

# GLOBAL INTELLIGENCE

DATA & INSIGHTS FOR THE NEW AGE OF COMMUNICATION

02  
Q4 2016

  
**Zenith**  
The ROI Agency

# GLOBAL INTELLIGENCE

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*Global Intelligence* is an essential briefing for marketers, brought to you by the world's leading advertising expenditure forecasters. Published quarterly, *Global Intelligence* is a critical mix of data, insight and commentary, fuelled by Publicis Media's proprietary tools and authored by our communications experts. Led with an overview of the latest quarterly *Advertising Expenditure Forecasts*, each issue provides intelligence on key areas of contemporary communication, including digital and mobile, technology and automation, innovation, performance marketing, and branded content.





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# LOOKING FORWARD TO 2017

Welcome to the second edition of *Global Intelligence*. In this edition we examine the challenges and opportunities that the communications industry faces in 2017.

2017 will be a year of firsts for global media. It will be the first year in which spend on internet advertising will surpass television, and the first in which mobile advertising will be bigger than desktop.

It will also be a year of political uncertainty, as we wait to find out how 'Brexit' takes shape, and what a Trump presidency will mean for the US – and the world. Elections are coming up this year in France, Germany and Italy, and like last year's votes they will be influenced by the current wave of popular anger at the political establishment, making the results even more unpredictable than normal. Towards the end of the year, the National Congress of the Communist Party of China will unveil China's new leaders and its likely future direction.

Despite this uncertainty we expect the global ad market to maintain the pace of steady if unspectacular growth it has enjoyed since 2011. Adspend has grown at a stable 4%-5% a year, in sharp contrast to previous decades when adspend exaggerated the economy, rising faster when the economy boomed and falling further in recessions. This stability, however, masks the upheaval caused by the ongoing revolution in digital advertising, which is transforming the way ads are created, traded and served. *Global Intelligence* is designed to give you insights into this revolution from experts at Zenith and Publicis Media, and help you take advantage of the opportunities it creates.

I hope you are enjoying *Global Intelligence*. If you have any questions, or if there's anything you'd like to see us cover, please email me at [Jonathan.Barnard@zenithmedia.com](mailto:Jonathan.Barnard@zenithmedia.com).

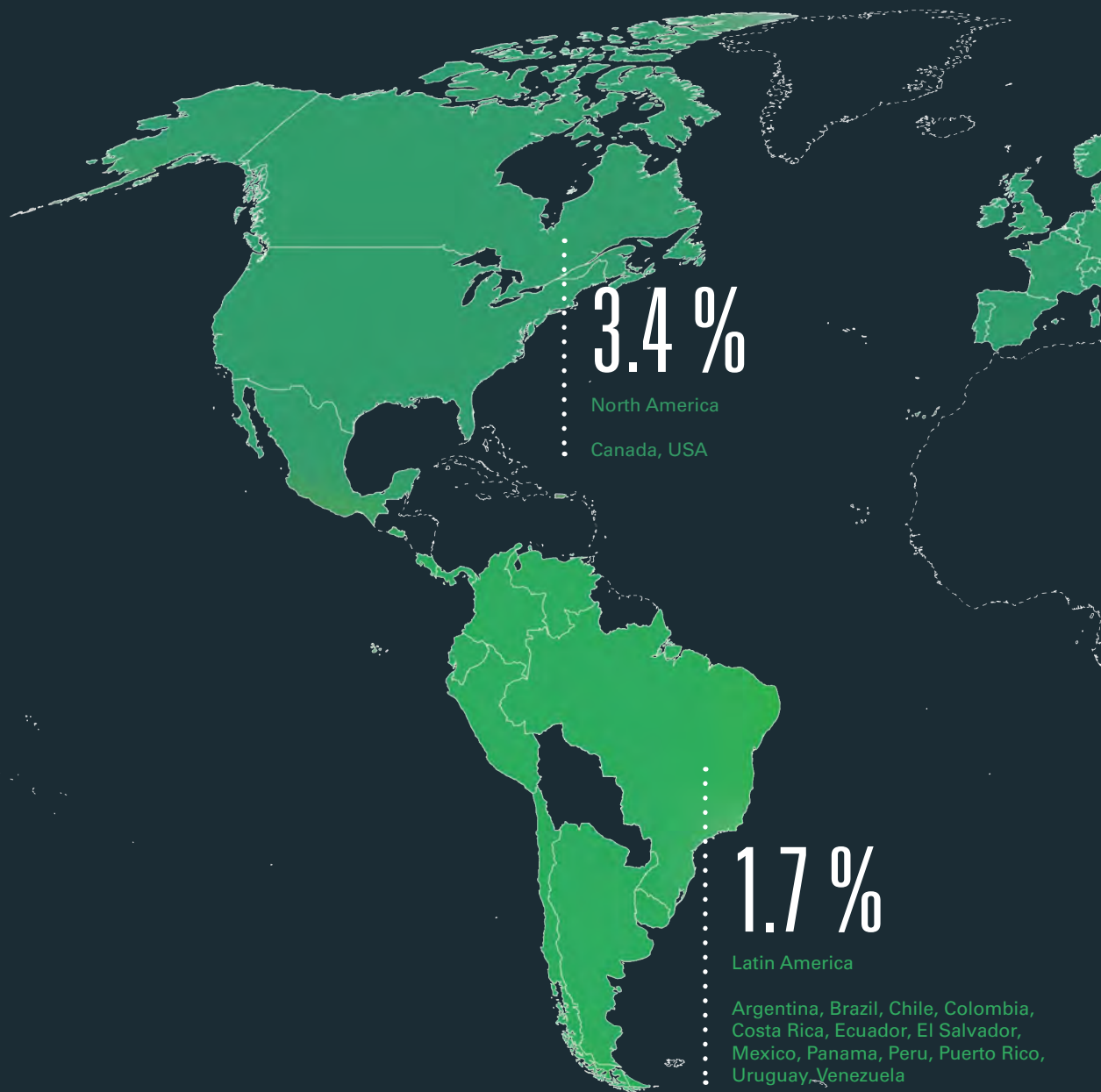
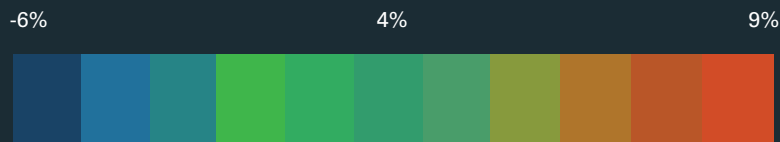






# THE WORLD'S ADVERTISING HOT SPOTS

AVERAGE ANNUAL GROWTH  
IN ADSPEND BY REGIONAL  
BLOC 2016-2019



3.9 %

Western &amp; Central Europe

Austria, Belgium, Bosnia & Herzegovina,  
Croatia, Czech Republic, Denmark,  
Finland, France, Germany, Greece,  
Hungary, Ireland, Italy, Netherlands,  
Norway, Poland, Portugal, Romania,  
Serbia, Slovakia, Slovenia, Spain,  
Sweden, Switzerland, UK

6.3 %

Eastern Europe  
& Central Asia

Armenia, Azerbaijan, Belarus, Bulgaria,  
Estonia, Georgia, Kazakhstan, Latvia,  
Lithuania, Moldova, Russia, Turkey,  
Ukraine, Uzbekistan

1.8 %

Japan

8.0 %

Fast-track Asia

China, India, Indonesia,  
Malaysia, Pakistan,  
Philippines, Taiwan,  
Thailand, Vietnam

Middle East  
& North Africa

Bahrain, Egypt, Israel, Kuwait,  
Oman, Qatar, Saudi Arabia, UAE

-4.9 %

2.6 %

Advanced Asia

Australia, Hong Kong,  
New Zealand, Singapore, South Korea

# STEADY ADSPEND GROWTH, SUPPORTED BY STRONG ASIA AND RECOVERING EASTERN EUROPE

DESPITE POLITICAL UNCERTAINTY, GLOBAL ADSPEND IS LIKELY TO MAINTAIN ITS STABLE GROWTH RATE IN 2017. ASIA WILL BE THE FASTEST-GROWING REGION, WITH STANDOUT PERFORMANCES FROM INDIA, INDONESIA AND THE PHILIPPINES. LATIN AMERICA IS STRUGGLING, AND MENA CONTINUES TO SHRINK.

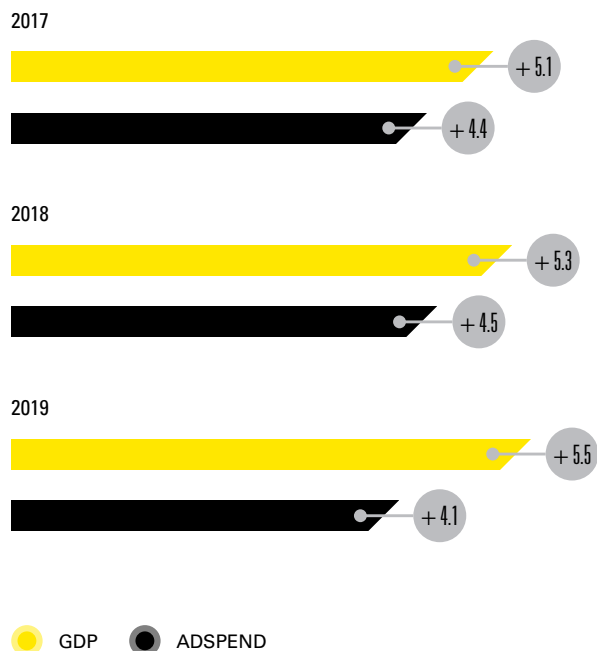
We forecast global advertising expenditure to grow 4.4% in 2017, the same rate as we estimate for 2016. This is a strong performance, given that the unexpected results of the UK's referendum on EU membership and the US presidential election have increased political uncertainty and raised the risks of restrictions to international trade. 2017 also faces a tough comparison with the quadrennial year of 2016, when spend was buoyed by the US elections, the Summer Olympics, and the European football championships, as it is every four years.

