Global Intelligence

Data & insights for the new age of communication

07

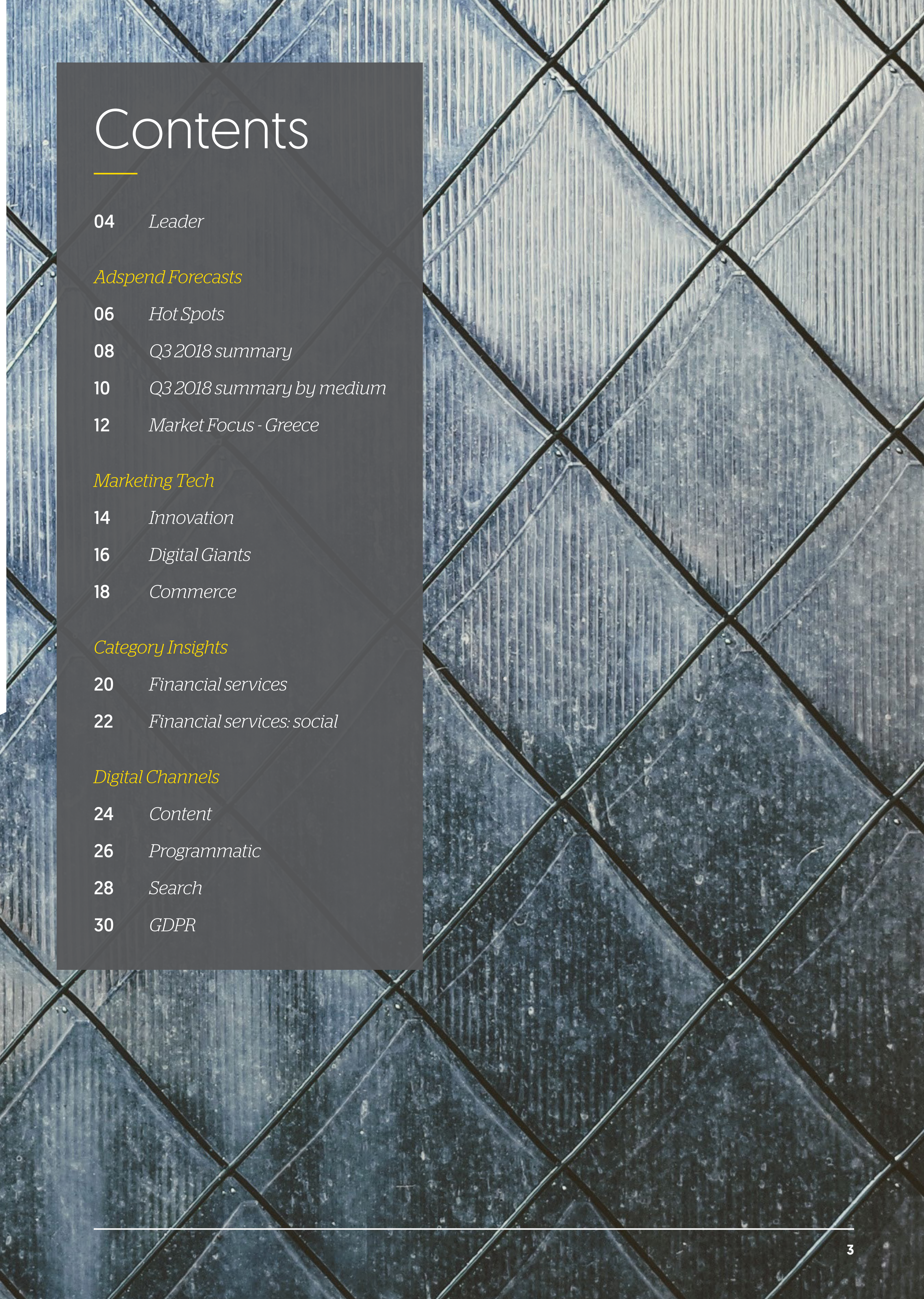
Q3 2018

Zenith

The ROI agency

Global Intelligence

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.



Contents

Global Intelligence | Leader

Retail and video are fuelling media growth

We are very happy to present the seventh edition of *Global Intelligence*, Zenith's quarterly magazine detailing the transformation of media and communications worldwide.

One of the themes of this issue is the growing integration of media activity with retail. Search platforms have been working more and more closely with retailers in recent years, to the extent that some searches now result in more product listings than started paid search ads. Retailers are also using search at the start of the consumer journey to raise awareness, rather than focusing purely on the purchase phase. Meanwhile retailer websites are beginning to forge partnerships with brands, working together to drive traffic, complete purchases and fulfil orders as efficiently as possible. Voice search is in its infancy, but as the technology improves and consumers become more used to it, voice will become a natural channel to product sales.

Another theme is the power of video. Much of the recent growth in social media advertising has come from the platforms' embrace of in-feed video ads, which have tended to complement television rather than compete with it. But now the social platforms are investing heavily in video content to compete more directly with broadcasters for viewers and advertising. As we focus on financial services brands, we see how they are using television and online video together to tell emotional brand stories. And in our round-up of content trends we note how some brands are building their own video production studios to meet their need for high-quality video content.

We also separately look at the evolution of programmatic trading and the European Union's introduction of GDPR, both of which emphasise the importance of transparency, clean data and holding third-party suppliers to account.

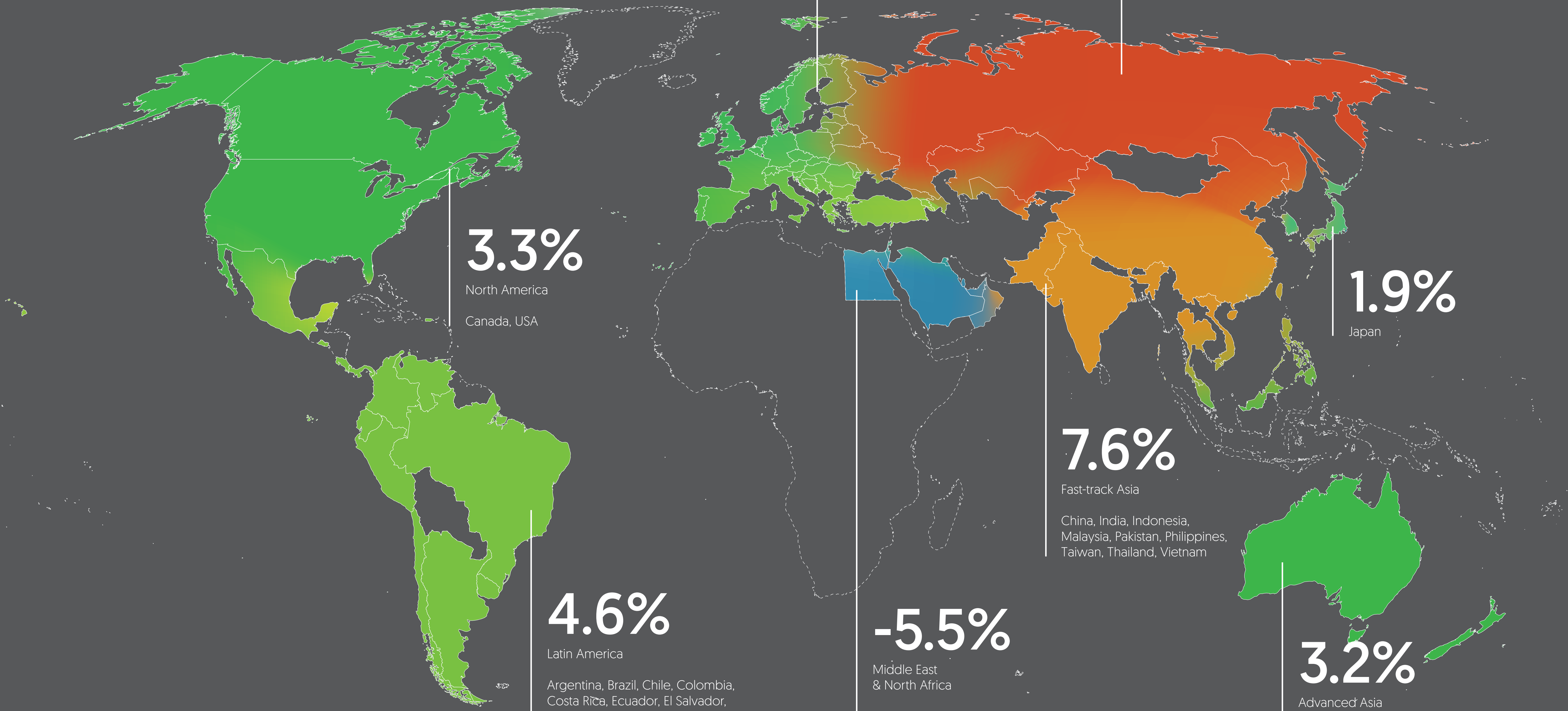
I hope you enjoy reading this edition. Please get in touch at Jonathan.Barnard@zenithmedia.com if you have any comments or suggestions.

