the previous quarter. Revenue may be growing year-over-year (YoY) but the company lost $255m last quarter as it continues to spend on R&D for products like Snap Games and Snap Originals. The Snap advertising platform (Audience Network) saw 1.9 million visits globally (a 23.9% increase YoY) and 200 million users accessed its new next-gen AR filters in the first two weeks.

Facebook: Reported revenue for Q2 2019 of $16.9bn beat expectations of $16.5bn, a 28% increase YoY. DAUs and MAUs (Monthly Active Users) both grew by 8%. Facebook continues to see 2.7 billion MAUs across its suite of apps including Instagram, WhatsApp, Messenger and its main Facebook platform. A focus on Stories and the revamp of Instagram's Explore page has resulted in more than 500 million DAUs interacting with Stories and about 7 million advertisers using the Stories feature - a 133% increase from the previous quarter. However, the main headline was the FTC's investigation and subsequent $5bn fine, the largest fine given to a tech company, over Facebook's data privacy and handling issues – the most high profile of which was the Cambridge Analytica scandal.

Alphabet: Alphabet generated Q2 revenue of $38.94bn, surpassing analysts' expectations of $38.15bn and up 19% from $32.65bn in Q2 2018. Shares rose more than 9%. Google reported advertising revenue of $32.6bn for Q2, compared to $28.09bn during the same period last year. YouTube was a huge revenue contributor as the second-largest growth contributor. Alphabet's 'other revenue' was up 40% YoY to $6.18bn. Over 5 billion Google searches are made daily and it is still the most visited site. Google Photos reached a billion users, joining eight other Google products at that milestone.

Amazon: Q2 reported revenue was $63.4bn, surpassing expectations of $62.5bn and representing a 20% growth YoY. Shares were down 2% in after-hours trading as the company warned of a weak Q3 profit. Amazon's "other" business, including its advertising revenue, continues to grow, up 34% to $3bn. International sales were up 12% to $16.4bn, however growth is significantly lower compared to last year's growth rate of 64% in the same quarter. Amazon Web Services continues strong growth, with sales reaching $8.4bn, a 37% increase YoY and 13% of Amazon's overall revenue. Subscription services were up 37% and brought in $4.7bn. Amazon spent $13.2m on advertising to promote Prime Day this year. MediaRadar reported that Amazon's ad spend has grown 28% YoY. According to eMarketer, Amazon is expected to post $11.33bn this year from ad revenue. The e-commerce giant also mentioned the launch of a new generation of products - its Echo Show 5 and new Kindles.

AUGUST

AMAZON OPENS FIRE TV AD INVENTORY

BACKGROUND:

Amazon is opening access to Fire TV ad inventory to outside ad tech companies for the first time (currently being rolled out in the US first). All Connected TV (CTV) apps using the Amazon Publisher Services (APS) can setup Private Marketplace deals (PMPs) with 3rd party DSP platforms, The Trade Desk and Dataxu. The CEOs of these 3rd party DSPs are calling this Amazon action the "most important initiative" in the CTV space, a signal of Amazon's support of an open internet ecosystem, and an event that will "catalyse an already hot programmatic CTV ad market".

IMPLICATIONS:

Amazon Fire TV reaches 34 million households and is one of the biggest CTV players in the ecosystem. Fire TV features streaming apps from established players such as NBC, CBS, Hulu, HBO Now, YouTube, Discovery, ESPN+ and Viacom, but also start-ups including Tubi, Philo and Pluto.tv.

All CTV media apps integrated with Amazon Publisher Services (APS) can offer PMP deals for ads that run on content streamed in the Fire TV marketplace in the US. The exact publisher and app list will be released by Amazon in the next few weeks. However, we do know that Amazon owned media, like IMDB TV, will not be included.

In an Amazon press release, PMPs were called out as the preferred and most dominant transaction method for CTV buys. As with every PMP set-up, a "direct connection between the apps and advertisers" is created "allowing buyers to easily see how much they pay per impression served".

Amazon Publisher Services will provide The Trade Desk and Dataxu full Real-time bidding inventory access to all 3rd party content apps within the Fire TV marketplace in the US. Video types available will include pre,

mid, and post-roll (note that post-roll in CTV is highly uncommon), and all PMP deals will operate at a 100% first-price auction. The main benefits of this opportunity are:

1. Full access to ad impressions from 3rd party content providers in Fire TV devices (across Fire stick, Fire cube and Fire TV), not just remnant inventory (excludes Amazon Owned & Operated) or these will be surfaced as new Private Marketplaces (PMPs) in the DSP platforms.

2. Amazon will be passing anonymous IDs, allowing advertisers to target with 3rd party data and frequency cap. There will be limitations with conversion tracking, as this data will not be fed back to the non-Amazon DSPs. However, buyers will be able to manually match DSP data sets if they have direct partnerships with the publishers to better understand performance.

3. Amazon is also committed to fee transparency. Advertisers will have access to the exact fee breakdown for all transactions, including what the publisher is paid via log level data.

SUMMARY:

The CTV ecosystem is continuing its explosive growth. Approximately 195.1 million people have connected TVs in the US and this is expected to grow to 201.7 million in 2020. Globally, over one billion Connected TV devices are used. With new programmatic access points for CTV inventory and a growing share of programmatic video dollars, we can expect exciting moves in this space from other players.

INSTAGRAM TESTS REMOVAL OF LIKES

BACKGROUND:

Instagram has started hiding the number of Likes on posts in six countries: Ireland, Italy, Japan, Brazil, Australia and New Zealand, following a successful trial in Canada.
The expanded tests mean a user in these markets can't see how many Likes a post has received but can still see the list of names of those who have Liked it. The content creator still sees the full 'Like count'.

IMPLICATIONS:

The removal of the 'Like count' was announced at Facebook's F8 developer conference in April 2019 and started testing this in May in Canada.

In Canada, it was reported that users began posting more as they didn't feel built-up anxiety about how the post would perform. The Like-hiding experiments aim to help followers focus on the content that is shared rather than how many likes they get. Instagram gave users notification of the change in a banner pop-up.

In 2017, a Royal Society for Public Health report in the UK labelled Instagram: 'the worst social media platform when it comes to its impact on young people's mental health'. The removal of the 'Like count' addresses broad social concerns and according to Instagram is intended to create: "a less pressurized environment where people feel comfortable expressing themselves." Instagram has also implemented anti-bullying tool 'Restrict' to filter abusive comments, to make the platform a safer space.

Importantly, the removal of the Like count does not affect business measurement tools. It is, however, a step towards lessening the impact of fake influence (driven by bots etc) on the platform as it removes a key indicator to the public of the 'influence' of a post.

It is unclear what the repercussions will be for influencers. One possibility is that influencer content becomes more focused on engaging audiences versus just chasing Likes. An Australian Influencer, Ariella Nyssa commented: "since like count was hidden, I've been able to focus a lot more on what I really want to share. I'm not as focused on others' popularity...".

Another implication is that new key performance indicators will need to be established and brands and influencers will be pushed to create better and more video content, especially for the Instagram Feed and Instagram Stories.

The biggest unknown and possibly the biggest impact is going to be what shifts in the collective mindset of Instagram users as the Like has been tied to reaffirming social bias such as in-group bias and favouritism. Will the change shift the psychology of crowds and community to create healthier environments and will other platforms follow Instagram's lead?

SUMMARY:

The insta-validation culture that creates issues for mental health and self-esteem could be ending. Creating a "healthier environment" and stronger community is the driving force behind the removal of Likes in this widened test and Instagram is shifting towards becoming a community-based platform rather than one purely for fandom. Brands will have an opportunity to reinvigorate their connection to their communities and inspire through content they create for their followers.

GOOGLE ADS EXPANDS SAME-MEANING CLOSE VARIANTS

BACKGROUND:

Google recently announced that it will be expanding close variants to include words that have the same meaning as the original word. This change will impact Broad Match Modifier (BMM) and Phrase Match keywords and will roll out in English speaking markets first, with more languages to follow.

IMPLICATIONS:

Google has been loosening the definitions of keyword Match Types, and therefore broadening the number of queries that keywords can match to, for several years now. To help accelerate these changes, machine learning is now widely used to target search queries from keywords that are close variants of, or have the same meaning to, the keyword you are looking to target.

Google said that "in the coming weeks broad match modifier and phrase match keywords will also begin matching to words within the search query that share the same meaning as the keyword". For example, the keyword "lawn mowing service" might now match to the search query "grass cutting service". These are different, however, they have the same meaning.

Changes are also being made to Keyword Selection Preferences to keep keywords that match to a query from competing against each other. This means that if a query currently matches to an exact, phrase or broad match modifier keyword that exists in your account, Google Ads will prevent that query from matching to a different phrase or broad match modifier keyword that is now eligible for the same auction. For example, the phrase match "lawn mowing service" will not match for the query "grass cutting service" if both of those phrases match keywords exist in an advertiser's account.

The changes to 'Keyword Selection Preferences' will help with some cannibalisation issues of keywords, but there may still be cases where query cannibalization could occur e.g. if campaigns are 'limited by budget'.