After 2017 we expect continued steady growth in global adspend – we forecast another 4.5% growth in 2018 and 4.1% in 2019.

Adspend growth is spread unevenly across the world. Adspend is shrinking at 4.9% a year in the Middle East and North Africa amid conflict and low oil prices, while Latin America is growing just 1.7% a year as Argentina, Brazil, Ecuador and Venezuela suffer recession. Asia is leading the way. Growth in China has slowed down markedly over the past few years, but is still 7.0% a year, while there are three markets in Asia – India, Indonesia and the Philippines – where we expect advertising expenditure to grow at double-digit rates each year to 2019. We expect these four markets to contribute 37% of all growth in global adspend over this period.

Advertising in Russia, Ukraine and Belarus suffered from the conflict in Ukraine; the sanctions subsequently imposed between Russia, the US and the EU; and the sharp drop in the price of oil. Adspend shrank 12% across these three markets in 2015, but they avoided collapse and have staged a recovery this year from their reduced base. We forecast 8% growth across these three markets this year, followed by 9% growth in 2017.

## GROWTH OF ADVERTISING EXPENDITURE AND GDP 2017-2019 (%)



SOURCE: ZENITH/IMF



# THE TEN FASTEST GROWING MARKETS

## THE TEN BIGGEST AD MARKETS

● Ad Expenditure (US\$M)

2016

USA  
190,835

1

CHINA  
80,141

2

JAPAN  
37,066

3

UK  
26,156

4

GERMANY  
22,085

5

BRAZIL  
13,195

6

SOUTH KOREA  
11,561

7

FRANCE  
11,383

8

AUSTRALIA  
10,996

9

CANADA  
9,141

10

2019

USA  
211,661

CHINA  
98,214

JAPAN  
39,141

UK  
29,294

GERMANY  
23,786

BRAZIL  
13,621

SOUTH KOREA  
12,425

AUSTRALIA  
11,882

FRANCE  
11,686

INDONESIA  
10,690

SOURCE: ZENITH

## GROWTH IN AD DOLLARS

(US\$M 2016 - 2019)

20,826

USA

18,073

CHINA

3,145

INDONESIA

3,138

UK

2,914

INDIA

2,648

PHILIPPINES

955

RUSSIA

2,075

JAPAN

1,701

GERMANY

1,110

SPAIN

# VIDEO CONSOLIDATES ITS DISPLAY DOMINANCE

TELEVISION IS A VITAL AWARENESS CHANNEL FOR BRANDS SEEKING MASS REACH, WHILE ONLINE VIDEO PROVIDES MORE PERSONAL CONNECTIONS. RATHER THAN SIMPLY REUSING ASSETS ACROSS SCREENS, BRANDS SHOULD TAILOR THEIR VIDEO COMMUNICATIONS TO THE TIME AND ENVIRONMENT IN WHICH THEY ARE VIEWED.

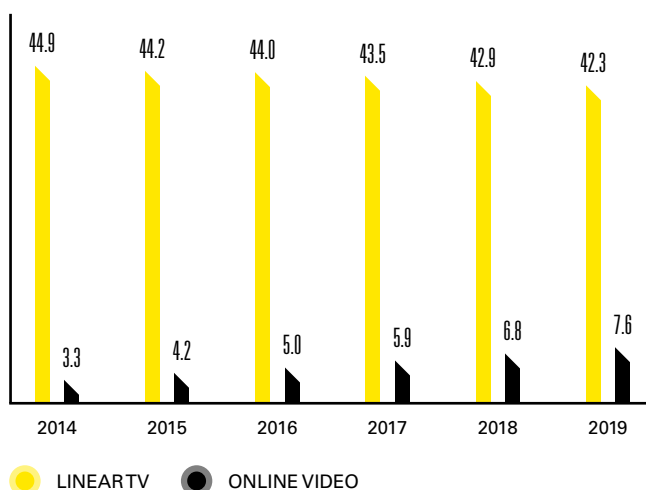
Television is currently the largest advertising medium overall, attracting 36% of total spend in 2016. But internet advertising is rising rapidly, and will overtake television in 2017, when the internet will account for 37% of advertising expenditure and television will account for 35%. By 2019 we forecast television's share of total advertising to fall back to 33%, its lowest share since 1990.

However, one of the main reasons for television's loss of share is the rapid growth of paid search, which is essentially a direct response channel (together with classified), while television is the pre-eminent brand awareness channel. Television does not compete directly against search, and indeed the two can complement each other, for example by running paid search activity to take advantage of the increase in searches driven by a television campaign. Taking internet classified and search out of the picture, television will remain the principal display medium for many years to come. We estimate television accounted for 44.0% of display expenditure in 2016, and will attract 42.3% in 2019.

If we consider audiovisual advertising as a whole – television plus online video – we see that it is in fact gaining share of display advertising. Television offers unparalleled capacity to build reach, while online video offers pinpoint targeting and the potential for personalisation of marketing messages. Both are powerful tools for establishing brand awareness and associations. We estimate that audiovisual advertising accounted for 49.1% of display advertising in 2016, up from 43.8% in 2010, and expect its share to reach 49.9% in 2019.

Online video advertising is growing at 18% a year, and by 2019 it will total US\$35.4bn across the world, fractionally ahead of the amount spent on radio advertising (US\$35.0bn). Online video is benefiting from the spread of mobile devices, as well as the development of high-speed mobile data connections and improvements in handset displays. It is becoming common for brands to use online video as a complement to television, but for most it does not make sense to use it as a substitute.

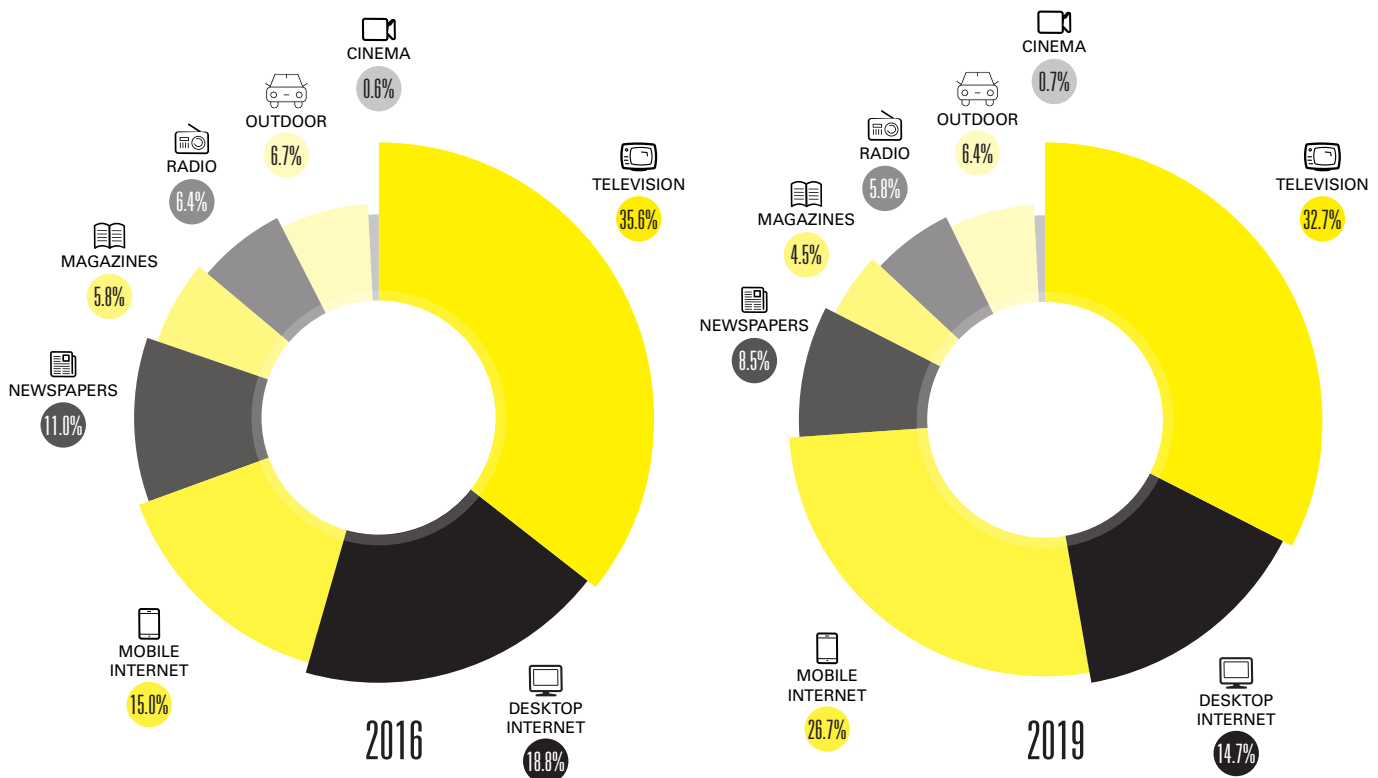
## SHARE OF GLOBAL DISPLAY ADVERTISING (%)