Adspend Forecasts | Hot Spots

The world's advertising hot spots

Average annual growth in adspend by regional bloc 2017-2020

-5.5% 4% 10%



2.9%
Western & 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

8.7%
Eastern Europe & Central Asia

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

3.3%
North America

Canada, USA

1.9%
Japan

7.6%
Fast-track Asia

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

4.6%
Latin America

Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Panama, Peru, Puerto Rico, Uruguay, Venezuela

-5.5%
Middle East & North Africa

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

3.2%
Advanced Asia

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

Steady growth in global adspend to continue

We forecast global advertising expenditure to grow steadily out to 2020, maintaining the 4%-5% pace it has held at since 2011.

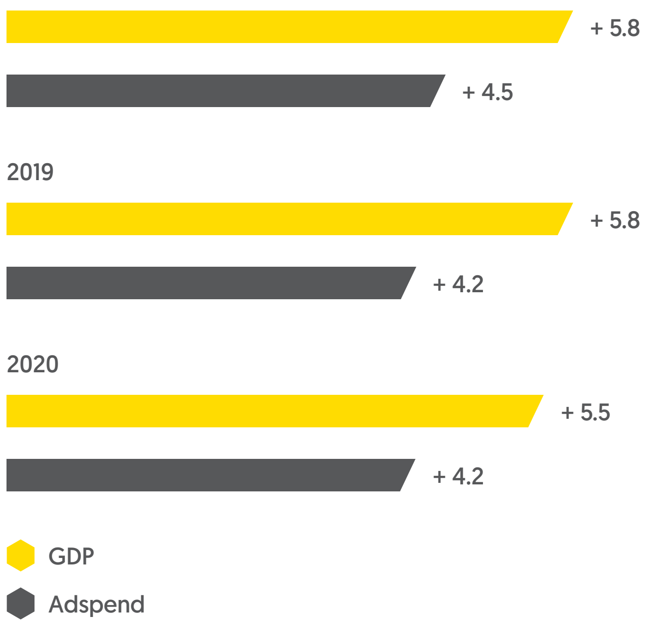
In our latest *Advertising Expenditure Forecasts* report, published in September, we forecast 4.5% growth in global adspend this year, which is the same as the growth rate we forecast in June. Some markets have strengthened since we published our previous forecast (notably Canada and the UK), but these have been counterbalanced by markets that have weakened, particularly the Middle East and North Africa (MENA). Our forecast for 2019 is also unchanged at 4.2% growth, while we have reduced our forecast for 2020 from 4.3% growth to 4.2%. Growth will therefore remain within the 4%-5% range it has maintained since 2011.

Economic growth has picked up this year in Canada and the UK, and demand from advertisers has been stronger than expected, so we have revised our forecast for adspend growth in Canada this year from 3.8% to 5.6%, and in the UK from 0.7% to 2.4%. These two revisions alone will add US$581m to the global ad market this year. We have also made substantial upward revisions in Vietnam (US$131m), France (US$121m), and Taiwan (US$104m). Western Europe is the most improved region, revised up from 2.3% growth in 2018 to 2.6% growth.

After conducting new research into true levels of expenditure in MENA, we have thoroughly revised our estimates of historic ad expenditure in the region. We have also added figures for Iraq, Jordan and Syria, as well as channels targeting Asian-language speakers across the region. The net effect of these changes is that our estimate of regional adspend is now higher than it was previously, but so too is our estimate of the shock the region has suffered from the drop in oil prices since 2014, political turmoil and conflict. We now consider that adspend shrank by 40% between 2014 and 2017, more than our previous estimate of 33%. But we estimate that ad expenditure across MENA totalled US$3.6bn in 2017, ahead of our previous figure of US$2.4bn. We now forecast an average annual decline of 5.5% to 2020, well below our previous forecast of 1.4% average annual decline.

The US will be the leading contributor of new ad dollars to the global market over the next three years, making up in scale what it lacks in speed. China will come second, combining large scale and rapid growth, though its growth is slowing as its scale increases. Between 2017 and 2020 we forecast global advertising expenditure to increase by US$75 billion in total. The US will contribute 26% of this extra ad expenditure and China will contribute 22%, followed by India (5%) and Indonesia (4%).

Growth of advertising expenditure and GDP 2018-2020 (%)



Ten fastest growing markets

The ten biggest ad markets

Ad expenditure (US$m)

2017	Rank	2020
USA 197,474	1	USA 217,043
China 79,080	2	China 95,460
Japan 41,850	3	Japan 44,317
UK 24,214	4	UK 26,071
Germany 22,744	5	Germany 24,089
Brazil 14,892	6	Brazil 17,319
South Korea 12,126	7	South Korea 13,705
Australia 12,024	8	France 13,329
France 11,950	9	Australia 13,177
Indonesia 8,712	10	India 12,586

Source: Zenith/IMF

Growth in ad dollars

(US$m 2017-2020)

Search and social to drive 67% of adspend growth by 2020

Search is benefiting from the application of artificial intelligence techniques and integration with commerce, while social platforms are starting to compete directly with television broadcasters for video adspend.

We predict that two thirds of all the growth in global advertising expenditure between 2017 and 2020 will come from paid search and social media ads. Over this period, total spending will increase from US$86bn to US$109bn on paid search, and from US$48bn to US$76bn on social media. Paid search will grow by US$22bn over this period, while social media will grow by US$28bn, making it the single biggest contributor to growth.

Paid search has undergone constant development in recent years. Search platforms, agencies and brands are applying ever more sophisticated artificial intelligence techniques to improve targeting, messaging and conversion. Search is becoming more integrated with commerce, both online – as brands shift budgets to e-commerce platforms – and offline, as retailers use location and store inventory data to match active shoppers directly with the products they're searching for. All these developments are attracting higher performance budgets from brands, often new expenditure rather than being diverted from brand awareness activity. Overall, we expect them to drive an average of 8% annual growth in paid search adspend between 2017 and 2020.