Advertisers and brands could see an increase in traffic and therefore cost. Google has said that they expect advertisers to see between 3-4% more clicks and conversions on these keywords. Of these new queries matched, 85% of them are not currently covered by current keyword coverage. Google's argument is that they are helping advertisers target more of the queries that matter.

SUMMARY:

The future of search is about understanding signals, context and intent to better understand and target people to help drive better business performance for clients. To help advertisers adapt to these changes, Google Ads is supporting advertisers leverage its machine learning and artificial intelligence to make decisions in every single search query. The aim is to help advertisers and users get more value from Search. As a result, this trend just might find advertisers further investing their marketing dollars into Search.

INSTAGRAM INTRODUCES SPARK AR

BACKGROUND:

The latest update from Facebook enables Instagram users to design and create their own augmented reality (AR) effects in Stories through Spark AR Studio - a Facebook-owned augmented reality platform.

IMPLICATIONS:

Spark AR Studio is an augmented reality platform that allows users to create AR effects for mobile cameras. Facebook first introduced its Camera Effects Augmented Reality Platform at its F8 conference in 2017, the platform was re-branded to Spark AR and expanded to Instagram in October 2018. Since then, the AR studio has been in a closed US beta with a limited number of creators, influencers and brands being able to organically promote their own AR effects.

The latest update allows all users access to Spark AR studio to design immersive, interactive AR experiences. The aim is to allow people to customise content they share on social media using basic coding skills.

Facebook said users who create effects will be able to share them on Instagram and designs created by accounts a user follows will automatically be added to their effects tray for use in their own Story post. The social media giant will also be introducing an "Effect Gallery" within Instagram, where users can browse and use any AR effects.

Instagram said: "Whether you want to add a new layer of fun to an event like a wedding, birthday party or graduation with a custom filter or you're a professional who wants to continue to hone their craft, Spark AR Studio has everything you need to get started. With Instagram Stories being used by over 500 million users daily, there's no better place to express yourself with your own AR effects - or simply share the ways you're using them with your community." In comparison to Instagram Stories' 500 million daily active

users (DAUs), Snapchat saw around 190 million DAUs for Q1 2019.

Online fashion house ASOS is one of the first to use the AR update, launching a filter that was an image of ASOS packaging, which it layered over a woman's eyes to make it appear she had ASOS on her mind. This is the type of creativity now available to retailers and other businesses looking to engage shoppers via social media.

Instagram's update comes at a time when rival platform Snapchat has also amped up its AR play, rolling out its Landmarkers function – adding an AR layer to famous landmarks – and announcing the launch of its third generation Spectacles AR glasses.

SUMMARY:

AR technology is increasingly becoming a point of difference within popular apps – with Google announcing just last week that augmented reality tools are being integrated into its Maps app. AR has already been introduced into Google search – just search 'Tiger' in your Google search app. AR filters can play a large role in furthering the relationship between a brand and their audience. Now that users can get their hands on their own AR effects, brands will be able to create further opportunities within this new medium for UGC marketing.

TWITTER INTRODUCES 6-SECOND BID OPTIONS

BACKGROUND:

Twitter has recently introduced a 6-second viewable ad bid in an effort to further diversify its video advertising offering.

IMPLICATIONS:

Twitter is introducing an option for advertisers to run video ads up to 15 seconds but only be charged should the video run for a full six seconds with pixels at 50% in-view. Whilst we would to like to see viewability improve to fall within our group standards, agreements are to be discussed with respective advertisers if there's appetite to test performance. This option is now available globally on Promoted Video, In-stream Video Sponsorships and In-stream Video Ads for creatives up to 15 seconds.

This represents the first time Twitter is theoretically charging advertisers for completed views, especially if they create six-second assets. In a play for video ad dollars, Twitter is now giving advertisers the platform to really lean into short-form assets, coupled with the use of its new in-house content studio.

Advertisers will publish their video ads on Twitter as normal, but this new bidding option will enable advertisers to choose to be charged only if and when their video is viewed for 6 seconds. In its announcement, Twitter said: "With this, advertisers have the security of transacting on a longer view, while still providing the optimal experience of a short-form, mobile video to their audience."

A recent report by EyeSee (a research company that produces studies of audience engagement based on advanced eye-tracking technology) and Twitter saw that short-form, under six seconds, no sound videos with distinct branding returned better ad recall and message association on mobile than linear TV-style videos. Though the 6-second or completed views may cost more,

the trade-off is higher completion rates and hopefully an uplift in engagement rates.

Twitter's ad revenue in Q2 2019 was up 21% year-over-year, bringing in $727mn. Though Twitter hasn't segmented its ad revenue, it did say in 2018 that video ads accounted for more than half of its quarterly revenue.

SUMMARY:

According to eMarketer, advertisers globally are expected to spend $2.97bn on Twitter ads this year, compared to the expected $14.41bn on Instagram ads and $67.37bn on Facebook ads. With digital ad spend continuing to grow, it's no surprise that Twitter is introducing its new 6-second bidding option to keep existing advertisers and potentially reach new ones.

FACEBOOK'S 'CLEAR HISTORY' TOOL

BACKGROUND:

Facebook has announced the scheduled rollout of its much anticipated 'clear history' feature as part of ongoing developments to data privacy and control on the platform.

IMPLICATIONS:

The feature, which forms the cornerstone of a wider set of tools covering "off-Facebook activity", provides visibility on the scale of Facebook's tracking across the wider web, affording some control over what information is garnered from online activity.

Off-Facebook activity is an overview consisting purely of online interactions outside of the Facebook ecosystem, such as visits or purchases made through advertiser apps or websites. Upon navigating to this feature, users will be able to review a summary of off-site data currently collected, how this activity data was received and the number of interactions with an advertisers' app or website, as well as managing apps and websites you log into with Facebook.

Rather than deleting data, 'Clear History' will allow users to "disconnect their off-Facebook activity", meaning data from browsing will be separated from an individual's unique account information. This will reduce some forms of targeted advertising but will not remove data from Facebook's servers or wholly prevent its usage. As well as historical data, future off-Facebook activity can be disconnected, which will be implemented 48 hours after a user clears their history. During this time the data can be used for measurement as well as ad functionality.

Any data disconnection by a user will impact all brands, with a single option to 'clear history' rather than individually selecting brands or advertisers. However, with limited to no promotion, it is not expected that many users will navigate to the function.

If a user chooses to disconnect their off-Facebook actvity from their profile,

advertisers will be unable to use that specific data for ad targeting potentially reducing the available size of retargeting pools created from web or app actions. Whilst this could limit re-engagment targeting, it will not impact the ability to be served ads in general with Facebook clarifying: "You will still see the same number of ads, they will just be less personalised".

As this feature is focused towards the disconnection of off-Facebook activity, users may still see ads from advertisers based on Facebook activity. Furthermore, the usage of first-party data will continue to enable advertisers to upload customer lists and target these consumers with paid social advertising.

Facebook has also taken steps to make sure measurement is unaffected, with the creation of a decoupled Measurement. Simply put, the company is not deleting off-platform activity by users – only making it anonymous.

SUMMARY:

The development will initially be rolled out in Ireland, Spain and South Korea, with a view of a worldwide launch "over the coming months". Whilst 'Clear History' may not be utilised in large numbers - particularly in markets where data privacy conversations have been less prevelant - it is recommended all paid social teams continue to keep a close eye on active and future campaigns, to ascertain potential impacts on audience reach, CPM and CPC.

SEPTEMBER

FACEBOOK LAUNCHES DATING APP

BACKGROUND:

After a successful trial in Colombia, Facebook has announced the launch of Facebook Dating in 20 countries.

IMPLICATIONS:

Facebook Dating is Facebook's newest offering and first foray into the realm of dating services. Though not entirely a separate entity, Facebook Dating will live within the Facebook app. To use it, users must be 18 years or older, opt-in to the service, and create a stand-alone profile. The app has now officially launched in the US and is also available in Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Ecuador, Guyana, Laos, Malaysia, Mexico, Paraguay, Peru, the Philippines, Singapore, Suriname, Thailand, Uruguay and Vietnam. It will then roll out to European countries next year.

Similar to top dating services like Tinder and Bumble, users will be able to combine their Instagram profiles with their Facebook Dating profile. However, unlike popular dating services, there is no swipe feature to find matches. Instead, a new feature called 'Secret Crush' allows Facebook daters to choose up to nine 'secret crushes' from their Facebook friends and Instagram followers. A match is made if both users add each other to their 'Secret Crush' list. Facebook will also suggest matches based on preferences selected when creating your profile, your interests and Facebook activity.

With the amount of data Facebook already has on users, coupled with the amount of data Facebook will gather from Facebook Dating it's no surprise that the app's mission according to the press release is: "Facebook Dating makes it easier to find love through what you like — helping you start meaningful relationships through things you have in common, like interests, events and groups."