SOURCE: ZENITH/IMF



## SHARE OF GLOBAL ADSPEND BY MEDIUM (%)



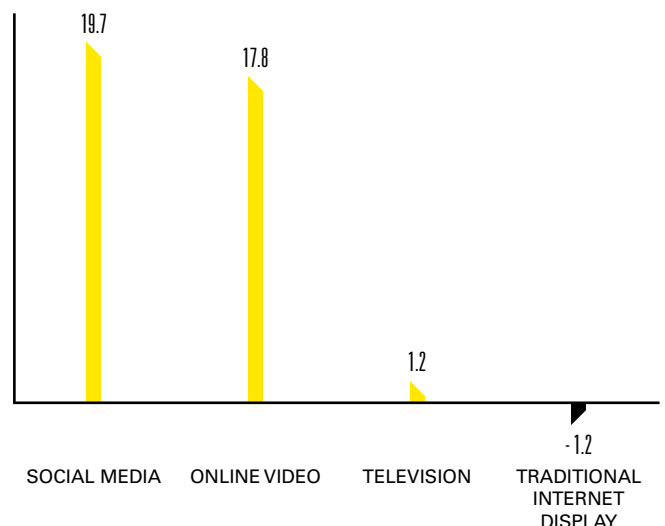
SOURCE: ZENITH

The other display medium enjoying explosive growth is social media, which is growing at 20% a year. Social media advertising will account for 20% of all internet advertising in 2019, up from 16% in 2016. That year it will be just 1% smaller than newspaper advertising (US\$50.2bn for social media compared to US\$50.7bn for newspapers). By 2020 social media will be comfortably ahead.

Social media platforms have also benefited from the rapid adoption of mobile technology, using it to embed themselves into their users' daily lives. For many users, social media is the focal point of their social lives as well as their main source of news. Social media ads blend seamlessly into the news feed, and are much more effective than interruptive banner formats, especially on mobile devices.

Traditional internet display ads – banners and the like – are in decline. Traditional display peaked in 2015, and we forecast an average of 1.2% annual decline to 2019. The sudden decline in traditional display is a result of the rapid transition to mobile advertising. Banner ads are much less effective on mobile devices than on desktops – consumers find them more intrusive, and are more likely to click on them by accident than by design. We expect traditional display advertising to continue to decline in the long term as engagement rates continue to fall and advertisers shift to more effective channels.

## AVERAGE ANNUAL GROWTH RATE BY DISPLAY CHANNEL 2016-2019 (%)





# UNITED KINGDOM

THE UK'S VOTE TO LEAVE THE EU WAS ONE OF THE DEFINING EVENTS OF 2016. PRIME MINISTER THERESA MAY HAS SAID THAT BREXIT MEANS LEAVING THE EU SINGLE MARKET, BUT APART FROM THAT IT IS FAR FROM CLEAR WHAT SHAPE IT WILL EVENTUALLY TAKE. HOW HAS THE AD MARKET HELD UP AS IT BRACES FOR FAR-REACHING ECONOMIC CHANGE?

Though few advertisers have explicitly reduced their budgets as a result of the Brexit vote, the ad market softened slightly over the course of 2016. The headline economic figures have been strong, but it is clear that the UK is in for some tough negotiations over trade and finance, which is going to make companies wary of undertaking new projects. But in 2014 and 2015 the UK ad market experienced its best two years of growth since the 1990s, so the comparison was always going to be tough. We now estimate UK adspend growth at 5.0% in 2016, down from the 5.6% we forecast before the referendum, and we forecast 3.3% growth for 2017, down from 4.0%.

In the second half of 2015 TV revenues grew 10%, driven by the Rugby World Cup and strong economic conditions. One year later, and the TV market was only down 1% in the same period. Despite some volatility after the EU referendum, spot revenue has increased across a number of categories, with motors up 2%, pharmaceuticals up 9% and newspapers up 18%. These increases have been counterbalanced by decline from finance (down 12%), retail (5%) and FMCG (down 1%). Over the whole of 2016

we currently estimate the TV market to have grown by 1%, and we expect flat spending in 2017.

We now have final radio revenues for the first half of 2016, when adspend grew 3% year on year. Radio adspend grew 6% in the first quarter, but fell back 0.9% in the second quarter. We don't yet have official figures for the third quarter, but expect 2% growth, which we also forecast for the fourth quarter.

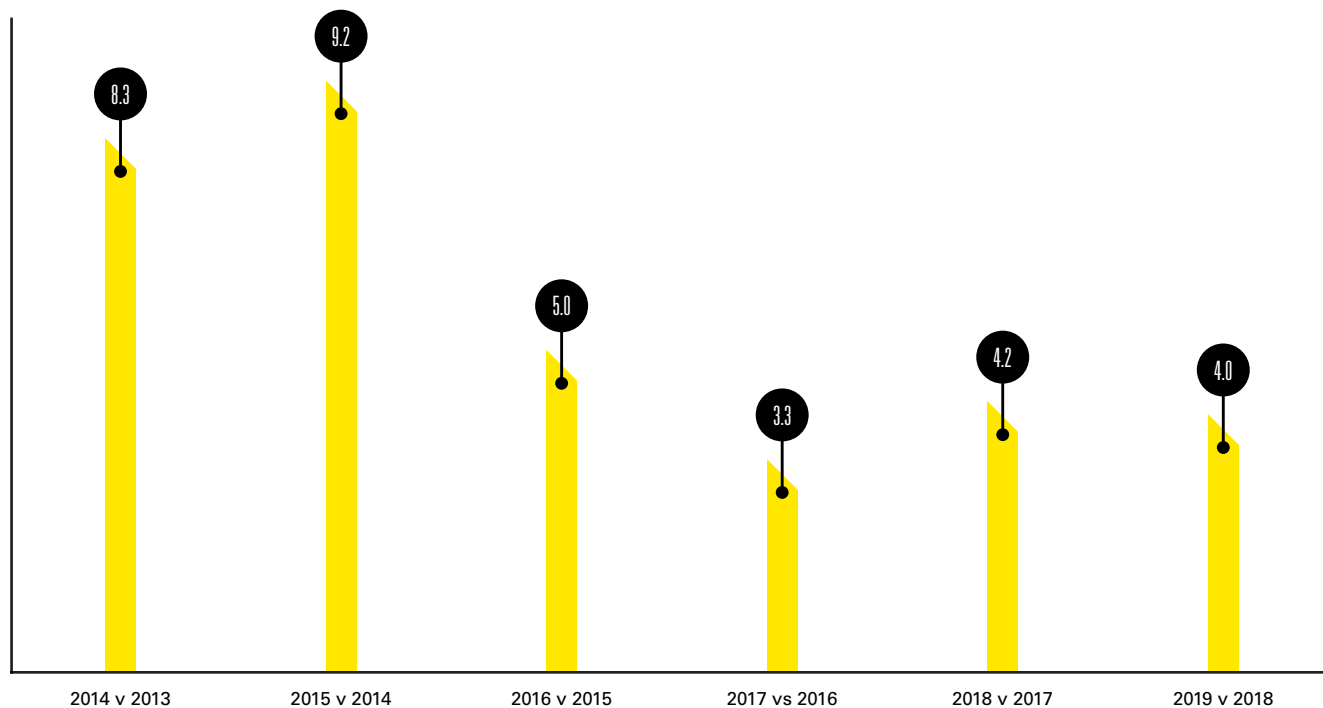
National newspaper revenues from print advertising declined 8.9% year on year in the second quarter of 2016. Only the entertainment & leisure and leisure-equipment categories increased their expenditure in the third quarter. It is a shame that the European football cup and the Olympics did not boost newspaper revenues by more, though the football appears to have done some good.

Consumer magazines' print advertising revenues declined 5.8% year on year in Q2 2016, while their display-only revenues (excluding classified) fell only 2.5%. This figure was positive in Q1, an encouraging sign for the future.