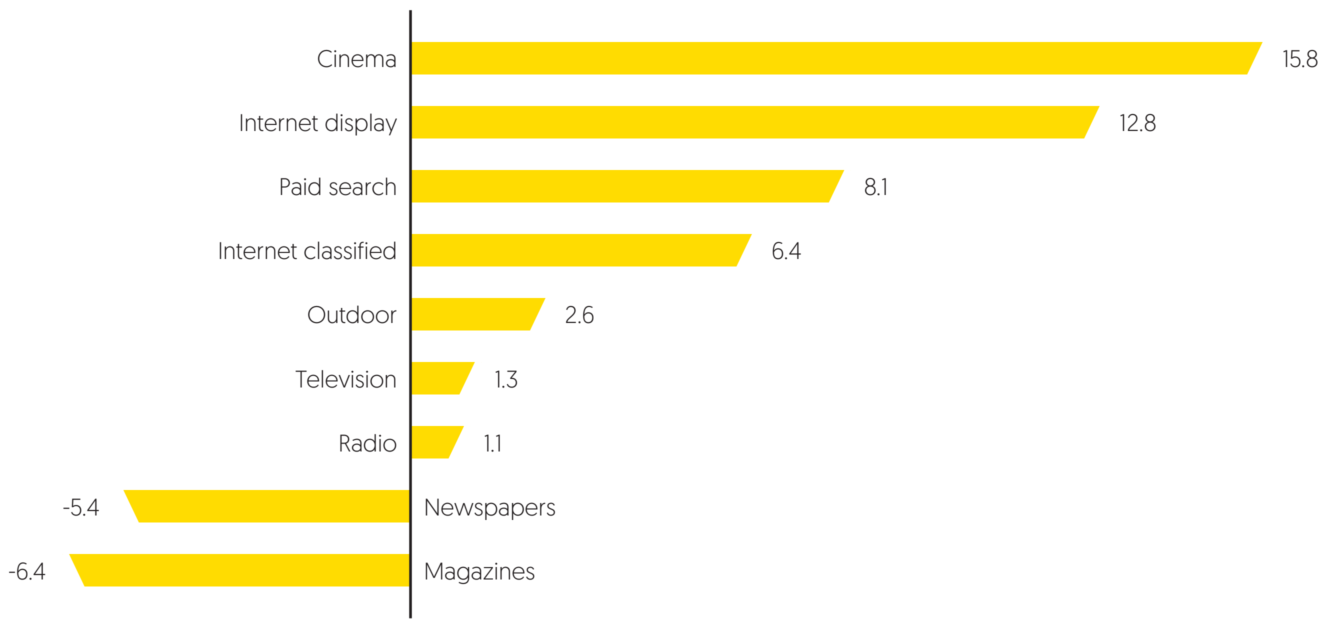
The next step in the evolution of search is voice search, but so far there has been little direct advertising through voice assistants. When users make a voice search on a smart speaker, they will normally only be presented with the first organic result; voice searches on smartphones may present more results, but not as many as manual searches. The rise of voice search therefore makes it more important for brands to identify the keywords they absolutely need to own, and to build content that sends them to the top of organic results.

We expect the search platforms will eventually make paid search work with voice assistants, but for now brands need to concentrate on voice SEO, limiting the growth potential of paid search in the short term.

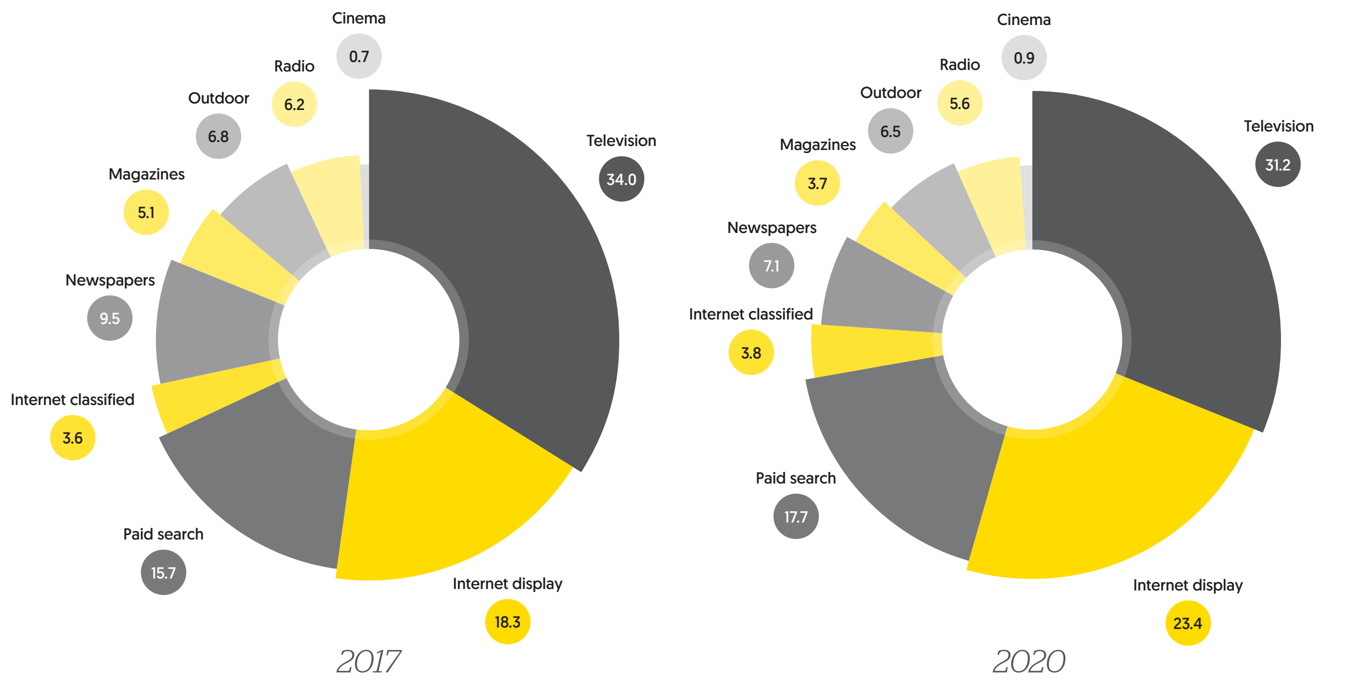
Much of the recent rapid growth in social media advertising has come as platforms have replaced static ads with more engaging video ads. So far these social video ads have acted more as complements to television ads than competitors, but the platforms are now competing with television more directly by hosting long-form content like sport, drama and comedy, and inserting mid-roll ads like those seen in television breaks. Overall we expect social media adspend to grow by an average of 16% a year to 2020, twice the rate of paid search. We count social media as a sub-category of internet display advertising, which will increase its share of global adspend from 18.3% in 2017 to 23.4% in 2020.