While Facebook Dating is free to use and ad-free, Facebook is entering yet another lucrative market. According to analysts the dating industry is estimated to grow to $12bn by 2020. Match Group, which represents a large part of the industry (owning over 40 dating services including Tinder, Hinge, and Plenty of Fish) brought in $1.7bn in revenue last year. Bumble has an annual revenue of $200mn and over 55 million users, with just over 10% opting in to pay for a premium monthly subscription. Facebook has 2.2 billion monthly users, with 200 million of them identifying as 'single'. If Facebook Dating sees a small percentage opting in, there's potential for it to be a huge player in the market.

Safety also plays an important role in Facebook Dating which allows users to report and block people. Users can also tap the Shield icon to share details of an upcoming date with friends or family members allowing users to temporarily share live locations when meeting a new person.

SUMMARY:

Facebook Dating has the potential to unlock another lucrative revenue stream for the social media giant. It is also one of the most significant connections between Facebook's main platform and Instagram. With this launch, Facebook will find itself in a business area with a huge amount of personal data, so privacy issues will be prominent should the app decide to monetise.

YOUTUBE KIDS

BACKGROUND:

After years of YouTube Kids being a mobile app, the video-streaming platform is now offering kid-friendly videos on its website, YoutubeKids.com, which will provide similar experiences, features and safeguards to its app.

IMPLICATIONS:

Until recently, YouTube Kids has only been available as an app on mobile/tablet devices and has more than 14 million monthly active viewers in over 40 countries.

Google also announced that the platform will be getting new privacy filters for parents, allowing them to manually control content by adding videos to the 'Approved Content Only' list. This ensures that children will only be able to watch videos chosen by their parents. In addition, the new site filters content into three age-defined sections: Preschool, Younger (ages 5-7), and older (ages 8-12). Despite these filters, the platform warns that adult content could still find its way onto YouTube Kids. Parents can block or flag inappropriate videos on YouTube Kids for a fast review, Google said.

The video-sharing platform also announced plans to invest $100mn over three years, dedicated to the creation of 'thoughtful' original content. This move was in response to recent controversies over YouTube collecting children's data and using it to target ads, without parental consent.

The Federal Trade Commission (FTC) recently issued YouTube with a $170mn fine for the same privacy infringements in the US. New rules that have been set out by the FTC, include that: YouTube must stop collecting data on videos targeted towards children (under the age of 12) and content designed and intended for children must be clearly labelled. YouTube will also stop personalised ads and machine learning will be used to identify videos that are targeted

to young audiences. Features like comments and notifications won't be available on videos featuring kids to dissuade predators from lurking in the comments. For creators, the absence will be disastrous, fewer notifications and recommendations means less money earned. "Starting in four months, we will treat data from anyone watching children's content on YouTube as coming from a child, regardless of the age of the user" YouTube said. "This means that we will limit data collection and use on videos made for kids only to what is needed to support the operation of the service."

"Responsible growth" was only recently made one of YouTube's core metrics after advertisers have taken their ad dollars away from YouTube out of fear that their ads will be shown on harmful videos. However, each time, advertisers came back to the platform due to its importance and scale.

SUMMARY:

Data privacy continues to be at the forefront for advertisers and parents alike. However, YouTube hasn't been the only one facing scrutiny from the FTC over children's privacy. TikTok was recently forced to settle a $5.7mn fine for illegally collecting information from children under 13. As a result TikTok launched a separate, limited app experience for children, with additional safety features and privacy protections. The settlement was described as the "largest civil penalty" in a children's privacy case.

APPLE EVENT SEPTEMBER 2019

BACKGROUND:

Apple mania is here again. As expected, Apple's latest event saw the launch of a swathe of new iPhones, albeit missing a number of expected features. Alongside upgrades to iPhones, iPad and Apple Watch, Apple also confirmed details around AppleTV+ and Apple Arcade services.

IMPLICATIONS:

Apple TV+: Launching on November 1st in over 100 markets, Apple TV+ will cost $4.99 a month - a lower price point than competitor services such as Netflix and Amazon Prime Video. Interestingly, Apple will give anyone who buys any new hardware this year a free year's subscription.

Apple Arcade: Apple confirmed launch dates and pricing of its cross-platform gaming service. Designed to go head to head with Google Stadia, Apple Arcade will launch on September 19th for $4.99 per month. The service will let 6 family members play ad free games across Macs, AppleTVs, iPads and iPhones. Launching with over 100 titles, Apple demoed titles unique to the platform, including a remake of classic Frogger.

iPhone: Apple announced the launch of its iPhone 11 and iPhone 11 Pro (including the iPhone 11 Pro Max). As ever with an upcoming launch, rumours and "leaks" were rife, what has perhaps been most notable about the new iPhone is what wasn't announced. Apple didn't include 5G, this is widely expected to come in 2020. Features that were expected but didn't appear included two-way wireless charging, USB-C port, Apple Pencil support and a proprietary Apple tracking device similar to Tile.

Apple also announced the A13 bionic processor, which further pushes processing power, with Apple stating dominance over this year's high-end Android handsets (claiming to maintain that position over next year's models as well). Battery life has been improved by efficiency enhancements in the A13 processor - the iPhone 11 offers 1 hour over the XR and the iPhone 11 Pro and Pro Max offer 4 and 5 hours over their XS & XS Max predecessors. Aside from some design changes, camera system upgrades appear to be Apple's big bet this year. A 2-lens system on the 11 and 3-lens system on the Pro models will deliver a greater range of options and machine learning photo wizardry – including an enhanced night mode. Apple also talked about Deep Fusion, which will happen next year, where 9 images are taken and the A13 processor optimises each individual pixel to create one final exceptional quality image.

Other Hardware: Like the iPhone updates, the new iPad and Watch felt like iterations rather than new devices. A larger screen and the inclusion of Apple smart connector for the iPad and an always-on display, new titanium and expensive ceramic case material and a compass for Apple Watch 5.

SUMMARY:

Evolution rather than revolution in a slightly safe set of hardware launches supported by keenly priced entertainment and gaming solutions. Much of Apple's share price relies on uptake of iPhone, but all eyes will be on the uptake of Apple TV+ to see if Apple has a service that can disrupt another market.

DMEXCO 2019

BACKGROUND:

The Digital Marketing Expo & Conference – DMEXCO – held last week in Cologne, Germany, attracted 40,000 data and tech vendors, clients and agencies to discuss the future of the digital marketing industry.

IMPLICATIONS:

A core theme at DMEXCO this year was (mis)trust and how to deal with a media landscape that is continuously intruding into people's lives. Held after a tumultuous year of data leaks, privacy issues and regulatory fines, the industry as a whole is facing a tough challenge to earn back trust with many suggesting increased transparency is required.

The official conference theme was 'Trust in You' to empower visitors and industry participants to trust themselves and their abilities to play a positive role in changing the industry for good.

The cookie conundrum: Specific events in the months leading up to DMEXCO had a big impact on the conference agenda. Google and Apple have both been working on the implementation of anti-tracking features in their popular browsers and the ad tech industry has been left scrambling to find a solution to protect its business.

The Google (Chrome Privacy Update) and Apple (ITP) developments have the potential to severely impact the use of third-party tracking cookies and thus impact the core functionality of many ad-tech products that are built on this technology, although there is a general uncertainty of how this will pan out for the industry in the long term. At DMEXCO, several solutions and alternatives were presented that provide opportunities to circumvent these anti-tracking features and safeguard the targeting capabilities in ad tech.

There a number of potential solutions in development to address this conundrum,

such as Digitrust, a non-profit linked to the Internet Advertising Bureau (IAB) that aims to create a solution with a single identifier online. Another similar initiative that seems to have got traction from inside the industry is the Unified ID from leading DSP provider The Trade Desk.

Audio and TikTok: New global superstar social app TikTok talked about how brands can immerse themselves on the platform in an authentic way and leverage their community for positive brand interactions.

Spotify talked about the global boom in audio consumption and podcasting, the developments in Germany specifically (44% of the German population now listens to podcasts) and the opportunities audio provides for brands and agencies to capitalise on unique aspects of the medium.

SUMMARY:

The event was a treasure trove of complex acronyms, which is ironic given the industry's desire to try and simplify itself and build trust. Gone are the days of talking about DSP, CDP & OTT, this year, all the hype was around CMP, SPO & AI. (Consent Management Platform, Supply Path Optimisation and Artificial Intelligence). Maybe the love of the acronyms doesn't sit well with the topic of trust that the organisers had settled on this year, but as ever DMEXCO proves to really deep dive into the ad tech landscape and will continue to attract people from the industry in large numbers.

GOOGLE ADS REMOVES ACCELERATED AD DELIVERY

BACKGROUND:

Google has announced a change to ad delivery options in Google Ads that will be implemented October 1st.

IMPLICATIONS:

Currently there are two different types of ad delivery available on Google campaigns, 'standard' or 'accelerated'.

Using Standard Delivery, Google determines how often to show your ads throughout the day in an attempt to make sure that you don't spend your whole budget in the morning, causing your ads to stop showing for the rest of the day. The risk with this option is that it can be more difficult to guarantee 100% delivery of your daily budget cap.