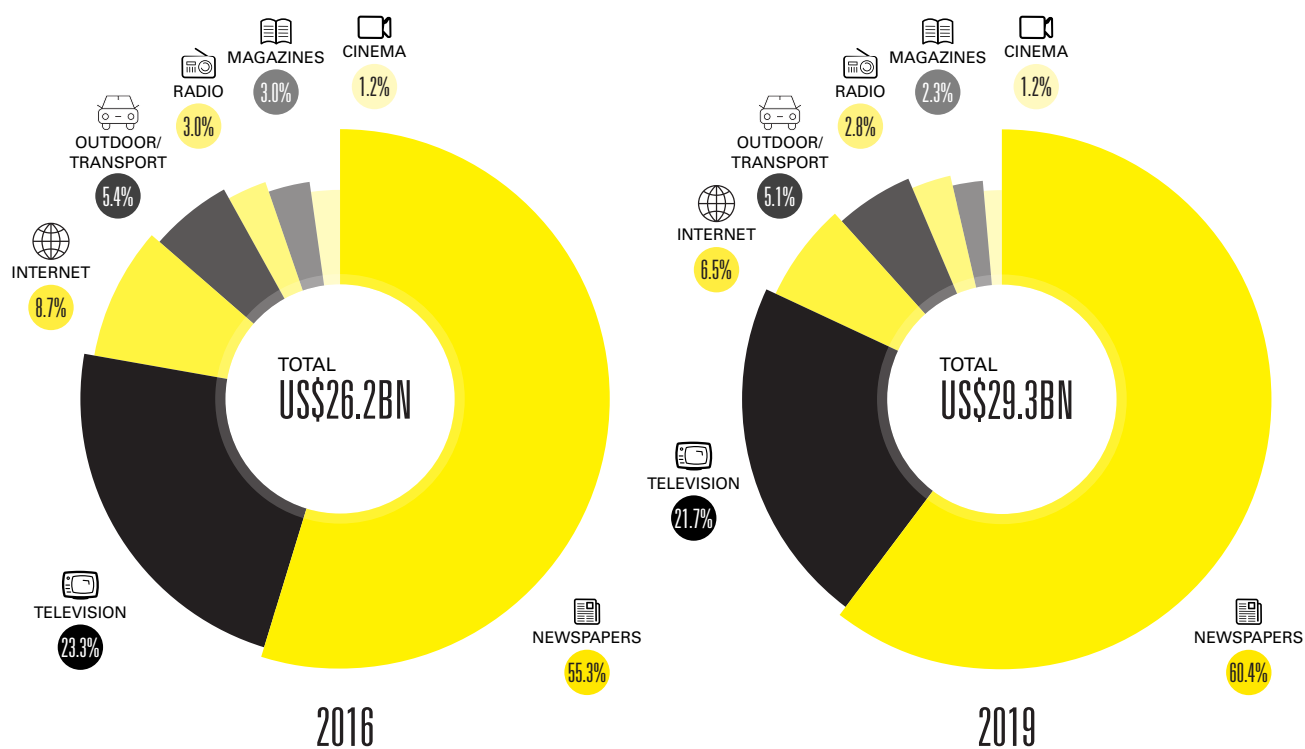


## ADSPEND IN THE UK

YEAR-ON-YEAR CHANGE AT CURRENT PRICES (%)



## SHARE OF ADSPEND BY MEDIUM



SOURCE: ZENITH

# START-UP WATCH

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IN THIS EDITION OF START-UP WATCH, WE REVIEW FOUR DIFFERENT TECHNIQUES TO BOOST ENGAGEMENT WITH ONLINE CONTENT, MAKING IT EASY TO DEPLOY NOVEL CAMPAIGNS THAT MAKE USE OF EMERGING PLATFORMS AND TECHNOLOGIES.

## CREATING PERSONALISED VIDEOS — IDOMOO

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**idomoo**  
Videos That Get Personal

Idomoo allows brands to create personalised videos for consumers in any email, social or web campaign. Using CRM data or social log-ins, advertisers can instantly create millions of videos that adapt the audio, messaging, and video clips to fit the information known about each individual. Personalised videos can increase consumer loyalty and the ROI of marketing efforts.

## CONTENT MARKETING VIA MICRO-INFLUENCERS — INDAHASH

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indaHash

IndaHash is an automated platform that enables brands to reach millions of digital influencers on Instagram, Snapchat and Facebook instantly. Micro-influencers answer specific briefs to deliver native reach and engagement on social media. The data, copyrights, and moderation of the user-generated content are all covered by the IndaHash service team. IndaHash makes content marketing easy to scale and deliver against advertising objectives.

## REACHING THE PODCAST AUDIENCE — AUDIOBOOM

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audioBoom

AudioBoom allows podcasters to host, distribute and monetise their audio. Podcast listeners actively choose their own content, making them an extremely captive audience. Advertisers can reach dedicated listeners and deliver their brand message through dynamic ad insertions, and endorsements from the top talent in podcasting. AudioBoom can facilitate everything from live reads to bespoke podcast series for brands through their talent, publisher network and technology.

## CUTTING-EDGE BRAND EXPERIENCES — VISYON

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**visyon**  
LOOKING BEYOND

Visyon is an award-winning digital services company that provides immersive experiences through emerging technologies and content generation. Visyon deliver engaging and future-facing consumer experiences through holograms, Virtual Reality, Augmented Reality, event installations, and 360 degree videos. Their team of creative and technology experts are available to deliver brand-service projects that push the boundaries of consumer engagement.



# A TIME OF DIGITAL DIVERGENCE



THIS YEAR CES CELEBRATED ITS 50TH ANNIVERSARY IN LAS VEGAS, WITH MORE THAN 3,800 COMPANIES LAUNCHING NEW PRODUCTS. ZENITH WAS THERE TO PICK OUT THE KEY THEMES AND OPPORTUNITIES.

For years CES felt like it was getting simpler. Devices expanded in scope and cannibalised each other. Phones, tablets and TVs replaced a wide array of items we once owned. This year, however, CES featured an explosion of screens, devices, systems and platforms. We categorise all this complexity under four main themes.

## IMMERSIVE MEDIA

Screens are proliferating around us, while getting closer to us, more personal and more immersive. Virtual Reality, Augmented Reality and Mixed Reality technologies are blending the physical and digital worlds around us.

We need to stop thinking about media in terms of single-purpose devices. Instead, think of the internet as fast, omnipresent and reliable, where devices and media are merging and presenting different layers of digital reality.

## NEW INTERACTIONS AND BEHAVIOURS

Until now most digital designs have replicated pre-digital thinking: newspapers became websites, catalogues became e-commerce sites, and directories became search pages. Now, however, natural interfaces promise to revolutionise our digital interactions.

Touch-sensitive and responsive 'haptic' technologies are becoming widespread, and voice interaction was this year's big hit at CES. We now need to consider whether customers are ready to control all their devices by waving at or talking to them. If this is too much, how about bypassing this entire step of UI and move to direct brain control? We're now starting to see TV sets that respond directly to thoughts, for example.

## DIGITAL INTIMACY

Technology is getting closer to us in two different ways. Last year we saw the emergence of robots as companions, whose main role is to provide company and assist rather than undertake hard physical labour. Robots have dialled up cuteness and personality like never before. At the same time wearables have become smaller and more personal than ever. Our personal devices are recording, sharing and analysing our heartbeats, moods, location, stress levels, calendars and search activity, arming us with the best data we've ever had.

## SMARTER SYSTEMS, DUMBER DEVICES

Artificial intelligence was everywhere at CES. Hardware makers are focusing on improving their products by adding smartness, which is now more often embedded in software or cloud-based services instead of hardware. This means that these products can be continually updated and improved rather than relegated to obsolescence.

Makers of products should start to focus on the solutions they provide. Tesla doesn't make cars, it sells mobility; Sonos isn't a speaker, it provides access to the seamless world of music; American Express Platinum is more about airline lounges than payment. Brands should think about the role they play in their customers' lives, and how they can use smartness and AI to best play it better.



# DIGITAL GIANTS

Q3 2016

OUR ROUND-UP OF THE LATEST RESULTS FROM THE DIGITAL MEDIA GIANTS THAT ARE TRANSFORMING GLOBAL MEDIA AND COMMUNICATION

## facebook

↑ 59% 84%

AD REVENUES YEAR ON YEAR OF AD REVENUES FROM MOBILE

59.8% \$347bn

GLOBAL REACH  
(all internet users)

MARKET CAP

Facebook now has 1.2 billion daily users, 1.1 billion of whom access it using mobile devices. It has 1.8 billion monthly users around the world, representing 49% of all internet users.

Facebook has effectively completed its transition from desktop to mobile, and is now concentrating on encouraging users to share video instead of static images. The number of people using its Live video product has quadrupled since May, and its new Instagram Stories product has gained more than 100 million daily users (see the 'How to Tell a Social Story' section for more details). Facebook is developing its platform so that the camera will be the main tool used for posting to the news feed, instead of the text box.

Facebook has admitted to several errors in the numbers it has used to promote various ad products to advertisers. No actual deals were affected, but the errors will increase the pressure on Facebook to open up its statistics to independent verification.

## Google

↑ 33% ↓ -11%

PAID CLICKS YEAR ON YEAR COST PER CLICK YEAR ON YEAR

82.3% \$561bn

GLOBAL REACH  
(all internet users)

MARKET CAP

Google (which now operates under the holding company Alphabet) is investing heavily in its mobile apps, such as Search, YouTube, Maps and Google Play. This is vital: mobile users spend the vast majority of their time using specific apps rather than browsing websites, and if they get into the habit of using search functions within third-party apps, that would threaten Google's core business.

YouTube's new Bumper ad format has proved popular. Introduced in April 2016, Bumper ads play for just six seconds and work particularly well on mobile.

Google is making more data available to advertisers, including measurements of the number of subsequent store visits by consumers exposed to Google ads.



YAHOO!



↑ 6%

REVENUES  
YEAR ON YEAR

32%

OF AD REVENUES  
FROM MOBILE

50.7% \$40bn

GLOBAL  
REACH  
(all internet users)MARKET  
CAP

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Yahoo and Verizon have said little recently about the latter's acquisition of the former (except its stakes in Chinese e-commerce platform Alibaba and Yahoo! Japan), which is supposed to take place in the first quarter of 2017. Verizon has expressed concern over an enormous security breach that affected at least half a billion Yahoo accounts. The deal is widely expected to go ahead, but its terms may need to be renegotiated.

Yahoo has been investing in content recently, particularly live streaming of sport, political and financial events, and launched community apps to host conversations about news and television programmes. It has also launched new products for advertisers, including search retargeting for native ads, and better integration of advertisers' data into Yahoo's audience targeting capabilities.