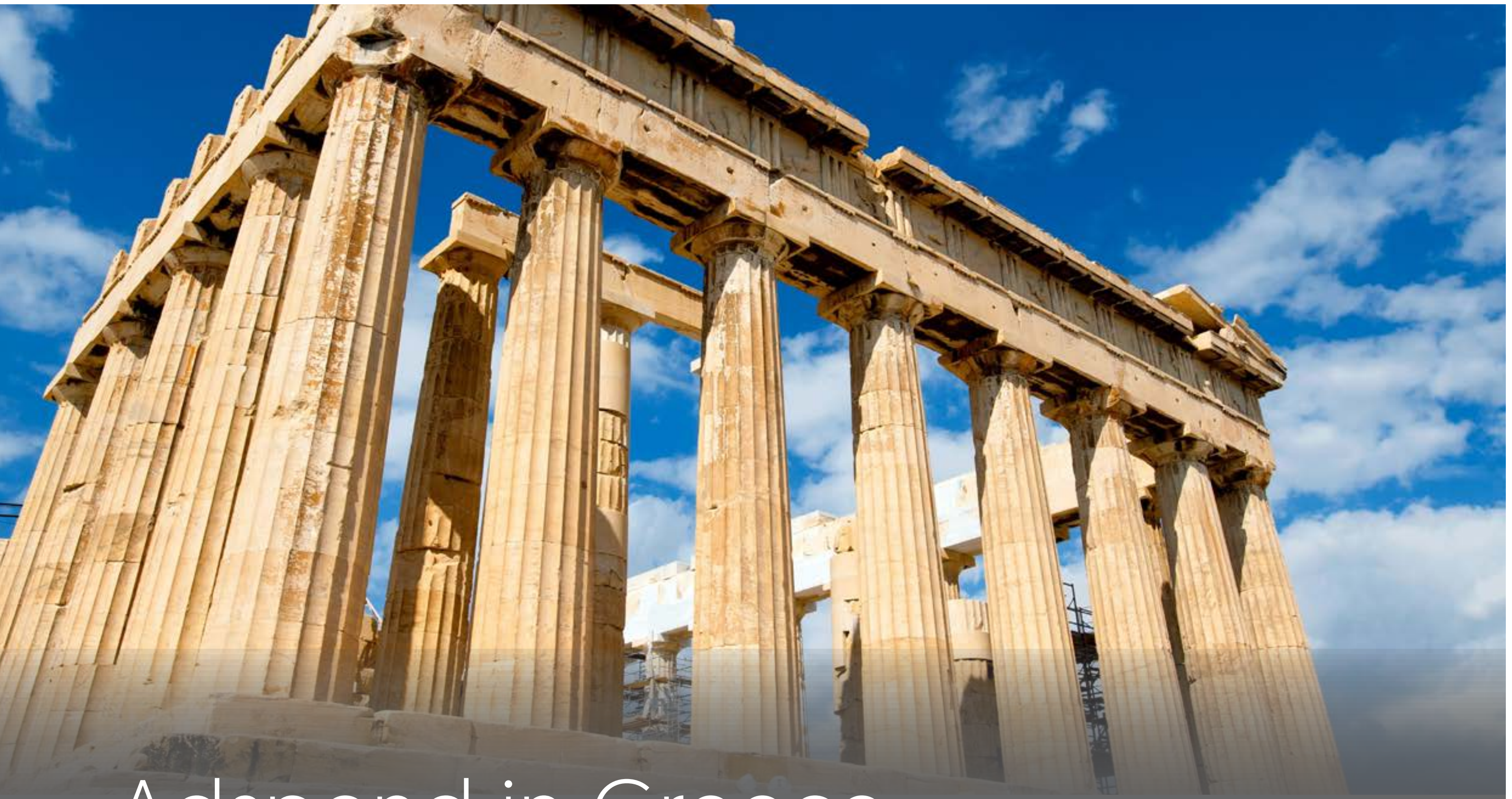
The fastest-growing traditional medium is cinema, which we forecast to grow by 16% a year thanks to rapidly rising admissions in China. It is a tiny medium, though, representing just 0.8% of total adspend this year. Otherwise outdoor is the strongest performer, with 3% annual growth. Outdoor is benefiting from its wide reach and ability to create mass awareness, which allows it to complement highly targeted online advertising for premium brands. While targeted online ads move buyers along the path to purchase, premium brands still need to create widespread awareness among non-buyers – a premium brand will only remain one if everyone recognises its premium value.

Average annual growth rate by medium 2017-2020 (%)



Share of global adspend by medium (%)





Adspend in Greece

Greece was one of the ad markets that suffered the most after the 2008 financial crisis. Following its emergence from the bailout programme in August 2018, signs are positive for the next few years.

Greece's economy has started showing signs of recovery. The IMF reports that the economy grew 1.4% in 2017, representing the first year of substantial growth for a decade; it expects another 2.0% growth in 2018. Consumer confidence continues to fluctuate, but the business confidence index is expected to reach 105 by the end of this quarter, continuing the increasing trend of the last year. Unemployment is trending downwards and is expected to fall below 20% in Q3 for the first time in six years.

We have seen small decreases in adspend over the past three quarters, but we think spend for the market as a whole will grow by 6.9% in 2018. We are forecasting further growth of 4.9% and 7.8% in 2019 and 2020 respectively.

The current government has introduced a new regulatory structure for television broadcasting. It conducted an auction for up to seven broadcasting licences in early 2018, with six initial bidders starting at €35 million each, and five broadcasters being awarded temporary DTT licences in May 2018. Another auction for specialist channels is expected at the end of the year.

After several years of broadcasting low-quality programmes during the recession, channels invested heavily in new programmes for the 2017-18 season. After the success of its show *Survivor* last year, SKAI launched *Survivor 2* in January 2018 to large audiences, although the second season ended up doing not quite as well as the first.

From October 2018, ETV will transform into a new channel, with a new name, new logo and new programmes.

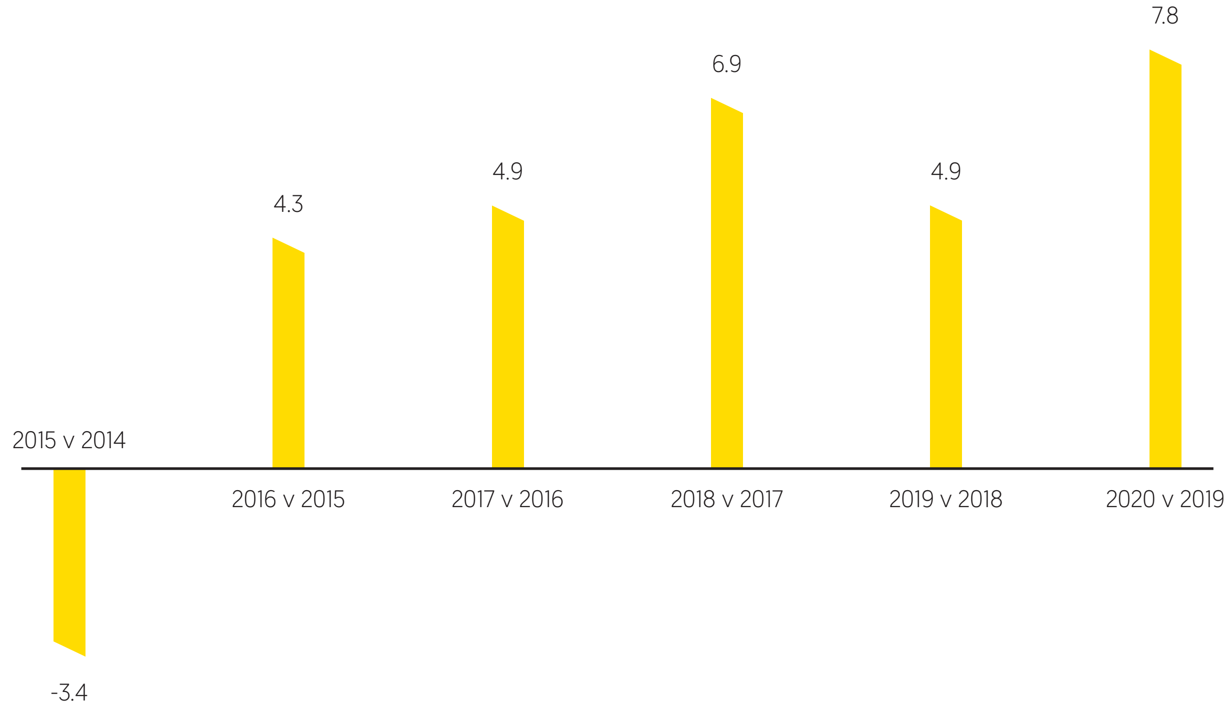
The cost of television advertising is rising rapidly, with media inflation expected to reach 15%-20% year on year by the end of 2018. The launch of a new platform that will allow for direct TV buying has been pushed back to early 2019. Pay-TV continues increasing in popularity, with around one million subscribers now.