Accelerated Delivery removes Google's control of ad delivery and shows your ads whenever an impression is available, until your budget is reached. The risk with this option is that your ads can stop showing early in the day if you had a limited budget which has been spent.

Google is removing the Accelerated Delivery option for Search and Shopping campaigns, as well as for campaigns with shared budgets - with Standard Delivery the only available option. There will be an automatic switch by October 1st for Search and Shopping campaigns. However, Accelerated Delivery will still be available for Display and Video campaigns, for the time being.

Typically, this would mean that for campaigns that have uncapped budgets, where they are achieving target outcomes, you would select Accelerated Delivery. This would be done to maximise opportunity and to ensure you can leverage available budget to drive maximum returns. With Standard Delivery, budget is paced throughout the day (or daypart selected) and Google states standard delivery has been improved to be more predictive: "Standard delivery takes into account expected ad performance throughout the day and is better at maximizing performance within your daily budget."

To manage when and how clients' ads are being delivered, ad scheduling can be used alongside bidding strategies like 'maximise conversions' and 'maximise clicks' within Google Ads. This will help maximise the opportunity available, similar to how Accelerated Delivery previously worked. Google has provided automated bid strategies that use machine learning to optimise for conversions or conversion value, called Smart Bidding. Within Smart Bidding, a feature that allows you to adjust in each and every auction, known as Auction Time Bidding will help ensure maximum outcomes for clients in the absence of accelerated delivery.

SUMMARY:

The removal of Accelerated Delivery potentially affects the ability search practitioners have to specify the delivery frequency of search ads (especially during spikes in demand), with more reliance on Google's machine learning to help make these decisions.

AMAZON EVENT 2019

BACKGROUND:

Amazon held a media event this week to announce new products, including Alexa devices, Echo speaker devices and other surprises. Here are the highlights.

IMPLICATIONS:

Amazon's virtual assistant Alexa got some new capabilities. It's now more sensitive to emotion - if you yell, Alexa will understand and acknowledge your frustration. You'll be able to add celebrity voices with Samuel L. Jackson the first celebrity to have his voice used. Other stars will follow and each voice will cost $0.99.

Other upgrades include: Multilingual modes that will let you switch between various languages; a new whitelist feature allowing parents to control contacts that their children can chat with through Alexa and a privacy feature allowing deletion of everything Alexa has heard that day.

Improved Echo Speaker: Amazon refreshed its original Echo device – the latest generation gets the same drivers and the 3-inch woofer as the Echo Plus, so it's louder, clearer and has a more powerful bass response. It also launched new designs.

Echo Studio: This "enhanced" Echo experience is a high-end smart speaker tailored for 3D audio and aimed at audiophiles - it supports Dolby Atmos audio and can connect to 4K Fire TV Devices. It should also offer the higher-fidelity playback needed to take advantage of Amazon's new HD Music service and will cost $200.

Echo Buds: Wireless Bluetooth earbuds featuring Bose's smart noise isolation, intended to give them an edge over Apple's Airpods. You can activate the built-in virtual assistant by voice, unlike other Alexa-enabled headphones. They have five hours of battery life and will cost $130.

Echo Loop: Amazon's push to get Alexa out of the house and into people's hands. The Echo Loop is an Alexa-enabled smart ring, with two microphones, a tiny speaker and haptic alerts that will let you respond to notifications or ask Alexa a question and then lift to your ear to listen to the response. It will be released in limited quantity and cost $130.

Echo Frames: Designed to look like regular glasses there is no display or camera but they do feature discreet microphones for Alexa. The glasses start at $179 and like the Echo Loop will be released in limited quantity.

Fetch: A pet tracker that lets owners monitor their dog from up to 500m away.

Other announcements included an 8in Echo Show smart display for group video calls. The Echo Glow is a smart lamp that changes colours in time with music. A voice-controlled Smart Oven that can also scan barcodes on food items and finally Echo Flex, Amazon's smallest Echo device that plugs into a power outlet and has Alexa.

SUMMARY:

This launch of products confirms Amazon's desire to extend Alexa into every part of people's lives. Devices are attractively priced as Amazon knows that once it can bring consumers into its ecosystem, it can drive more revenue from them.

Mindshare conducted lots of research in the voice assistant/audio space, check out our Speak Easy report and Mindshare USA's NeuroLab for more info.

TIKTOK

BACKGROUND:

TikTok has hit the news again this week over claims that it is censoring content on the platform that is politically sensitive to the Chinese government, but this does not seem to have slowed the meteoric rise of the latest social media sensation. First launched by parent company ByteDance in 2016, Douyin sought to fill the gap for user-generated short video content in China's rapidly changing media landscape. TikTok was launched in markets outside China in 2017 and is currently the No. 1 iPhone app in the US. Here is what you need to know.

IMPLICATIONS:

ByteDance's video-sharing app Douyin allows users to create and upload short 15 second videos, which can be accompanied by soundtracks or music clips. Originally developed as a lip-sync platform, the app's user base has skyrocketed to over 390 million monthly active users (MAUs) in China. With 86% growth YoY, the platform continues to grow faster than rival Kuaishou and the more established WeChat and Weibo.

Outside of China, it has gained popularity under the name 'TikTok' since its global launch in 2017, reportedly achieving 500 million MAUs in mid-2018 in over 150 countries. In February 2019, TikTok, along with Douyin, hit 1bn downloads, excluding Android installs in China. In comparison, Instagram hit 1bn downloads back in 2018, eight years after its 2010 launch.

To compete with TikTok, Facebook launched Lasso last year in the US as a standalone app. Lasso allows users to share short form videos. Monthly downloads have averaged less than 1% of TikTok's.

Looking to fuel its growth in China, Douyin continues to evolve at an unprecedented rate. Tapping into its large influencer base, the platform has recently popularised 'Douyin Challenges'. Douyin Challenges allow brands

to invite users to create and share specific content, driving user-generated videos and conversations.

Marketing campaigns by Nike, which saw users show off their trendiest sports stunts for China's Children's Day, or Lay's, which asked users to lip-sync to a comical music video accompanied by the crispy sound of potato chips, continue to push the boundaries of Douyin's latest craze. Both micro and mainstream influencers have taken part in these challenges, attracting users to join in.

TikTok recently invited brands to advertise on its free-to-use platform with a beta launch of its "managed service platform", bringing TikTok into the biddable ad space. Currently, TikTok only offers a standard in-feed video ad. As the platform continues to grow, it's likely that its ad offering will also grow.

SUMMARY:

As with any new platform, there are always teething issues. Recently, in addition to the censorship allegations, the app has attracted attention around inappropriate content for minors, user addiction, as well as unqualified products in its e-commerce functions. ByteDance has gradually tried to address these concerns with underage restrictions, usage time limits and better customer service support for online purchases. Earlier this year, ByteDance paid a $5.7m fine to the FTC in the US for illegally collecting data from under 13s without parental consent.
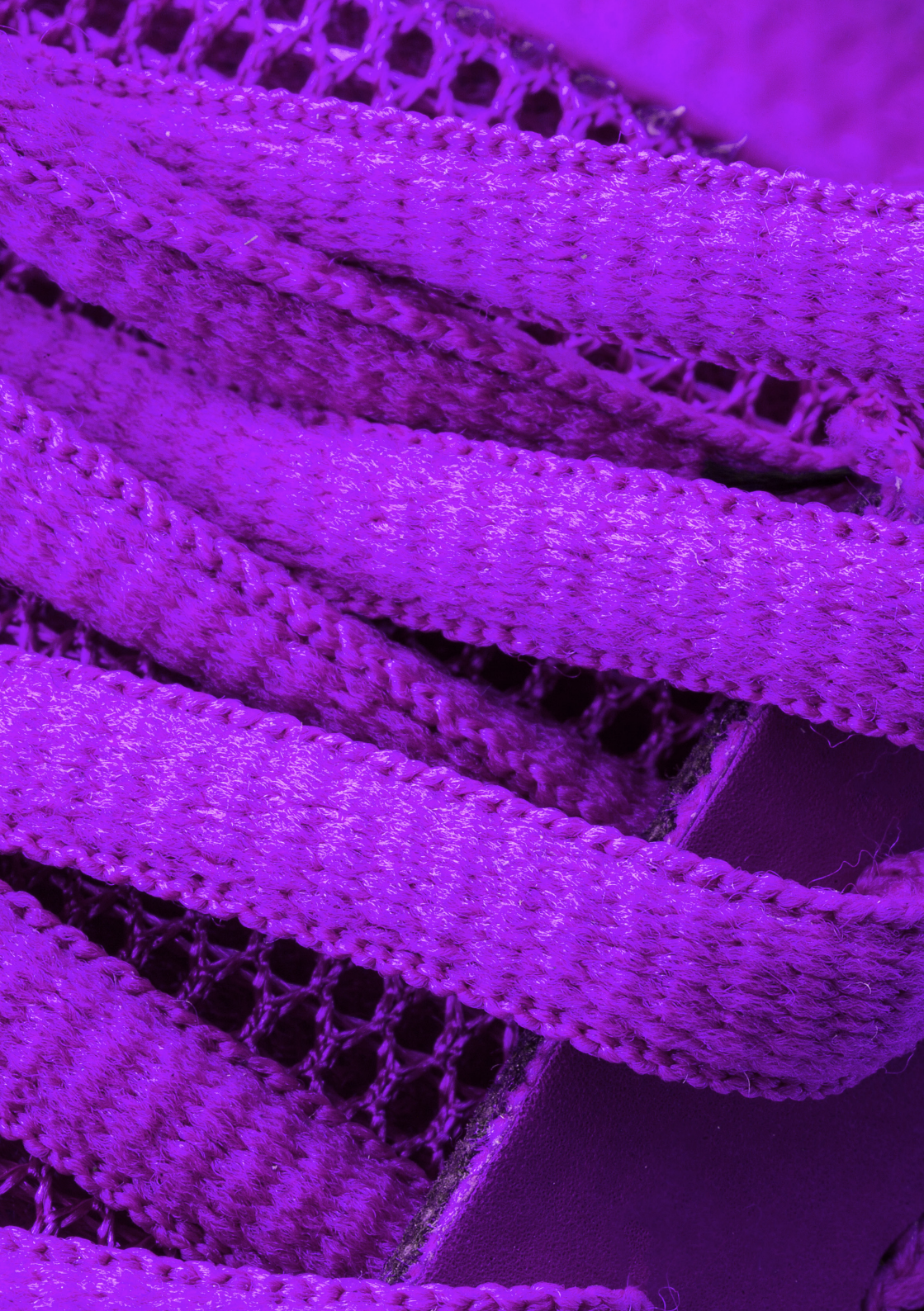
OCTOBER