↑ 6%

AD REVENUES  
YEAR ON YEAR

90%

OF AD REVENUES  
FROM MOBILE

32.2% \$14bn

GLOBAL  
REACH  
(all internet users)MARKET  
CAP

.....

Twitter now has 317 million monthly users, up 3% year on year, maintaining the slow pace of growth that has concerned investors in recent quarters. The number of daily active users rose 7% over the same period, so existing users are accessing Twitter more frequently.

Twitter's live streaming initiative has attracted about three million viewers for its weekly NFL football games, and for the Presidential debates in the run-up to the US election. It has also launched Periscope Producer, which helps professional content producers to broadcast high-quality video. Video is now Twitter's biggest ad format.

Twitter has recently introduced Website Conversions, a product that enables performance advertising in the US to retarget their website videos across mobile and desktop.

# ARTIFICIAL INTELLIGENCE ENTERS THE REAL WORLD

## MARKETING IMPERATIVES

- Brands should first think about how to use AI to improve the customer experience
- AI needs to be integrated into existing technology stacks
- Businesses will need to adapt their culture, processes and structures to realise the full benefits of AI
- Brands should decide whether they have the skills and resources to build their own AI capabilities, or whether they should buy them in

Artificial Intelligence (AI) is defined as the ability of machines or computers to emulate human thinking, reasoning and decision making. A Narrative Science study in the US in 2015 found that AI was used primarily for voice recognition, machine learning, virtual assistants and decision support. In most cases these applications were used to automate repetitive or menial tasks. This study also highlighted the many branches of AI. These include machine learning, where algorithms are used to perform tasks by learning from historical data. Another growing branch of AI is natural language processing, where machines interpret human or natural language rather than computer code. This technique is already heavily used in search engines but is now being used to mine very large data sets and to interpret spoken or printed words. This branch of AI is vital if non-technicians are to make full use of the wealth of possibilities that AI affords.

As an industry, AI is dominated by the technology giants such as IBM, Facebook, Microsoft, Apple and Google. IBM has deployed AI solutions in 45 countries and 20 different sectors. Tactica estimates that annual AI revenues will rise from US\$1bn in 2015 to US\$36bn in 2025.

The media industry will not – and should not – be immune from the rise of AI. The growth in programmatically traded media has created the opportunity to deploy AI techniques both internally and as part of wider client solutions. These should act in unison with powerful strategic thinking and creative ideas. At Zenith we have applied advanced machine-learning techniques to Aviva digital campaigns. In the proof of concept phase we identified more than 80,000 additional motor quotes. In production we have already improved the cost per quote (CPQ) by 6% for search and 10% for display. In a world first, we are also passing our unique conversion score back into DoubleClick Bid Manager (the demand-side platform used to make programmatic purchases from Google's digital inventory) and optimise our purchases in a fully automated way. As we add more data to this score – such as the contribution from offline media or content – we aim to remain at the forefront of this field. This offers us the opportunity to rethink old business models and capitalise on the benefits from performance and automation.

The customer journey will soon encompass virtual-reality purchasing, dynamic pricing, automated voice recognition and digital attribution, managed within a single system and – more and more frequently – a natural language interface. These are already well-established techniques, with substantial investment behind them, so the future is already here!







# US\$36 BILLION

VALUE OF AI MARKET IN 2025

## 6%

IMPROVEMENT IN SEARCH  
COST PER QUOTE FROM  
MACHINE LEARNING

IMPROVEMENT IN  
DISPLAY COST  
PER QUOTE

## 10%

## NATURAL LANGUAGE PROCESSING

ALLOWS ORDINARY USERS  
TO MAKE THE MOST OF  
AI TECHNIQUES

# IN FOCUS: TELECOMMUNICATIONS

## MARKETING IMPERATIVES

- Owned touchpoints – promotions and direct interactions with consumers – have the greatest influence over consumer behaviour in the telecoms category, and their influence is rising
- Price comparison websites are the most influential online touchpoint
- Television ads are still the most important touchpoint in shaping consumers' experience of telecoms brands

The telecommunications industry generates about one trillion US dollars in revenues annually. It has been at the forefront of technological change, driving the transitions from fixed-line to mobile communication and from voice to data, and enabling the huge volume of data transmission that underpins the modern economy.

Technological change has also created new opportunities for communication with consumers, which telecoms brands have made good use of. Using Publicis Media's Touchpoints ROI Tracker tool we can quantify these changes, and determine how much further changes to communications strategies are likely to improve campaign results. It tells us at which touchpoints consumers are most likely to encounter telecoms brand communications (the brand association score), which are most likely to influence consumer behaviour (the influence score), and combines these factors to produce the 'brand experience' score, which measures how each touchpoint contributes to consumers' overall experience of telecoms brands.

Owned touchpoints are becoming more important, increasing their share of total brand experience in the telecoms category from 34.9% in 2013/2014 to 42.4% in 2015/2016. Five of the seven most-influential touchpoints are owned (free gifts, brand websites, loyalty schemes, brand stores and call centres), and with the exception of brand websites they have all become more influential over the last few years.

Between 2013/2014 and 2015/2016, the share of total brand experience contributed by online touchpoints increased from 30.3% to 39.0%. Price comparison sites are the most influential online touchpoint, and telecoms brands should work on fostering relationships with them in the markets in which they are important. Brand websites' influence score has slipped back a bit, but they are still the most influential online touchpoint that brands own and control.

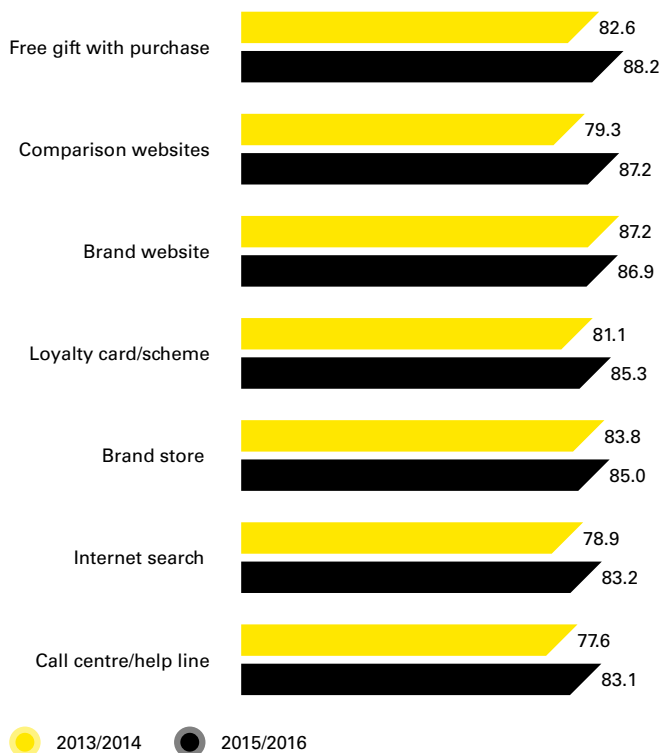


## Touchpoints ROI Trackers

Based on consumer research, Touchpoints ROI Tracker is Publicis Media's brand contact measurement and planning tool. Since 2004 a total of 1,013 Touchpoints projects have been completed across 64 countries, comprising 908,021 consumer interviews that provide contact point metrics for 13,404 brands in 312 product and service categories. The data for all projects are stored in a single internet-accessible database. This database provides normative and trend data for over 180 touchpoints.

Despite the rise of owned media and online connections, mass media remains the single most important contributor to consumers' telecoms brand experience, accounting for 43.4% in 2015/2016. Mass media are not the most influential touchpoints, but they are where consumers are most likely to encounter messages from telecoms brands. Television ads have the highest brand association of all touchpoints, and four of the five touchpoints with highest brand association are ads in mass media. Telecoms brands should use mass media advertising to support a seamless brand story that unites consumers' brand experience across all touchpoints.