Newspapers and magazines continue to lose circulation. To win new readers, some newspapers have launched new magazines as supplements to their Sunday editions, typically focusing on fitness and young parents. Newspapers and magazines will introduce barcodes to make circulation numbers easier to collect by the end of the year.

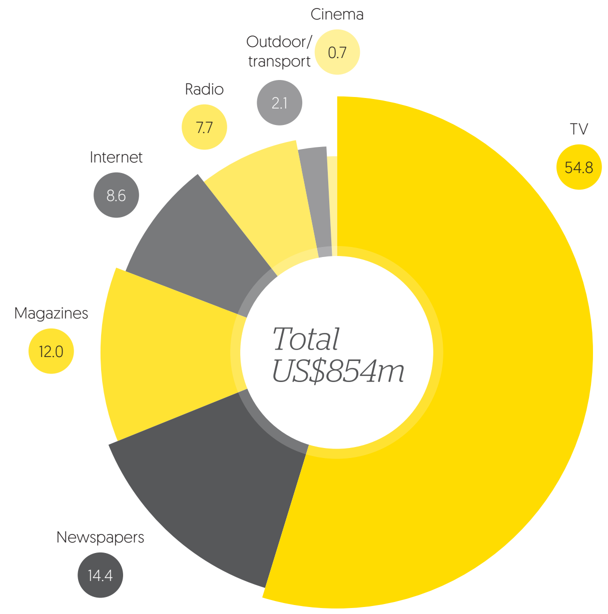
Internet usage is becoming more and more mobile, and overall online penetration has reached 73%, with 62% of Greeks using social media. Online advertising continues to gain share from print, and newspaper site visitors now outnumber print newspaper readers.

Adspend in Greece

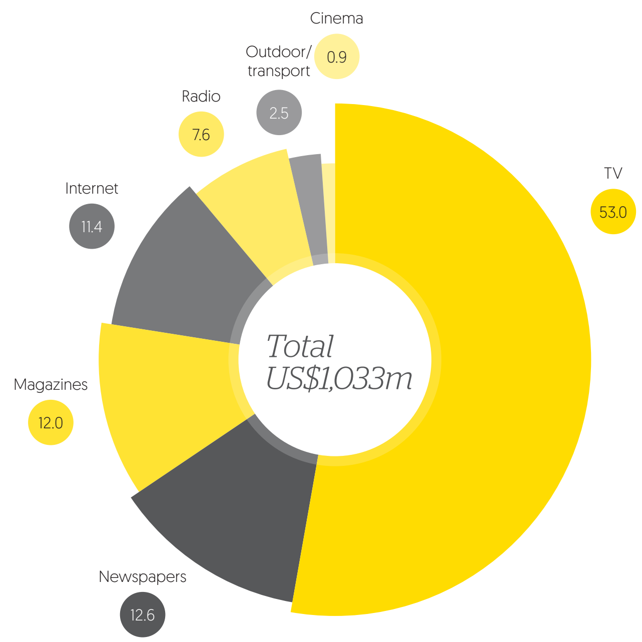
Year-on-year change at current prices (%)



Share of adspend by medium (%)



2017



2020

Start-up watch

In this edition of Start-Up Watch, we focus on four businesses offering solutions to help brands personalise services for consumers and better segment audiences.

Idomoo

Idomoo offers video-based digital CRM for marketers looking to dazzle customers with personalised content. It specialises in mass personalisation of short-form video, stitching dynamic overlays such as usernames, street addresses and other custom visuals into regular filmed assets.

Sorry as a Service

Sorry as a Service is an aftercare platform for companies that want to limit the damage caused by poor customer service. Its technology sends gifts such as personalised cookies, chocolates or flowers through the post at the touch of a button, helping enterprise clients such as BT and Trouva increase customer satisfaction.

A Million Ads

A Million Ads has developed a new system for creating in-audio ads, fusing known data about the listener and their environment with scripted vocal elements to build targeted radio advertising on-the-fly that is customised to each unique listener. It aims to use conscious and subconscious messaging to catch attention and subtly build awareness.

Pixoneye

Pixoneye use an advanced computer-vision technique to 'read' the contents of mobile users' camera rolls, to create custom segmentations based on the kinds of images they have captured. If users have plenty of dog photos for instance, that data can be bought on open ad networks and they'll see ads targeted to them. This high degree of personalisation requires extended device permissions, of course.

Sorry as a Service allows companies to send handmade gifts to their customers

Marketing Tech | Innovation

Introducing the digital twin

A new concept in computer science – the digital twin – is being used to increase business effectiveness across industries. By applying it to marketing we find it identifies potential opportunities for communicating more effectively and creating more personal brand experiences.

Industries such as manufacturing, aeronautics and medical science have for years built 'close-to-life' computer simulations for data modelling and predictive analytics. In these cases, the closer to reality a computer model is, the more useful it will be. In meteorology for instance, a weather report is only as accurate as the quality of data being simulated.

This concept – the so-called 'digital twin' – was recently named by Gartner as one of ten strategic technologies for 2019. It refers to any virtual representation of a real-world product or process, person or place – often through a real-time sensor link. Gartner states that these dynamic data constructs allow organisations to improve their effectiveness by up to 10%, and predicts that half of large industrial companies will use them by 2021. We have found it useful to take this concept and apply it to marketing, where it demonstrates the potential for improving brand communication and brand experiences.

In our industry, large-scale customer datasets – living in data management platforms (DMPs), proprietary machine-learned databases, or even the blockchain – are intended to reflect 'that which is true' about some current real-world entity or system. As marketers, we access 'mirror worlds' of data held on brand and publisher audiences for the purposes of planning and execution, optimisation and analysis. We do not – often cannot – access 'real world' data on our audiences, particularly individuals, so we rely on the data trails left behind by users.

Our mirror worlds provide us with a 'data shadow', rather than a digital twin, and we use this data shadow to segment audiences, and work with the lowest common denominators of a specific set of variables: their interests, geography, and shopping habits for instance. The data shadow provides enough consumer relevance for brand communication. The better the data shadow represents those consumers who are most receptive to our brand communications, the more effective it will be. Brands therefore need to seek out the most comprehensive and relevant data available, through direct data partnerships with GDPR-compliant third-party vendors.

But while data shadows enable brands to segment their audiences effectively, they are too broad to allow for truly personal brand experiences. For that we need to build more accurate representation of real-world audiences via their digital twins, which requires data that's detailed and unique enough to allow us to treat consumers as individuals. The better the digital twin, the more marketers can personalise their brand experience to be more valuable to both parties. The only data that's good enough to allow this is first-party data, provided willingly by customers in return for something they value, such as a reward, unique content or a better customer experience. So to use digital twins to create truly personal brand experiences, brands need active consent and engagement from consumers.

Marketing Tech | Digital Giants

Digital Giants *Q3 2018*

Our round-up of the latest results from the digital media giants that are transforming global media and communication

facebook

+42%
ad revenues year on year

91%
of ad revenues from mobile devices

53.6%
Global reach (all internet users)

US$507bn
Market cap

Facebook now has 1.5 billion daily users, almost all of whom access it using mobile devices for some or all the time. It has 2.2 billion monthly users around the world. Both figures increased 11% year on year in Q2 2018 as Facebook continued to recruit new users across the world, particularly in Asia-Pacific. For the first time, however, Facebook experienced a quarter-on-quarter drop in daily active users in Europe – where issues such as GDPR implementation and the Cambridge Analytica story were to the forefront – from 282 million to 279 million; the figure for the US & Canada was static (185 million). This news was received badly by the markets, and explains the slump in Facebook's market cap since our previous update.

During the second quarter and first six months of 2018, the average price per ad increased by 17% and 27% respectively.