NEW YORK ADVERTISING WEEK

BACKGROUND

New York Advertising Week took place last week, with 98,000 attendees across 4 days, almost 300 seminars, workshops, dinners and the odd party. Here are some themes.

IMPLICATIONS

Audio was making a lot of noise: There were sessions focussing on the power of audio to connect with and engage consumers. Sessions with titles such as 'The Voice Shift', 'A Brand Strategy in Audio' and 'The Neuro Science of Audio Messaging' all spoke of the power of audio, the spoken word and the way in which voice is playing a role in the modern media mix. The content wasn't just confined to one stage, there were sessions on the Story Crafters Stage, Culture Builders Stage, Entertainment Stage and Insight Drivers Stage. Mindshare USA's Janet Levine, Leader, Invention+, sat down with speakers from Acast, Right Side Up and Complex Media to discuss the evolution of the podcast industry.

Commerce is the new black: Always excited about a shiny thing, the industry this year could not get enough of DTC brands. Sessions with titles such as 'Collaboration Among New World Brands', 'The Rise of Shape Shifting Experience Platforms' and 'Reinventing Retail – How to Think Like DTC Start Ups' promised to reveal the secrets of these new brands. Amazon was also a hot topic, with panels dedicated to understanding how the commerce behemoth is 'Reshaping Shopper Marketing'. Mindshare USA's Hannah Rapaport, Partner, Associate Director, penned a piece looking at how 'Omni Customer is the New Omni Channel'. Also, Allison Kelsoe, Manager, Strategic Planning covered a session with the big title 'The Future of Retail'.

Content and Influencers (and TikTok): The week was also a chance to take a deeper look at influencer and content marketing. Influencer marketing has been under scrutiny with questions over measurement, standards and fraud. So, titles such as 'The Future of Influencer', 'Influencer Marketing #Trustissues' and 'Breaking the Barriers of Influence' were no surprise. Mindshare USA's Jodie Huang, Manager, Insights wrote a wrap up on the 'Future of Influencer' session. It's an $8bn business and is predicted to grow to $15bn by 2022.

Content Marketing was well represented, but mostly through the lens of the influencer. Sessions such as 'The Future of Content Marketing' and 'The Combination of Influence and Authenticity' discussed the power of content marketing but also what needs to change.

Finally, 'The Future is Unconventional – TikTok's Path to Disrupting the Disruptors', was interesting because there is so little data on TikTok. TikTok's VP, Blake Chandlee, was joined by Gary Vaynerchuk and the chat ranged from whether the platform is a social network or a content platform, to how many users it has. Vaynerchuk believes in it and is urging brands to think about the opportunity and engagement right now.

SUMMARY

New York Ad Week polarises opinion somewhat. What you can't deny is that it attracts big numbers in the industry to discuss big issues and, as a platform for debate, it's hard to match.

TABOOLA AND OUTBRAIN MERGE

BACKGROUND:

Taboola is acquiring Outbrain to create a $2 billion company. The two former rivals both operate advertising-based content recommendation engines for publishers.

IMPLICATIONS:

The deal is still subject to regulatory approval, but after years of rumours, the two digital advertising companies are coming together in a cash-equity deal under the Taboola brand. Reports suggest Taboola has agreed to pay Outbrain shareholders $250 million and hand over a 30% stake in the new firm. Taboola's founder, Adam Singolda will continue as CEO.

According to Singolda, the deal is the result of a desire to establish a company that could provide an alternative to the power of Facebook, Google and Amazon. In a statement, Singolda said: "We're passionate about driving growth for our customers and supporting the open web, which we consider critical in a world where walled gardens are strong, and perhaps too strong".

Taboola said its consolidated media buying platform will be more efficient for advertisers and will bring higher revenue and user engagement for publishers.

Taboola said the new company will reach 2 billion people per month. Google says its Display Network reaches 90% of people on the internet and Facebook says it has 2.4 billion monthly active users on Facebook and more than 2.7 billion people use at least one of its family of services each month.

Taboola and Outbrain do not have the best reputation amongst internet users, with many associating their bottom of the page content recommendations with 'spammy' links. However, between Taboola and Outbrain, the companies now have ties to a list of the biggest online media properties including CNBC, NBC News, USA TODAY, BILD, Sankei, Huffington Post, Microsoft, Business Insider, The Independent, El Mundo, Le Figaro, CNN, BBC, The Washington Post, The Guardian, Spiegel Online, El País and Sky News.

Taboola believes the combined audience scale will give it the leverage to help these publishers generate revenues on their own sites, as well as on the networks of Google, Facebook and Amazon – the three of which collectively account for around 70% of all online advertising revenues.

There is also some difference in the technology that has been developed by each of the companies, with Outbrain having acquired a programmatic advertising company called Zemanta in 2017 and Taboola having focused on developing its video offering.

SUMMARY:

The user perception of links offered by Taboola and Outbrain is of low quality and at worst, spammy links to loosely related content. That will be the biggest hurdle for the new combined company to overcome as it convinces publishers they are better monetizing their site using their services than handing over revenues to the world's largest advertising platforms. The combined company will offer publishers a more scaled way to generate revenues, but the user experience will need to be part of the decision-making process.

FIREWORK

BACKGROUND:

The Wall Street Journal has reported that Google is interested in buying the social media app Firework, viewed by many as a competitor to TikTok.

IMPLICATIONS:

Firework allows users to make and share 30 second videos. The differentiation with Firework is that users can watch part of the video in vertical mode, then turn their phone to 'reveal' the rest of the video, often accompanied by a twist or surprise.

Interestingly it doesn't have a 'like' mechanism and doesn't allow comments, instead users can either save or share videos. A move that could be seen as a response to the social problems other apps have experienced around trolling. Instagram is currently testing the removal of the 'like' function due to this.

Firework launched in March this year and has already been valued at $100mn. It was founded by Jerry Luk and Vincent Yang, with an exec line-up that includes experiences from analytics company Everstring, LinkedIn, Snap, Warner Bros, Universal Pictures and Fox.

As well as Google, Chinese social media giant Weibo is also reportedly interested. Both companies will be keen to not miss out on the current social media trend of ultra-short form videos, set to music and highly shareable.

TikTok's growth has been stellar since launch, with its 15 second videos set to music seeing huge uptake by users. Launched originally in China as 'Douyin', outside of China, it has gained popularity under the name 'TikTok' since its global launch in 2017 and by February 2019 TikTok, along with Douyin, had hit 1bn downloads globally, giving Instagram, Facebook, Snapchat and WhatsApp a run for their money. In comparison, Instagram hit 1bn downloads in 2018, eight years after its 2010 launch.

Facebook also launched Lasso last year in the US. Lasso allows users to share short form videos with a soundtrack. Monthly downloads have averaged less than 1% of TikTok's. And Google's failure to spot and then capitalise on the rise of social media is well documented, with Google+ finally turned off last year.

For Google the attraction of Firework could be two-fold. Firstly, it could help mitigate the impact of TikTok on YouTube viewing but it could also help take YouTube to a new level. YouTube videos have an average length of 4 minutes and recently it has invested in premium content creation. Firework could provide a home for the shorter, 'cat', 'LOL' and 'prank' videos, leaving YouTube to focus on longer form content. This could address the larger brand safety issues. Google also has the scale to promote Firework through its search services to power it to a leadership position in the market very quickly.