## MOST INFLUENTIAL TOUCHPOINTS



SOURCE: TOUCHPOINTS ROI TRACKER GLOBAL NORMS

## TOUCHPOINTS WITH HIGHEST BRAND ASSOCIATION (%)

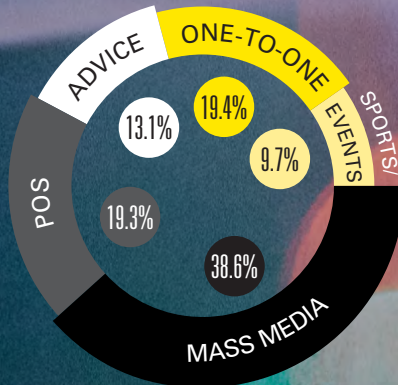


SOURCE: TOUCHPOINTS ROI TRACKER GLOBAL NORMS

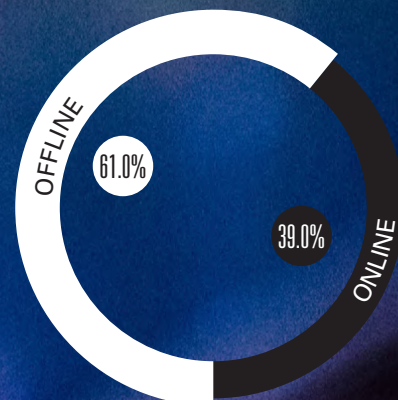
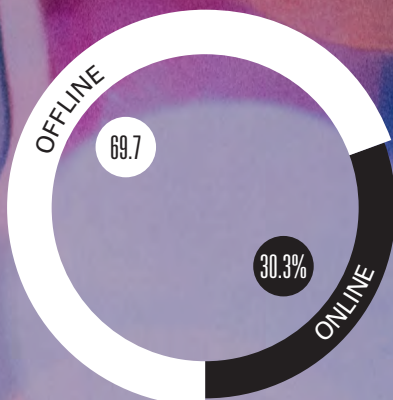
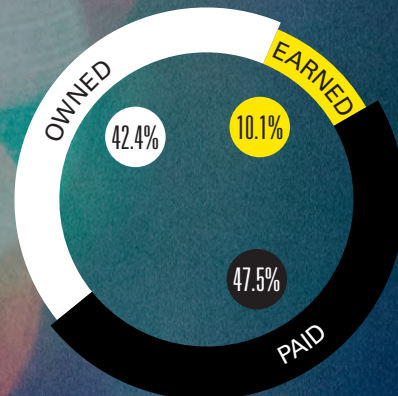
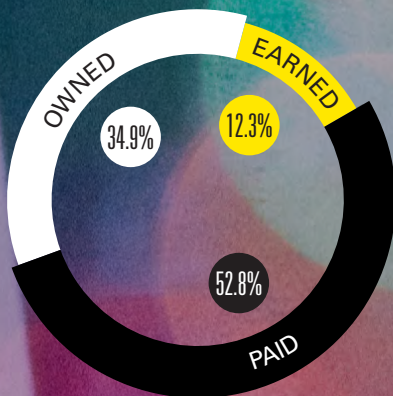
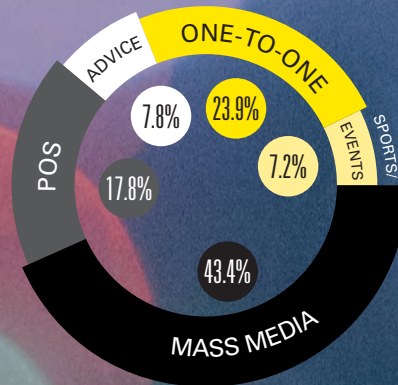


## BRAND EXPERIENCE SHARE (%)

2013/2014



2015/2016



SOURCE: TOUCHPOINTS ROI TRACKER GLOBAL NORMS



# IN FOCUS: TELECOMMUNICATIONS

## MARKETING IMPERATIVES

- To improve engagement and encourage user activity on Facebook, brands should increase the number of branding posts compared to sales marketing posts
- Generally speaking, video works better than photos for branding purposes, but look out for cultural differences

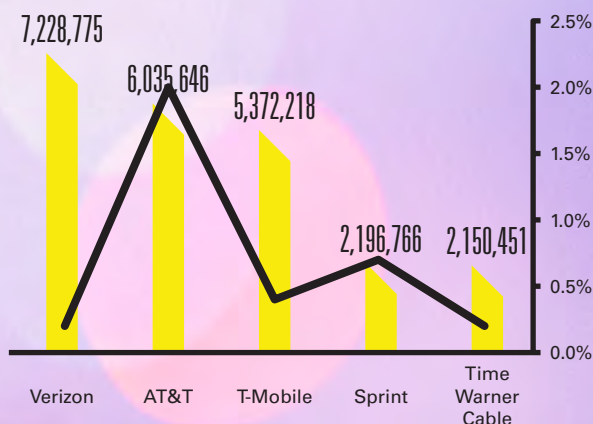
Telecoms brands are primarily national: although a brand may exist in several markets, its operations will be separate in each, tailored to the local language, culture and regulatory system. Here we look at the five biggest telecoms brands on Facebook in four key markets. There is very little overlap here – only two brands (O2 and

Vodafone) are present in more than one market, and no brand is present in three.

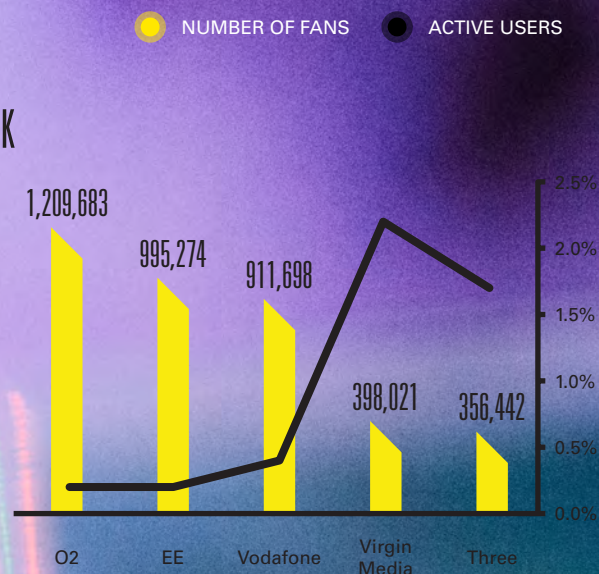
We have plotted the proportion of fans that are active users of each brand's Facebook page. This refers to the number of users who have liked or commented on a post, or made their own post, on a brand page. This is a much more useful indicator of engagement with a brand page than the number of fans. Facebook filters each user's news feed to show them only the posts it considers most relevant to them, so many fans may not see individual posts at all. Some brands are much more successful at turning their passive fans into active users than others. Across all brand's pages in these four markets, the proportion of active users among fans varies from essentially zero to 71%, and averages 1.5%

## THE TOP FIVE TELECOMS BRANDS ON FACEBOOK, AND THEIR ACTIVE USERS

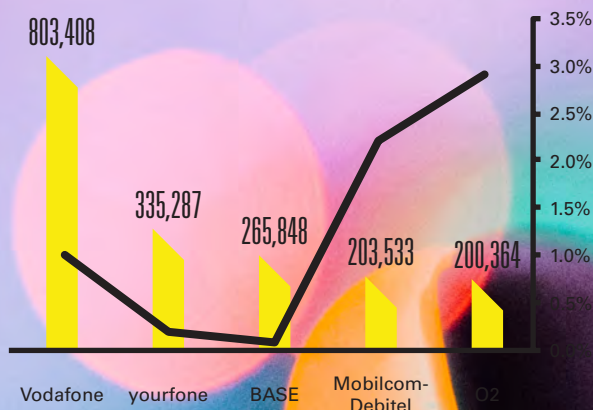
### US



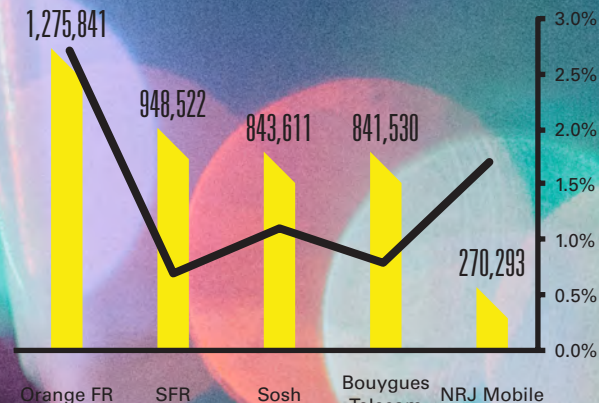
### UK



### GERMANY



### FRANCE



SOURCE: SOCIALTOOLS, DECEMBER 2016



Publicis Media's Socialtools database allows us to look at the brands that are most successful at attracting active users, and examine how they do this. We can look at the types of post they make, whether they are simple text updates (status posts), and whether they include links, photos and videos. The charts below look at the types of posts that are made by all telecoms brands in each market, and compares them with the posts made by the three brands with the highest number of active users.

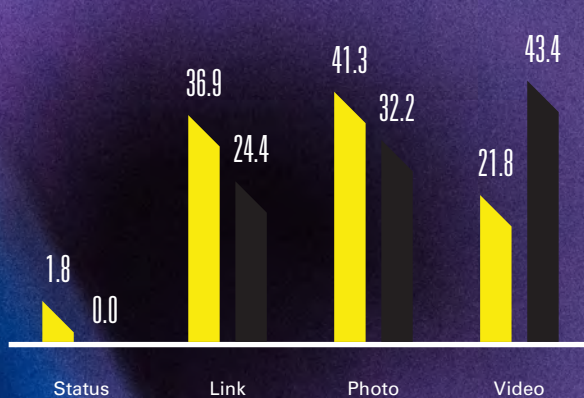
It is clear that simple status posts are rare among all brand pages, and are not used at all among many of the most active pages. They are not very engaging, and do not lead to further consumer actions.

Broadly speaking, link posts lead to offers, products and other forms of sales marketing, while photo and video posts are made for branding purposes. Across all four markets, the most active pages make fewer link posts than is the market norm, but they still post a lot of links – up to 41% of posts in Germany. In three markets, the active pages post fewer photos than average, but a lot more videos: 2.0 times more in the US, 1.5 in the UK and 2.1 in Germany. France is different: the most active pages make even more photo posts than average (1.3 times the norm), accounting for 55% of their total posts, as well as 1.3 times the number of video posts. Branding posts are the key to engaging fans and turning them into active users, and in most markets video does this most effectively.