A new Custom Audience tool was introduced at the beginning of June, and dynamic ads can now be powered by category-level images. Facebook has also introduced the Video Creation Kit, which enables users to turn existing images and text into mobile-optimized video formats in feeds as well as in Instagram Stories and Facebook Messenger.

Google

+58%
paid clicks year on year

-22%
cost per click year on year

75.6%
Global reach (all internet users)

US$852bn
Market cap

Mobile search and YouTube, along with strong growth in programmatic sales, continue to fuel most of the growth in Google's revenues (as reported by Google's holding company, Alphabet). Unlike Facebook, Google's revenue growth is driven by volumes rather than prices, with consistently large increases in clicks offset by lower prices.

Google continues to refine its ad offering; from early September, Google Ads has made a new 'ad strength' indicator available, enabling users to measure the relevance, quantity and diversity of the ad copy in responsive search ads.

Responsive text ads, which can display with three headlines and two descriptions of up to 90 characters each, are being rolled out in a number of languages through the autumn.

Twitter

+23%
ad revenues year on year

+11%
active daily users year on year

8.1%
Global reach (all internet users)

US$27bn
Market cap

Twitter now has 335 million monthly users, representing a slight drop quarter on quarter coming from the US market, while the figure for international MAU was static (267m). The number of daily active users increased by 11% year on year, so existing users are accessing Twitter more frequently.

Total US revenue was US$367m in Q2 (+10% year on year), while international revenue was up 44% year on year to US$344m. Japan is Twitter's second-largest market, and grew an impressive 65% in terms of revenue between Q2 2017 and Q2 2018.

Video ads now account for more than half of Twitter's ad revenue, and during Q2, the company signed 50 new video-focussed agreements, including with ESPN, NBCUniversal, and Viacom.

It also launched a scalable new event infrastructure that makes it easier for people to follow events, topics, and interests on Twitter. This debuted during the World Cup.

Oath:

A Verizon company

US$1.9bn
quarterly revenue

1bn
monthly unique users

Yahoo
42.8%

AOL
13.7%

Global reach (all internet users)

Verizon created Oath in 2017 when it bought Yahoo and merged it with AOL, which Verizon already owned. Its intention was to use the scale of the combined business to compete more effectively for ad revenues with the likes of Google and Facebook, but it has struggled to become more than the sum of its parts. Oath failed to grow its ad revenues at all in Q2 2018, and Verizon has said it expects Oath's revenues to be 'relatively flat' in the near future. It has abandoned its target of US$10bn annual revenue by 2020.

Oath is seeking deals to increase the distribution of its content, and in November it announced that the Roku media player would distribute programming from Yahoo and other Oath businesses on its Roku Channel service, available for free to Roku's 22 million users.

In November 2018 Verizon announced that it will reorganise its business units, and rebrand Oath as Verizon Media Group.

Finding the right partnerships for e-commerce

Marketing imperatives

- Identify how your customers navigate between their devices
- Evaluate the experiences each retailer provides on different devices
- Understand each retailer's CRM programme and personalisation options
- Check retailers' page speeds
- Analyse the checkout process and delivery options each retailer provides

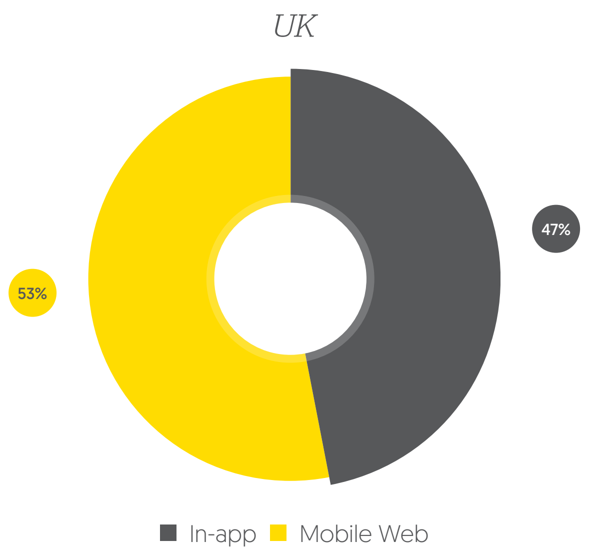
Forging e-commerce partnerships with retail websites can be very effective at driving growth. The most important step in building an effective growth plan is choosing the right partners, and to do this brands need to evaluate how their potential partners' e-commerce experiences cater for their customers' preferences.

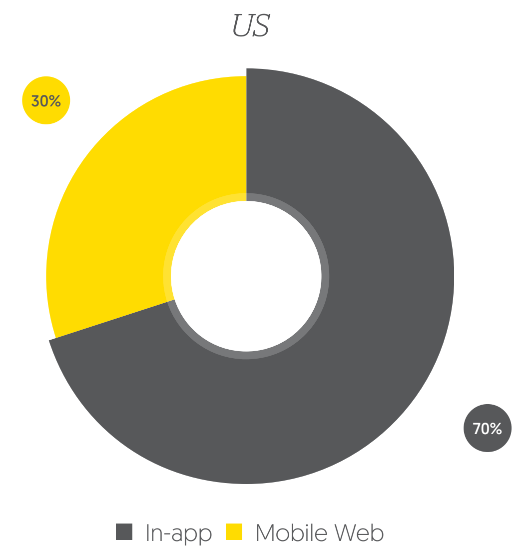
Clearly consumers now expect a connected shopping experience. But the type of experience they respond to best varies from country to country, as well as by category and demographic. In the UK, for example, shoppers favour convenience. According to research conducted by GlobalWebIndex (GWI) in July 2018, UK shoppers are 36% more likely to value next-day delivery and 84% more likely to value click-and-collect options over the possibility of being entered into competitions. However, in China consumers are 30% more likely to value competition entry over other shopping experiences.

At a basic level, consumers have different preferences for the devices they use to research and purchase products. The GWI survey found that in Germany, for example, consumers are much more likely to use mobile devices to research products than to buy them. 44% of customers in Germany researched a product on mobile but only 27% made a mobile purchase, compared to the 69% of customers who purchased a product on a desktop computer. This is a common pattern in North America and Europe, but habits are very different in Asia. In China, for example, 73% of customers used their mobile devices for research and 71% used them to make a purchase.

Mobile customers behave differently when they are using the mobile web or an app. According to Criteo, apps account for more than 70% of mobile sales in the US, but only 47% in the UK. In both markets, however, shopping apps have three-times higher conversion rates than mobile websites.

Share of sales within apps





Source: Criteo

It is therefore vital for brands to determine their customers' preferences for desktop internet, mobile internet and apps, both for research and purchasing, and to find partners that provide experiences that best match these preferences.