SUMMARY:

Speculation is rife, driven by the rapid growth of TikTok, so any similar service is going to be attractive. Firework would seem to be a good fit for Google, although it's possible that the regulators would look at any deal. What it proves is that the appetite in the market for video based UGC platforms has not dimmed.

FACEBOOK WATCH EUROPEAN EXPANSION

BACKGROUND:

Facebook announced the expansion of its Facebook Watch platform in Europe this week at the annual MIPCOM conference held in Cannes, France.

IMPLICATIONS:

Facebook Watch is a video on demand service for sharing long and short-form original video content. The original content creators collect 55% of ad revenue generated through mid-roll ads on the platform against their content.

Already popular in the US (720 million users every month with 140 million people spending at least one minute a day on the platform) Facebook intends to further expand Watch in Europe to try and generate better viewing figures in the region.

Facebook will focus on celebrities and influencers to maximise attention on the platform and will be driven by new partnerships with large media publishers. In the UK these include LadBible, Tastemade and Copa90 and in Germany, Brainpool and Burta, whilst in France Facebook has done a deal with M6.

UK shows include: a reality TV show created by LadBible; a 'Sunday Football Roast' show by Copa90 - in which comedians will make fun of one another based on the football teams they support – and a weekly series from Tastemade involving celebrities such as Conor Maynard.

In Germany, rapper Eko Fresh has been signed up for weekly episodes created by Brainpool. In Italy Ciaopeople has signed up top Italian influencers Camihawke and Alice Venturi to discuss life in their 30s. In Spain, 2btube has gathered a number of Spanish influencers to participate in cooking challenges.

In France, M6 will be posting over 1,000 clips on Watch over the next year, of which, 200 of those will be created exclusively for the platform.

The new publishers join those already on the platform that include BBC News, Le Monde, and C4 News. However, these new collaborations focus on content that is designed to draw more viewers to the platform through focusing on 'digital publishers with beloved creators and public figures who have established communities on Facebook' in order to attract their fanbases to the platform.

SUMMARY:

Video is the future of digital media and the battleground for eyeballs is crowded - TikTok, YouTube, Netflix et al. Facebook is hoping that its continued investment in original programming will push its service into the forefront of this battle.

SNAPCHAT DYNAMIC ADS

BACKGROUND:

Snapchat is rolling out Dynamic Ads, a product that automatically creates ads and target audiences in real-time, to help compete for digital ad dollars and attract more retail, ecommerce and direct-to-consumer brands to its platform.

IMPLICATIONS:

Shapchat's Dynamic Ads, which has been in beta testing for more than a year, allows marketers to create ads on the fly and as the ads connect directly to an advertiser's product catalogue, they're always up-to-date, which removes the need to manually advertise each product individually. The ads can also be automatically created and targeted based on a Snapchat user's past behavior.

There will be a variety of made-for-mobile templates and designs enabling brands to find visually appealing ways to showcase their products. Snapchat pointed to the simplicity of the creation process, saying that advertisers do not have to manually create these ads, instead merely syncing a catalogue, determining their target audience and letting the messaging application's system handle the rest, in real-time.

The ability to tap into entire catalogues will give brands a larger pool of ads to choose from, which Snapchat sees as improving the experience for end-users while boosting return on investment for advertisers simultaneously.

Snapchat said it sees dynamic ads as having the most appeal for retail, ecommerce and direct-to-consumer brands but all advertisers in the US will be able to use the dynamic ad platform immediately to target the US. A global rollout will follow soon.

Snapchat has offered the self-serving Ads Manager for the last two years but the feature didn't automatically create and target ads in the same way as the new dynamic ads.

In many ways this is catch-up for Snap, with competitors Google, Facebook, Instagram and Pinterest already offering a similar service. But Snapchat believes its late entry will not impact its ability to benefit as it has such a strong millennial audience that is desirable to advertisers. Snapchat said it reaches more than 90% of 13 to 24-year-olds in the U.S. and its user base is highly engaged with the app, which gives advertisers more opportunity to reach them.

The announcement comes just before Snapchat's parent, Snap, announces its third-quarter results. The company's ad revenue is still largely dependent on the US market and Snap remains a small player in the global digital ad market with 0.5% revenue share, compared with Google at 32% and Facebook at 21%, according to eMarketer.

SUMMARY:

Snapchat is often seen as a space for brand campaigns, so this is a significant step in opening up opportunities for advertisers looking to drive sales through a platform that returned to user growth this summer. With products like Google's shopping ads and Facebook's dynamic product ads now a consistent part of media plans for these types of advertisers, this gives them a reason to consider Snapchat as part of their strategies. However, Snapchat will need to demonstrate the effectiveness of these dynamic units in driving performance at scale if it wants to make progress in the ecommerce space.

Q3 2019 EARNINGS

BACKGROUND:

Snap Inc., Twitter and Amazon released their Q3 earnings this week. Here are the headlines.

IMPLICATIONS:

Snap Inc: Snap Inc. reported another quarterly increase in users and revenue, signaling that changes to its social-media app and new advertising tools are paying off. Snap's third-quarter revenue rose 50% YoY to $446mn vs the $435mn expected. It gained 7 million new daily active users (DAUs) this quarter reaching 210 million DAUs, up 13% YoY. Discover programming on Snapchat continues to gain traction with coveted young audiences. Daily Discover viewing time increased 40% in the quarter over last year, and more than 100 Discover channels saw over 10 million viewers per month in Q3, the company said. Snap has also managed to continue cutting losses. Net loss improved to $227mn from $255mn last quarter.

Twitter: Twitter's shares plunged 19% in early trading after its Q3 revenue and earnings missed Wall Street's forecasts. The company blamed product issues and weaker advertising demand. Revenues rose around 9% YoY to $824mn but fell short of the $873.9mn expected and down 2% from the $841mn for the previous quarter. Twitter's advertising revenue rose 8% to $702mn as advertising sales in the US grew 11% but this was a sharp drop from their 32% growth in the third quarter of 2018. More positively, its 'monetisable daily active users' (mDAUS) grew to 145 million, a 17% YoY increase. The company credited the growth to product improvements, organic growth, and marketing. Twitter stated it has more work to do to deliver improved revenue products and will continue to prioritise its ad products, progress on health, and investments to drive ongoing growth in mDAUs.

Amazon: reported third-quarter earnings beating Wall Street revenue estimates but missing on profit sending shares tumbling in after-hours trading. Revenue was $70bn vs $68.8bn estimated, up 24% from the same quarter last year but profits fell to $2.1bn, a drop of 26%. Amazon warned investors that it was planning to heavily invest in its delivery operations, but it spent more than projected. It also pointed to increased spending on the growing cloud business and bolstering its advertising sales force and gave dismal revenue guidance for Q4, the important holiday shopping season. Amazon Web Services (AWS) was responsible for nearly 72% of Amazon's almost $3.2bn in operating income. AWS revenue of $9bn, up 35% vs Q3 2018 but its growth rate was down slightly compared to the last quarter. Amazon's subscription services revenue was up 34% to $4.96bn. "Other" revenues, dominated by Amazon's ad business, was better than expected up 44% to $3.59bn. That's up from a Q2 growth rate of 37%.

SUMMARY:

For Snap Inc. an increased focus on advertising technologies this year appears to be paying off, but it still has a way to go before reaching profitability. Twitter's platform bugs impacted revenue and ultimately led the company to an earnings miss. The return to heavy investment is limiting Amazon's profitability in the short-term but the business believes it's a positive long-term decision.

ROKU TO ACQUIRE DATAXU

BACKGROUND:

Roku announced on Tuesday that it will acquire DataXu, a demand-side platform (DSP) for $150 million. The acquisition deal is expected to close in the fourth quarter and will strengthen Roku's self-serve ad buying capabilities and help it attract more advertising dollars.

IMPLICATIONS:

Roku is a leading OTT platform with over 30.5 million active accounts in the US. The platform streams more ad-supported hours than any other OTT media service, according to a June 2019 comScore analysis.

DataXu is a DSP that provides tools for advertisers to programmatically buy ads across connected TV, addressable TV and online. Dataxu also operates an identity and data management platform that combines advertisers' own data and data from third-party sources to build a device graph that enables it to track how individuals are exposed to ads across different platforms.

The acquisition of DataXu gives Roku a self-serve buying platform that hooks into both its own and other OTT premium video supply, as well as display and cross-platform media. It will help position Roku to operate a marketplace for the OTT industry.

According to Anthony Wood, CEO at Roku, this deal will accelerate its ad platform and help its content partners to 'monetize their inventory even more effectively'. OTT accounts for 29% of viewing, as more and more viewers are favouring these platforms over TV viewing.

This tech merge is further evidence of actionable audience data driving the new wave programmatic agenda. In recent years, we have witnessed Google, Amazon, Verizon, ATT and SingTel all investing heavily in proprietary DSP solutions to allow marketers to tap into and activate against their rich first-party audience segments.

From a marketers' perspective, whilst this is very exciting, especially for reaching the challenging OTT audience, the reality is that this may yet be another 'walled garden' platform offering that marketers will need navigate around.