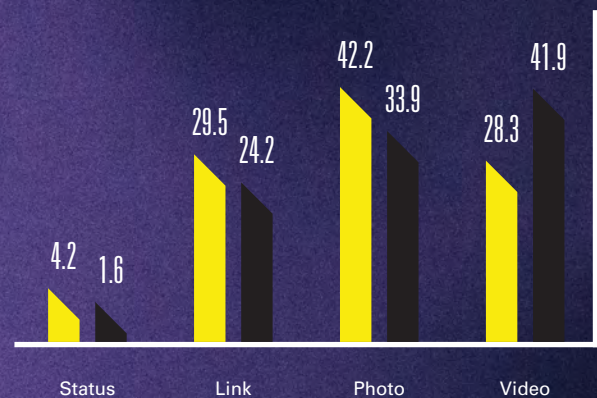
## TYPES OF POST MADE BY TELECOMS BRANDS ON FACEBOOK, AND THE TYPES MADE ON THE THREE MOST ACTIVE PAGES

● ALL PAGES (%) ● MOST ACTIVE PAGES (%)

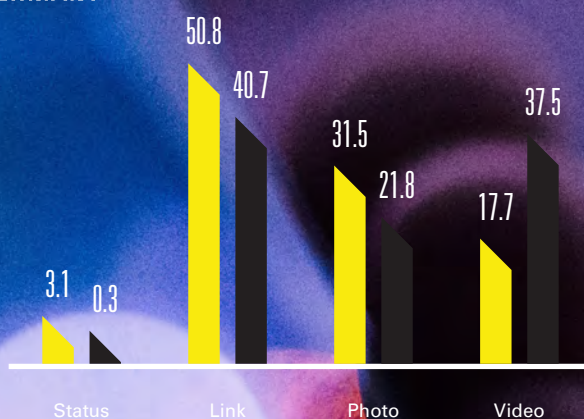
US



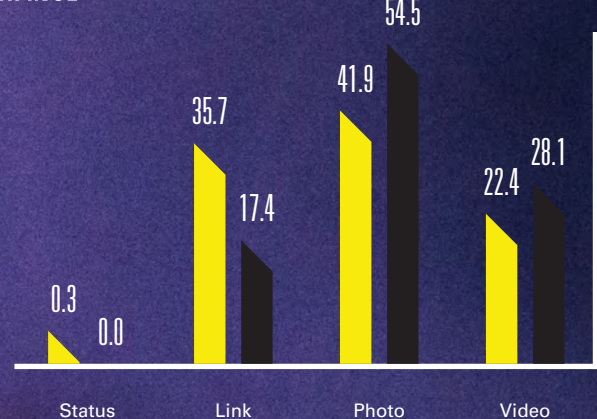
UK



GERMANY



FRANCE



# HOW TO TELL A SOCIAL STORY

SOCIAL STORIES ALLOW BRANDS TO CONVEY RICH AND AUTHENTIC STORIES, GIVING FOLLOWERS A SNEAK PEEK INTO THEIR HUMAN SIDE. THEY INCREASE REACH AND ENGAGEMENT. HOW SHOULD BRANDS MAKE THE BEST USE OF THEM?

Snapshot – the social network so popular with generation Z – launched the first social stories feature in 2013. Snapchat's Stories are a compilation of Snaps that allow users to become more powerful story tellers. Stories, unlike Snapchat's typical ephemeral content, remain visible for 24 hours. They have become Snapchat's most popular feature, so it came as no surprise when Instagram followed suit with its own Stories three years later, in August 2016.

The difference between the two? There is none. Not in terms of functionality or the type of content you can produce. The only difference is the platform. Like Snapchat's Stories, Instagram Stories allows the user to share an in-the-moment story from their day. Content shared to Stories doesn't appear on a person's profile grid; rather, each story has its place in a dedicated section at the top of the newsfeed. As on Snapchat, all stories disappear after 24 hours.

After just two months Instagram's Stories had reached over 100 million daily active users, which is two thirds of Snapchat's entire audience base (150 million daily active users). Stories are Snapchat's most popular feature, but Instagram Stories have rapidly caught up.

## HOW TO CREATE A STORY

There are two ways to create a Story (both on Instagram and Snapchat): either record a live video or take pictures by tapping directly on the camera function of the social platform, or upload existing content created within the last 24 hours from your smartphone camera roll.

## HOW TO TELL WHO'S ENGAGED

On your own story, swipe up to check out who's seen each photo and video. Snapchat users get the additional benefit of seeing not only who has seen their stories but also who has screenshotted them.





## THE OPPORTUNITY FOR BRANDS

Brands have been very active with Snapchat's Stories, allowing them to tap into the 6 billion video views coming daily from mobile devices on Snapchat. Brands have also jumped at the chance to do the same with Instagram. Instagram Stories allow brands to beat Instagram's algorithm, giving them the chance to be seen organically without being lost in the newsfeed. The new Instagram algorithm that launched in June 2016 (the same as Facebook's) almost halved all of Instagram's organic content engagement – a big problem for brands. As a result, Instagram Stories has become a key tactic for building a brand's organic reach among followers.

Stories are a great opportunity for brands to increase engagement across their Snapchat and Instagram channels. Engagement (e.g. active views) with Stories is typically double the engagement with normal posts.

## TOP FOUR TACTICS FOR BRANDS USING STORIES

1

### OFFER A BEHIND-THE-SCENES VIEW OF THE BRAND

**G**iving audiences such access offers a real-world view of the brand as well as exclusive content or experiences.

2

### TAKE OVER SOMEONE ELSE'S STORY

**C**ontribute to a partner brand's Story with your own spin on the subject, or use the channel of an influencer or partner brand as your distribution access point, giving you access to new audiences.

3

### OFFER 24-HOUR DEALS, COUPONS OR DISCOUNTS EXCLUSIVELY TO STORY VIEWERS

**T**his is a great way to trigger high engagement with followers, and lead directly to sales. Providing channel-specific codes or coupons allows you to easily track the ROI of your social Stories.

4

### ANNOUNCE ACTIVITIES ON YOUR OTHER CHANNELS

**S**tories are a good way to cross-promote activities happening on other owned channels, acting as an organic traffic driver and strengthening your content ecosystem.

# PROGRAMMATIC TRADING IN 2017

ZENITH FORECASTS THAT GLOBAL PROGRAMMATIC SPENDING WILL GROW 31% IN 2017, FASTER THAN ALL OTHER DIGITAL CHANNELS. PROGRAMMATIC BECAME THE PRINCIPAL METHOD OF TRADING DIGITAL DISPLAY IN 2016, AND TRADITIONAL PURCHASE SYSTEMS ARE UNLIKELY TO LAST FOR MUCH LONGER. WE EXPECT THESE 10 TRENDS TO HAVE A PROFOUND IMPACT IN 2017.

## 1. PEOPLE-BASED MARKETING FOR BETTER PERSONALISATION

With ad blocking proliferating and consumers moving from one device to another, it's not a matter of simply tying cookies to device IDs to create personal identities, but of making ads relevant to consumers as individuals—meeting their specific preferences and desires.

## 2. FIRST-PARTY DATA FIRST

True competitive advantage will come from first-party data (e.g. site analytics, CRM or sales systems). Leveraging this data in real-time will become critical. Engaging today's hyper-connected, multi-screening consumers requires the ability to respond in the moment to live data that signals a customer's intention to buy.

## 3. DATA SHARING

Beyond building high quality first-party data, smart companies will share more data with relevant partners (e.g. hotel companies and airlines).

## 4. RISE OF PRIVATE MARKETPLACES (PMPs)

As advertisers and publishers get better at identifying mutual audiences, advertisers will become more interested in the ability to target such segments in private marketplaces. PMPs also offer advertisers at scale the opportunity to flex their media clout and benefit from more valuable pricing against their competitive set.

## 5. PROGRAMMATIC MEDIA QUALITY

According to Integral Ad Science (2016), direct-sold display and video ads are performing better in terms of viewability and fraud than ads sold programmatically. PMPs provide a way to buy ads against stricter ad verification standards and drive higher performance than direct-sold.

## 6. ATTRIBUTION AND ANALYTICS

Automation with artificial intelligence will drive significant changes in attribution modelling. Zenith has been a pioneer in this area with the launch of the first real-time attribution model based on machine-learning techniques.

## 7. CONSOLIDATION OF MARTECH

There is never a dull moment in marketing technology, with the acquisition of Krux by Salesforce and the more recent acquisition of Tubemogul by Adobe. Building connected tech stacks will need to be managed carefully as further acquisitions will create new types of data connectivity and more powerful tech stacks.

## 8. MOBILE PROGRAMMATIC

Mobile will eat up programmatic. According to Econsultancy, smartphones made up 71% of all mobile programmatic transactions in Q1, up from 59% in Q4.