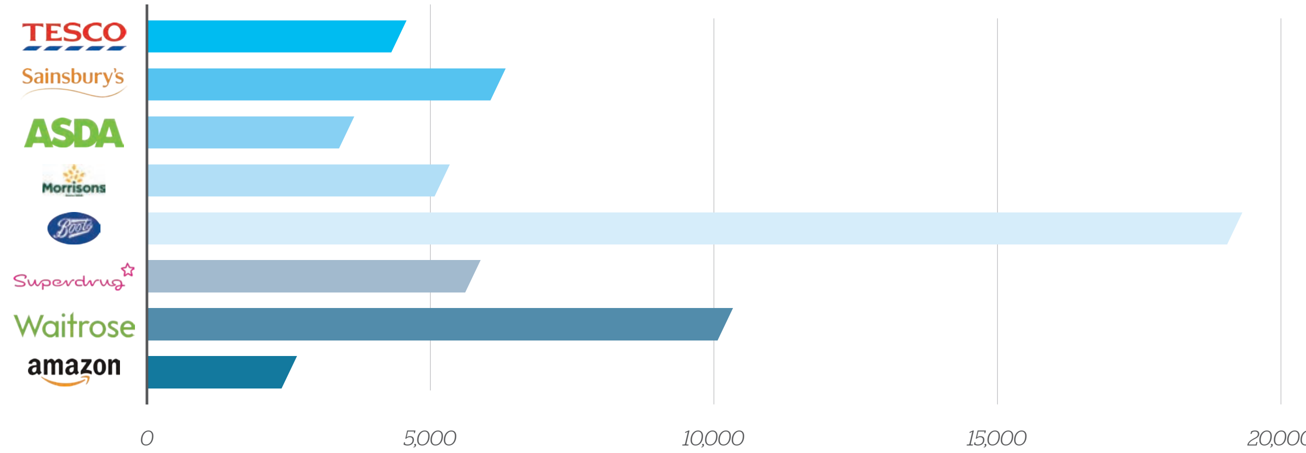
Customers also want their experience to be personalised. Dunnhumby has measured a 7% category sales uplift from personalised advertising, both online and in-store. Tesco has identified an increase in conversion rate when customers receive personalised messaging. Here are some successful examples:

- Have you forgotten?: 40% of customers go on to purchase, +1.5% weekly sales uplifts
- Relevant promotions: 30%-50% e-mail open rate, +0.5% weekly sales uplifts
- Healthier alternatives: 10% of customers chose alternatives
- Personalised Christmas lists: 92% conversion rate, 4.8% sales uplift

Brands seeking retailer partners should pay close attention to their ability to identify their customers, determine their shopping preferences, and use this information to tailor their messaging.

The best indicator that something is going wrong with the purchase experience is when the customer adds an item to their online shopping cart but doesn't complete the purchase. The survey by GWI found that this happened to three quarters of internet users in the UK and the US in July 2018. Page speeds are a big factor in cart abandonment – online customers are impatient and have plenty of alternatives, so if a retailer keeps them waiting they'll go elsewhere. Tools like WebPageTest or Google's PageSpeed Insights will test the performance of retailers' shopping sites and their vulnerability to cart abandonment.

Retailer site load time



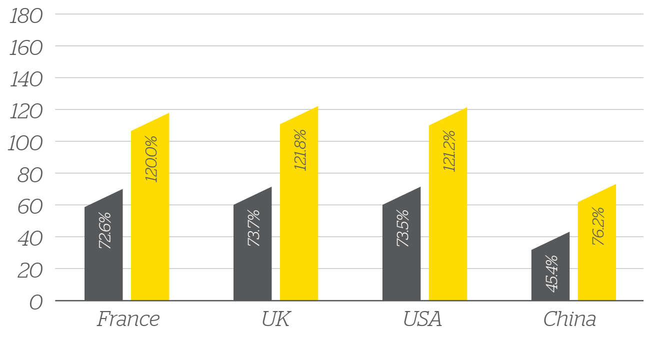
Source: WebPageTest

Millisecond (ms)

Another critical point of failure is the payment process. A quick and easy checkout is one of the most effective ways to encourage someone to buy something online. In addition to checkout, having a clear returns policy, free delivery options and the option to collect loyalty points are also key drivers of purchase.

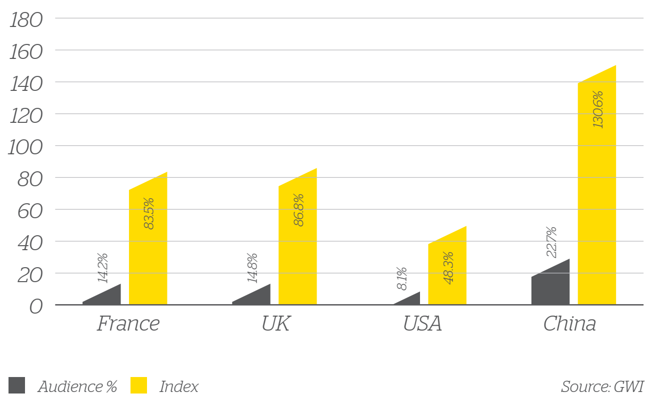
Retailer services that increase likelihood of purchase

Free delivery



Source: GWI

Entry into competitions



Source: GWI

Category Insights | Financial services

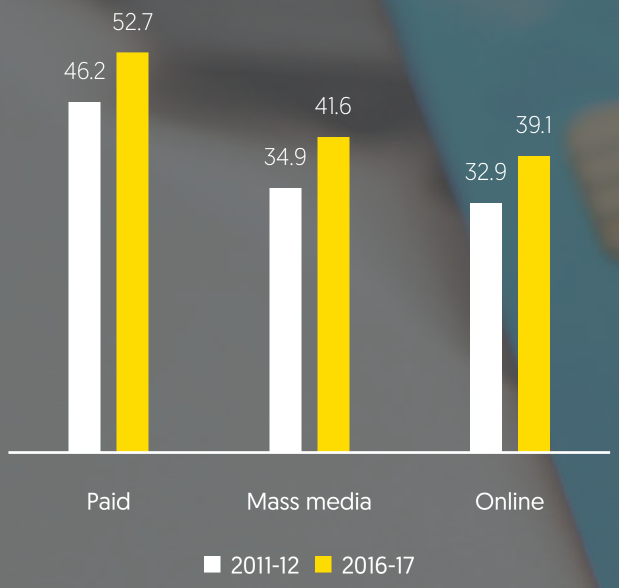
In focus: Financial services

As established financial services brands face new competition from fintech start-ups, they are focusing on crafting emotional brand stories tailored for different audiences, and reaching them where they are most receptive.

The global financial services industry is huge, generating well over US$10 trillion in revenue annually. Financial services firms account for seven of the world's top 100 advertisers, according to *Advertising Age*, which spend a total of US$14bn on advertising between them. Adspend across the sector totals about US$40bn.

Financial services generally arouse few emotions among consumers – except negative ones, when things go wrong. Consumers generally see finance as a tool, a means to an end. Most advertising in the category focuses on brands, rather than products, and tries to forge emotional connections. Brands typically have very broad target audiences – everyone needs a bank. Finance brands therefore concentrate their activity in mass media with broad reach and high engagement.

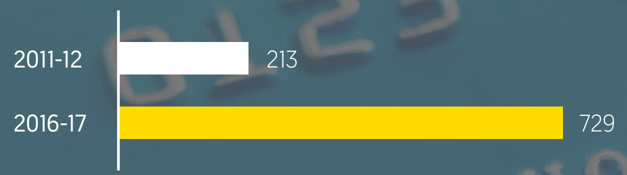
Share of brand experience by type of touchpoint (%)



We use our Touchpoints ROI Tracker tool to monitor trends in brand communication over the full range of paid, owned and earned touchpoints. One of its outputs is Brand Experience, which measures the reported importance of each touchpoint in shaping consumer attitudes and influencing consumer behaviour. As the chart below shows, financial brands are highly focused on paid mass media, and they have become more focused over the last few years. Finance was one of the earliest categories to commit heavily to digital media, because a lot of customers began managing their finances primarily online in the last decade. But finance brands have intensified their online activities as channels like online video have allowed them to deliver more engaging, emotion-laden messages to consumers over the internet. Note that the categories in the chart are overlapping, not exclusive, which is why the figures add up to well over 100%.