For Roku, this acquisition might prove to be good value. Considering the cost of other AdTech platform acquisition fees paid in the past, the $150 million price tag might be well worth it, providing they can help turn the DSP's fortunes around.

SUMMARY:

The merge of Roku, a leading OTT platform, and DataXu, a marketing platform for video advertising, reflects the current climate in TV advertising. The acquisition could prove to be very exciting for marketers and equally might be a lucrative deal for Roku.

NOVEMBER

GOOGLE'S BERT UPDATE

BACKGROUND:

Google has revealed its latest AI-powered search algorithm update designed to improve the interpretation of complex search queries and display more relevant search results. The update signals the largest change to search since Google introduced RankBrain (Google's machine-learning artificial intelligence system) in 2015.

IMPLICATIONS:

Google's latest AI-powered algorithm changes are down to a new sequence of code called BERT (Bidirectional Encoder Representations from Transformers), a deep learning algorithm related to natural language processing (NLP). It helps a machine to better understand the context of a search query and to more accurately interpret the meaning. The company said that one in 10 queries would produce better results.

An example given by Google was for the potential search query 'parking on a hill with no curb', the BERT algorithm should understand that the 'no' is important in this context and therefore provide more accurate results to the consumer. In its testing phase, BERT has apparently provided more accurate results than previous algorithm updates.

Vice President of Search at Google, Pandu Nayak, stated: 'search is about understanding language. It's our job to figure out what you're searching for and surface helpful information from the web, no matter how you spell or combine the words in your query'.

The BERT update has initially been rolled out for calculating organic US search results on Google.com. It hasn't been activated for the organic search results in other languages and countries yet, but it will in the future. As for 'Featured Snippets', which appear above the organic search results and include a text,

table or list, BERT is already being used for these results in 25 different languages.

Recently, Google has demonstrated the power it has to understand user context and intent in search queries both in Organic and Paid Search. From expanding 'close variants' keywords so that they match terms with the same meaning in Paid Search to this latest update, Google continues to leverage its Machine Learning and Artificial Intelligence in NLP to deliver a more relevant and natural experience for users.

This is a huge step towards more accurate search engine results and improving user experience. Accurately understanding language context is very complex so it may be impossible for Google to ever fully tackle this but Ben Gomes, Head of Google Search said that this shift is: 'something closer to language...a huge step forward.'

SUMMARY:

This is the biggest change in years and Google is future-proofing itself for longer-tail search queries largely being driven by the ease of mobile search and increased adoption of Voice Search.

For SEO, it's unlikely that there will be opportunity to optimise towards BERT. Rather, the focus will continue to be on writing quality content and SEO best practice. The change will come for users and obtaining accurate search results from queries, regardless of language choice. This is likely to be a welcomed update as driving a more personalised and relevant experience across Search can only help drive more engagement and deliver better performance.

ALPHABET, APPLE AND FACEBOOK Q3 EARNINGS 2019

BACKGROUND:

Alphabet, Apple and Facebook announced their latest earnings results this week.

IMPLICATIONS:

Alphabet: Q3 results fell short of estimates due to higher expenses and continued losses in its "other bets" investments. This was despite a quarter of solid sales growth in the company's advertising and cloud businesses. The company generated revenues of $40.5bn in Q3 beating the $40.3bn estimated. Alphabet's Google unit posted advertising sales revenue of $33.9bn a 17% YoY increase and its non-advertising revenues (which includes the hardware and cloud businesses) increased 39% YoY to $6.4bn. Alphabet continues to rely on Google's advertising which contributed 84% of the company's total revenues in Q3. The Google parent company stock fell more than 1.6% in after-hours trading on Monday.

Apple: Q4 earnings saw services revenue reaching an all-time high of $12.5bn. The company's growth in wearables, home and accessories products and its flourishing services business (which includes the Apple TV app and new entertainment subscription) were the highlights of Apple's fourth quarter which saw earnings growing to $6.5bn. However, iPhone sales continued to decline. The company posted quarterly revenue of $64bn, an increase of 2% YoY and despite the drop in iPhone sales the share price was up 1%.

Facebook: Facebook announced better-than-expected revenue and earnings which saw its stock rise in after-hours trading. Q3 revenues of $17.65bn vs. $17.37bn expected showed a 29% increase from the same quarter last year. Key indicators of Facebook's success saw Monthly Active Users (MAUs) reach 2.45 billion, up 1.65% from Q2 with 1.62 billion Daily Active Users (DAUs) up 2% from 1.587 billion last quarter. Notably, Facebook gained 2 million users in each of its core U.S. & Canada and Europe markets that drive its business. Facebook estimates around 2.2 billion people use at least one of its 'Family' of services (Facebook, Instagram, WhatsApp or Messenger) each day, and 2.8bn each month, up slightly from the previous quarter. Mobile ad revenue represented nearly 94% of total ad sales, up from 92% a year earlier. Facebook is undergoing a transition in its business as more ads move from the core News Feed to the newer Stories products. The company says it has more than 500 million daily users for the Stories features across Facebook, Instagram, WhatsApp and Messenger.

SUMMARY:

Alphabet's costs grew faster than its sales growth in Q3 surprising analysts and resulting in a fall in its stock price. Apple's latest earnings were further proof that the company's next phase of growth will be by monetising existing iPhone users rather than just selling more iPhones and despite ongoing public relations issues, Facebook kept growing in Q3 2019 finding more avenues for ad growth through new formats like Stories.

11.11 SHOPPING FESTIVAL PREVIEW

BACKGROUND:

Alibaba's shopping festival - 11.11 or Single's Day – is set to break records again in its 11th year.

IMPLICATIONS:

Starting out with just 27 merchants in 2009, 11.11 has grown to over 200,000 brands, one million new products and an estimated 500 million shoppers on Alibaba's Tmall. Predictions suggest there will be 100 million new shoppers this year. Last year, the event was responsible for selling $30.8 billion USD in gross merchandise volume, surpassing online revenues from Black Friday, Thanksgiving, Boxing Day and Cyber Monday combined.

Pre-sales dominate on a more immersive Tmall 2.0: Thousands of merchants have upgraded to Tmall 2.0 - previously only available for mass brands - allowing customisation of stores using a suite of new tools and features to engage with customers through rich, personalised content and promotions, and an omnichannel experience. Tmall 2.0 has enabled brands to drive pre-sales, with many surpassing $14 million in sales within ten minutes of pre-sales. Memberships on Tmall have become increasingly important, offering brands the chance to turn 'public traffic' into 'private traffic' and more cost-efficiently re-target and retain customers.

KOLs (Key Opinion Leaders) Shift Consumer Focus: Shifting consumer focus from "What do I want to buy?" to "What should I be buying?", KOLs are responsible for an exponential rise in sales by livestreaming. With Chinese consumers placing greater emphasis on trusted peer reviews, KOL's word-of-mouth effect in China has shown to be twice as strong as that of paid ads - a 37% higher retention rate than without KOLs.

Yet KOCs (Key Opinion Consumers) Have the Final Say: KOCs are the latest wave of influencers to dominate China's eCommerce world. As many celebrity influencers have fallen out of favor with Chinese netizens, they have started placing greater trust in key consumers who have made a trustworthy and reliable name for themselves reviewing products. Most recently, Perfect Diary centered its entire marketing plan around KOCs, becoming one of China's most popular beauty brands.

She-economy and Lower-Tier Consumers Drive the Buying Frenzy: China's economy has slowed recently but the 'She-economy' is growing. 55% of China's eCommerce sales last year were made by female shoppers and PJdaren says 99% of females plan to shop this year with 40% planning to spend more than 3,000 RMB ($430 USD). Females in lower-tier cities have a higher propensity to spend, with 77% expecting to spend more than 1,000 RMB, compared with 70% in tier 1/2 cities. For the first time, Alibaba held a concurrent kick-off event in China's north-eastern city of Harbin, with lower-tier cities contributing 70% of Alibaba's new annual active customers.

Overseas Brands Take Center-Stage: Of the 200,000 brands participating this 11.11, an estimated 22,000 are international, representing 300% YOY growth. In September, Rhianna's Fenty Beauty became the first LVMH beauty brand to enter China via Tmall International. Due to Alibaba's acquisition of NetEase Koala – a leading cross-border e-Commerce platform - overseas brands will continue to accelerate their presence.

SUMMARY:

11.11 remains the biggest sale on earth.

YOUTUBE SHOPPING ADS

BACKGROUND:

YouTube is introducing a 'Shopping Ads' feature to the platform in time for the holiday shopping season and is making a few updates to other ad products.

IMPLICATIONS:

YouTube Shopping Ads will allow brands to advertise their products and services either in the YouTube home feed or in the YouTube search results. The ads are based on either specific product searches by the user or a users' interests and the ads are displayed in either a row of suggested products at the top of the page before the YouTube Search Results or as a carousel between the videos on the YouTube homepage.

On mobile, users will be able to scroll through a carousel of 'Suggested Products' that will appear between videos on the home page or at the top of the search results.