## 9. CUSTOM PROGRAMMATIC

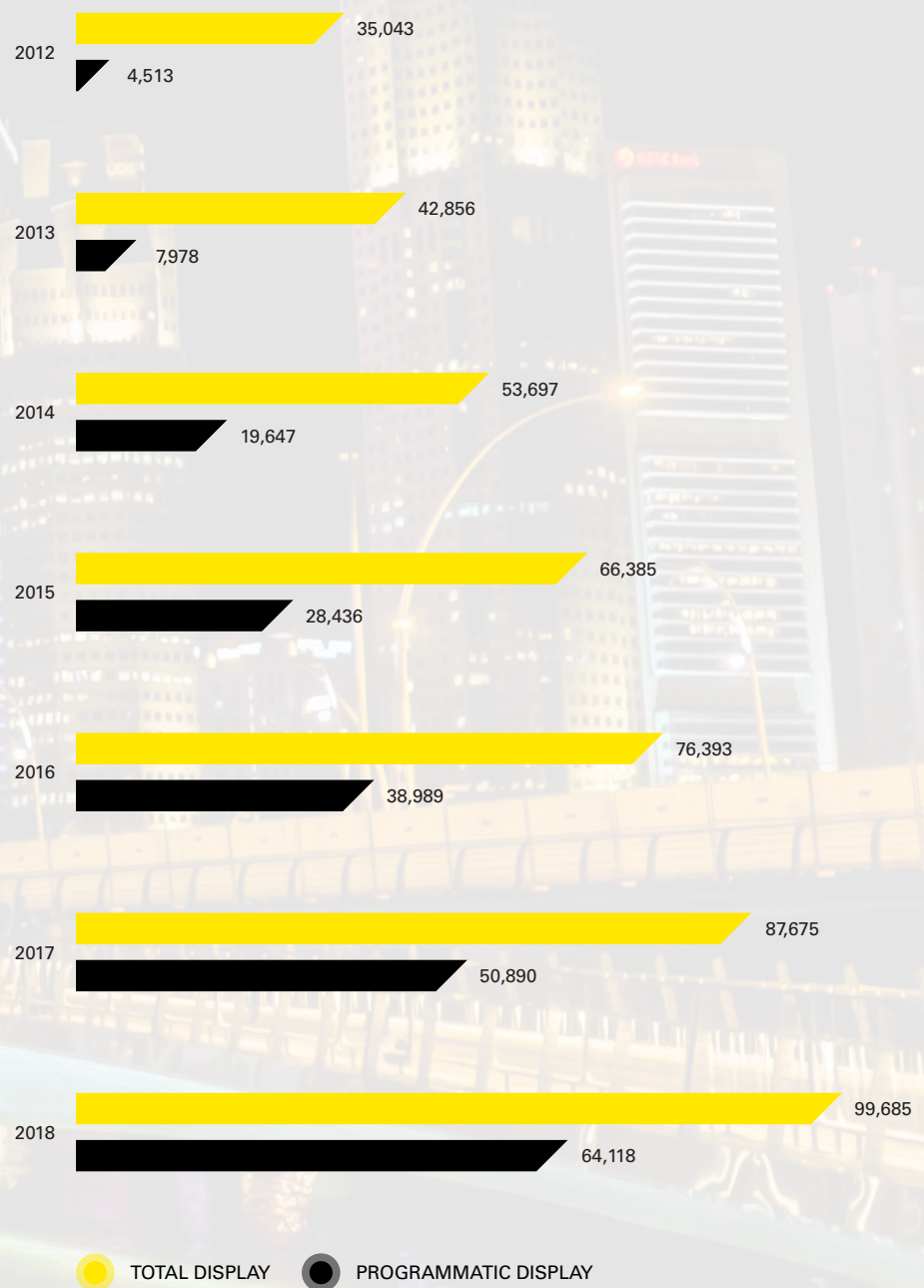
Media-agency programmatic 'trading desks' are being decentralised as programmatic expertise begins to permeate the agency to meet more bespoke requirements from advertisers. Some clients are bringing programmatic in-house with the support of their agency. The one-size fits all approach to programmatic with agency trading desks will evolve significantly in 2017.

## 10. 100% PROGRAMMATIC

Some advertisers are looking to shift 100% of display and video spend into programmatic in more mature markets, and traditional channels such as television and out-of-home are gradually becoming programmatic.



## GLOBAL DISPLAY AND PROGRAMMATIC ADSPEND (US\$M)



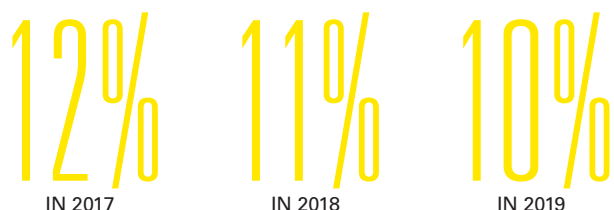


# SEARCH: THE FIRST STEP FOR SHOPPERS

## MARKETING IMPERATIVES

- Search remains the first step in the consumer journey for most mobile shoppers
- Brands should optimise their organic content to maximise ROI from rich search results
- Brands with physical locations must adapt best practice to make the most of Google's latest update

## ANNUAL DOUBLE-DIGIT GROWTH FOR PAID SEARCH



We project that paid search spend will continue its double-digit growth in 2017 and beyond. Despite growing consumer interaction with advertising on social sites and apps, paid search remains the most efficient and effective means by which to capture and convert consumer demand, especially for direct-response advertisers in verticals like retail and lead generation. Thus, advertisers are continuing to boost investment in this mature channel.

## SEARCH ENGINES STILL THE FIRST STOP FOR MOBILE SHOPPERS

According to new research from Performics and Northwestern University (Q4 Intent Lab Digital Satisfaction Index 2016), mobile shoppers for consumer electronics still access search engines first in their decision journeys. Chinese mobile shoppers chose social media (57%) as their second most important go-to source. Shoppers from Germany and the US chose shopping engines (Amazon and eBay, at 28%) after search engines.

68%

of Chinese shoppers used a mobile device to check search engines while shopping for electronics (53% in Germany and 37% in the US)

**Performics**

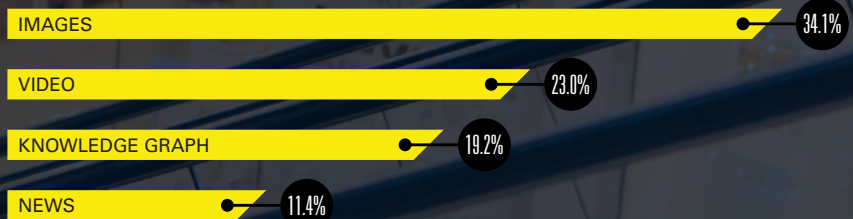




## SEARCH RESULTS PAGES CONTINUE TO GET RICHER

In an effort to increase click-through, search engines continue to add rich features to search results pages. In particular, 34.1% of desktop search pages now contain image results, while 25.3% of mobile search pages feature video. Emerging formats like Google Knowledge Graph (20.8% of mobile pages) and Twitter cards (6.1% of mobile pages) also enjoy high prominence. This makes it critical for brands to optimise their organic content not only for traditional keyword results, but also for video, image, quick answers and other structured and rich snippet formats.

### FEATURES INTEGRATED IN US GOOGLE SEARCH RESULTS — DESKTOP (APRIL 2016)



### FEATURES INTEGRATED IN US GOOGLE SEARCH RESULTS — MOBILE (APRIL 2016)



Source: Searchmetrics

## GOOGLE'S POSSUM LOCAL ALGORITHM UPDATE

One of Google's biggest algorithm updates of Q4 2016 was Possum, which improved the quality of local search results. One study by BrightLocal found that Possum affected 64% of local search pages. In particular, businesses that fall right outside the city limits are now gaining visibility for local searches that include the city name (e.g. "Moving Services Chicago"). Google's local listings shake-up has all brands with physical store locations auditing their campaigns to uncover the effect on ranking and traffic.



# VERIFY, VERIFY, VERIFY!

BRANDS ARE PAYING FOR ADS THAT ARE NOT BEING SEEN BY CONSUMERS.

WE CALL FOR INDUSTRY ACTION TO ENSURE THAT ALL ADS ARE VERIFIED AS REACHING REAL PEOPLE.

Ad verification will remain a top priority for agencies and advertisers in 2017. The viewability of ads is still too low – Integral Ad Science (IAS) calculated that in the first half of 2016, only 40% of ads were viewable to the standards set by the IAB. Brand safety is also a top priority, since IAS found that 11% of ads were shown in unsafe environment. Add to this large-scale fraudulent activity, such as the recently exposed Methbot, and it is clear that the standards of digital ad verification need to be greatly improved.

Faced with these challenges, Publicis Media and Zenith call for a collaborative approach between agencies, advertisers and publishers. The latter need to ensure all inventory they make available can be verified, and accelerate the implementation of technology helping to guarantee 100% viewable impressions with no fraud in brand-safe environments. Agencies and advertisers

need to work closely with publishers to build roadmaps to achieve overall better performance when it comes to ad verification. The growth of digital media depends on these efforts.

Our specific calls for industry action include changing the definition of 'viewable' to 100% pixels in-view; industry wide commitment to review both duration and sound metrics; independent third-party verification as standard; and trading contracts with viewability guarantees, brand safety guidelines protection against fraud and non-geo impacts (those delivered outside the desired geography). These terms should be flexible and graduate over time to 100% for viewability.

Last but not least, ad verification should not be analysed in isolation but in line with audience verification, as well as against the campaign and client KPIs.







# ABOUT ZENITH

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Zenith is The ROI Agency. The first agency to apply a rigorous and objective approach to improving the effectiveness of marketing spend, Zenith transforms businesses and brands through evidence-led thinking. Zenith is part of Publicis Media, one of four solution hubs within Publicis Groupe [Euronext Paris FR0000130577, CAC40], and has offices within Publicis One. As a leading global media services network, Zenith has over 5,000 people working across 95 markets. Supported by Publicis Media's Global Practices, Zenith offers its clients a full range of integrated skills across communications planning, value optimisation, performance media, content creation and data and analytics. We work with some of the world's leading global brands including Aviva, Coty, Kering, Lactalis, L'Oréal, LVMH, Nestlé, Nomad Foods, Oracle, RB, SCA, Sanofi and 21st Century Fox.