Advertisers interested in taking advantage of the new offering will be able to do so if they're opted into YouTube on Display Network.

YouTube Shopping Ads are an extension of shopping specific advertising options across other Google platforms, including 'Discovery' ads – which are image-based lifestyle ads designed to inspire consumers browsing YouTube feeds and push them towards purchase. Google says that the difference between the two is that Discovery Ads are designed to inspire whereas Shopping Ads are intended to tap into an existing intent to buy.

The roll out of YouTube Shopping Ads also follows Trueview for Shopping, launched in 2015, that allows brands to showcase product details and images in video ads and to click to purchase from a brand's site.

Earlier this year Instagram launched 'Shopping Checkout', a service that allowed users to buy without leaving the Instagram App and more recently TikTok launched a service that does the same called 'Hashtag Challenge Plus'.

Google has also expanded Showcase Shopping Ads to Google Images.

SUMMARY:

As the whole world gears up for the main shopping season, kicked off with China's Double 11 shopping extravaganza and then carried through Black Friday, Cyber Monday, Christmas and the 'Sales' period it's no surprise that Google has looked to enhance its offering to retailers and make it easier for the user to buy. The traditional sales funnel has now collapsed, with the media the point of sale.

11.11 SHOPPING FESTIVAL 2019

BACKGROUND:

Monday saw China's 11.11 / 'Double 11' shopping festival breaking records in its 11th year. More than 200,000 brands participated, with Alibaba achieving more than US$38bn in sales in 16.5 hours.

IMPLICATIONS:

Singles' Day is the biggest online shopping event of the year. For its 11th year this year, Singles' Day reached $12bn GMV (Gross Merchandising Value) in the first hour of sales for Alibaba, the country's biggest e-commerce company and founder of the shopping festival. The total GMV from the day was $38.3bn, up 26% from last year. Alibaba said it achieved its first $1bn in sales in just 68 seconds and first $10bn in 30 minutes. But, whilst this year's sales showed significant growth, it was the slowest growth the festival has seen.

What happened on the day?

The online shopping event was promoted by celebrities. Taylor Swift was the main talent in a countdown gala that launched the event. Other celebrities such as Asian Pop icon GEM were also involved in promoting brands. Even US reality star Kim Kardashian announced that her KKW fragrance would be on sale on Tmall during this year, which demonstrated the global scale of the festival this year.

After China, the US was the second largest seller by GMV this year. Over 78 markets participated in the event, with 1 million different products being sold. The other top countries that sold to China during the event were Japan, UK, Korea, Australia, Germany, France, Italy, Canada and New Zealand. The top countries that bought items from China during the festival were Hong Kong, Taiwan, the US, Australia, Singapore, Japan, Malaysia, the UK, Macau and Canada.

The most popular item purchases were food supplements. Sales of toiletries were also strong. With 200,000 brands participating in the sales this year, some of the biggest sellers included L'Oreal and Nestlé. Other booming categories included electronics. According to Alibaba, 299 brands exceeded $14mn in GMV.

Alibaba's sales in China exceeded the total sales achieved on 11.11 in 2016, with 1.3 billion orders. This year Alibaba attempted to reach lower-tier cities. Liu Xingliang, internet analyst at DCCI Data Center, said that effort had paid off. Xingliang said: "I saw them selling electronic toothbrushes at $1.42 and 65-inch TV sets at $257.36. People in lower-tier cities and towns can afford these products and in fact, they like big TVs more than city people, because they usually have larger houses." Recently, China's economy has slowed due to global and domestic headwinds, but it is thought that people waited for the festival to make large purchases. Additionally, Chinese consumers are increasingly turning to smart speakers to shop. More than 1 million orders were made via voice shopping using the Tmall Genie smart speaker, up 26% from 2018.

SUMMARY:

Singles' Day is seen as an indicator of consumers in China and their willingness to spend. This week's 11.11 saw another record-breaking year but Alibaba's record comes as it faces a slowing Chinese economy and stiff competition from domestic rivals.

FACEBOOK BRAND SAFETY – IMPROVED PUBLISHER CONTROLS

BACKGROUND:

Facebook has announced numerous new tools to improve brand safety on its platform (in addition to Inventory Filters, announced in April 2019) in a further step towards bringing improved control of where and when advertising appears within placements outside of the social newsfeed - Audience Network and in-stream.

IMPLICATIONS:

Following ever-increasing scrutiny over advertising appearing against problematic content, Facebook's two-year journey of the development and improvement of available brand safety controls includes a number of changes centered towards maintaining a high-quality ecosystem of content, publishers and ads through higher transparency and sophisticated tools for further control.

Four key improvements found within Facebook's new brand safety controls include:

- Improved account level control: Moving from manually appiled controls within individual campaigns, advertisers can now apply consistent and multi-campaign block lists, source delivery reports and set inventory filters at the account level (Business Manager or Ads Manager).

- New brand safety partner: To provide further freedom for advertisers to select relevant and/or existing brand safety providers, Zefr now joins DoubleVerify, Integral Ad Science and OpenSlate as a recognised brand safety partner, enabling greater insight into the success of the applied brand safety controls against advertisers' needs.

- Dynamic content sets: To enable increased control over which videos are available for advertisers within the in-stream placement, advertisers working with Integral Ad Science,

OpenSlate or Zefr will have access to this alpha test enabling customised video sets through a content-level white listing tool that routinely updates and adjusts targetable videos based on what best suits advertisers' brand safety tolerances.

- From publisher black lists to white lists: In addition to existing black lists controls, this alpha and beta test brings improved ad delivery control, enabling advertisers to define where ads are exclusively shown on content from select publishers within Audience Network and in-stream placements.

Twitter and Snapchat both recently announced that they will fact-check political ads, so Facebook has generated a lot of column inches around its decision not to fact-check political ads or content and news sources that will be featured in the dedicated news section it is testing. However, its new set of brand safety tools are an attempt give advertisers added controls over how, where and in what publisher inventory their ads may appear across in-stream and Instant Articles on Facebook or via the Audience Network. These controls also add to earlier brand safety initiatives and follow Facebook's latest "transparency report" detailing the recent actions taken to remove illicit posts from Facebook and Instagram.

SUMMARY:

These improvements are a positive brand safety step in enabling advertisers the opportunity to consider expanding advertising tactics into testing non-feed-based placements including Audience Network and in-stream. As part of our global GroupM brand safety recommendations, it's imperative to firstly consider the potential continued risk associated with these mentioned placements, with adoption of such based on the advertisers' tolerance between reach and contextual risk.

FACEBOOK MARKETPLACE ADS

BACKGROUND:

Facebook launched Marketplace - its destination for people to discover, sell and purchase products in their local communities and buy from businesses - in 2016. Facebook has been testing ads within Marketplace for some time and has now made them available for all advertisers, albeit in a limited format but with plans to roll out in 2020.

IMPLICATIONS:

This brings potential opportunities to advertisers for incremental reach along with considerations for targeting and brand safety.

Advertisers can now place ads in the Marketplace, allowing targeted search ads to reach mobile Facebook users alongside other relevant products and services. Search ads for Marketplace are designed to appear when a user search is deemed to be relevant to the applied targeting settings within a campaign. As with all Facebook ads, Search ads for Marketplace include a 'sponsored' label so it's clear that it's a paid promotion.

In contrast to traditional search advertising, which is based on targeting segmented keyword groups, search ads for Marketplace uses several signals, including perceived interests, behaviours and historical actions, to inform the delivery of an ad.

Whilst currently only available in limited search terms within the English and Spanish language, it's expected the level of available 'inventory' (e.g. number of targetable search terms) will increase during 2020 fueling the potential of additional settings including individual and grouped keyword targeting. A key benefit of Marketplace ad placement is the opportunity to leverage consistent targeting used within the newsfeed to increase reach of the desired target audiences and at a potentially lower cost.

However, whilst this placement could offer immediate cost efficiencies and tap into users with high purchase intent, advertisers must consider limitations involved - particularly analysing performance and campaign optimisation. Marketplace ads must run in combination with the newsfeed placement and aren't available as a standalone option. This results in an inability to optimise and allocate budget separately to Marketplace and ultimately reduces placement-specific campaign learnings.

Facebook has taken significant steps in the continued development of brand safety and publisher control within placements outside of the newsfeed, such as the recently announced Audience Network white listing. However, search ads for Marketplace currently don't allow control of which category or products the ads will appear adjacent to. This poses contextual challenges and potential adjacency sensitivities for some ads.

SUMMARY:

Search ads for Marketplace bring the powerful intent-driven actions, often reserved for search engines, into the paid social sphere and search ads for Facebook Marketplace show an exciting and positive diversification in available audience data for advertisers. The Facebook Marketplace has itself been the subject of attention from the EU Commission, Europe's anti-trust regulator, over its impact on the online classified ads market – a sign that the service is growing in popularity – with 1 in 3 Facebook users in the US already using it.

GroupM's brand safety recommendations always suggest first considering the potential continued risk associated with certain placements, with a brands adoption of ads based on the advertisers' tolerance between reach and contextual risk.

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