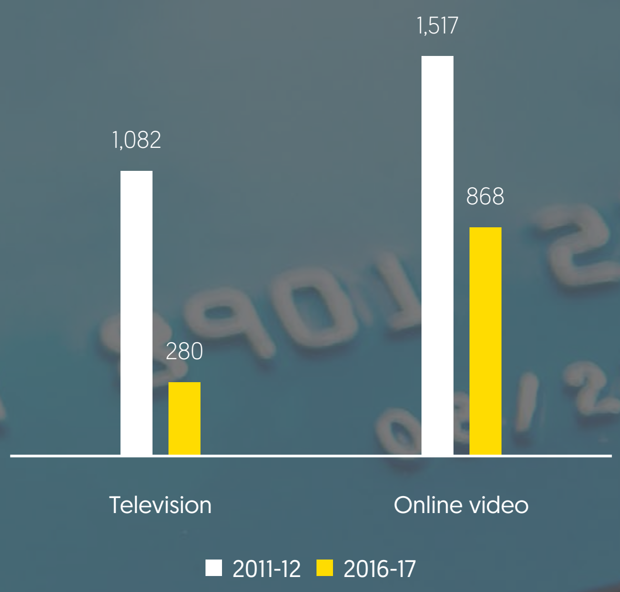
The smartphone has become one of the main battlegrounds for finance brands, with new fintech brands like Revolut and Atom bank designing services built for the mobile from the ground up, and using cutting-edge technology to raise their customers' expectations of what financial services should deliver. The capabilities and user experience of mobile apps have become much more important to brand experience over the last few years.

Brand experience score from mobile apps



Television ads are the single most important touchpoint for finance brands, with the greatest ability to reach consumers and shape their options. But online video has become an indispensable tool for finance brands in recent years, generally used in concert with television. Online video can be used to extend the reach of a television campaign among young audiences who are light television viewers. This can be done using the existing television creative, but edited or new creative normally works better, since online viewers have different expectations of ad length and narrative structure. The targeting capabilities of online advertising also allow brands to customise their creative messaging to the stage of the audience's life, which has a strong influence on people respond to finance brands. While television is universal, online video allows finance brands to be personal.

Brand experience score from television and online video



TOUCHPOINTS ROI TRACKER

Based on consumer research, Touchpoints ROI Tracker is Publicis Media's brand contact measurement and planning tool. Since 2004 a total of 1,167 Touchpoints projects have been completed across 67 countries, comprising 1,025,861 consumer interviews that provide contact point metrics for 15,636 brands in 373 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 294 touchpoints.

In focus: Financial services

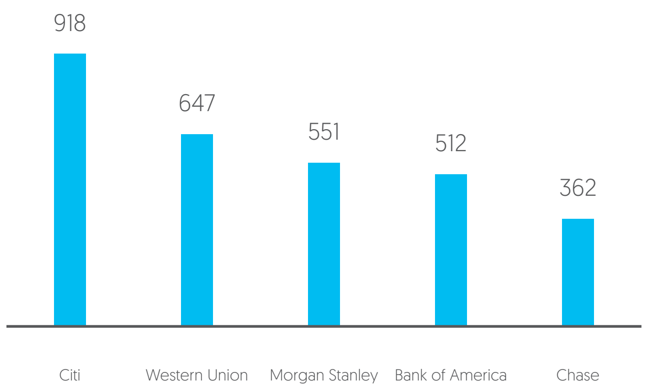
Marketing imperatives

- Identify your customers' different expectations on different social media channels, and shape your communications to fit
- Monitor conversations about your brand and respond to problems in real time
- Prioritise improving the overall customer experience over chasing followers and likes

Facebook used to be the be-all and end-all of social media for finance brands, which measured their success with straightforward metrics such as the number of likes or shares generated by each post. As the number of successful social platforms has multiplied, however, finance brands have specialised, making use of the particular strengths of each platform to achieve different purposes, and taking a wider view of success. Now finance brands want their social platforms to contribute to their wider aims of improving their reputation and customer satisfaction, while addressing problems as they arise.

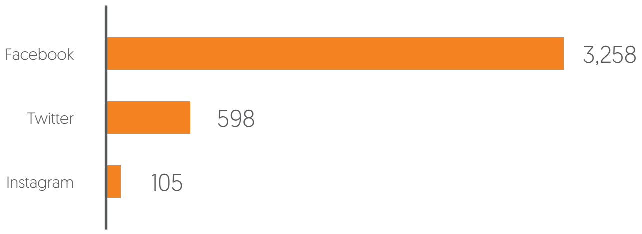
To examine how finance brands are using different social platforms, we chose five representative brands with substantial numbers of fans or followers across all three of Facebook, Twitter and Instagram: Bank of America, Chase, Citi, Morgan Stanley and Western Union. The chart below illustrates their popularity on Twitter.

Selected finance brands – number of Twitter followers (000s)



Facebook is very much the platform of mass reach. Across our chosen five brands, their Facebook pages have on average more than five times as many followers as their Twitter pages, and more than 30 times as many as their Instagram pages. Today, finance brands are likely to use Facebook to provide financial advice, start conversations and illustrate how finance can improve a customer's life, reaching as many people as possible.

Five brands* – average number of fans/ followers (000s)



Source: Socialtools October 2018

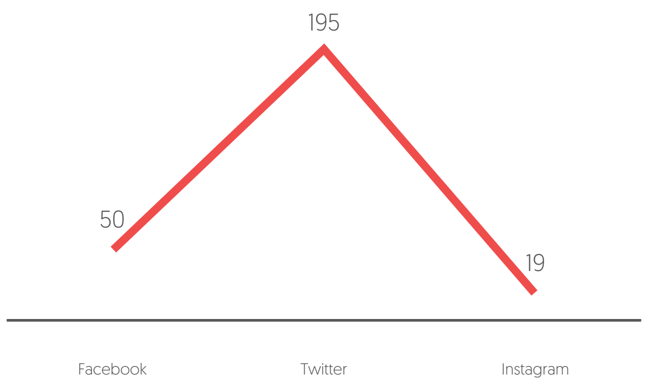
**Bank of America, Chase, Citi, Morgan Stanley, Western Union*

Socialtools is Zenith's proprietary social content performance tracking tool. Socialtools is currently tracking the daily performance of 177,000 pages across six social platforms (Facebook, Twitter, YouTube, Instagram, LinkedIn and VKontakte), providing evaluation of the effectiveness of social content for brands and their competitors in 195 countries. Socialtools charts show performance trends across a wide variety of social engagement metrics. The brand performance data, norms and rankings provide insights into social media best practices for brands in 21 macro categories and 130 categories.

Category Insights | Financial services

Twitter tends to be more focused on customer service than Facebook – providing specific advice, responding to customers' tweets and responding to complaints. For many users, Twitter is a place to vent their frustration with poor customer experience, and a proactive brand will monitor sentiment and respond to problems that arise in real time. Twitter is the high-volume platform, with our five finance brands posting nearly four times more often than on Facebook, and ten times more often than on Instagram.

Five brands* – average number of fans/ followers (000s)



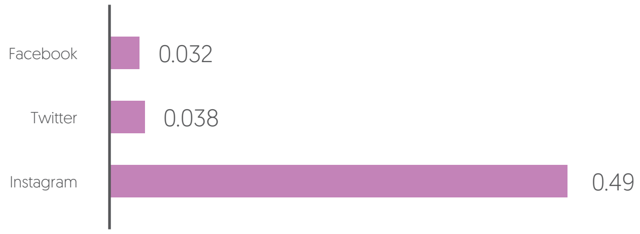
Source: Socialtools October 2018

**Bank of America, Chase, Citi, Morgan Stanley, Western Union*

Instagram is more about providing visual inspiration than advice or customer service. While Instagram is in clear third place for number of followers for most finance brands, it does excel in enabling them to engage their followers and elicit active responses. For our five finance brands, Instagram followers are 13 times more likely to engage with a post than Twitter followers, and 15 times more likely than Facebook followers.

With such high response rates from potential customers, it's no surprise that brands are working hardest to increase their Instagram audiences. Between July and October this year, our five brands increase their Instagram followers five times faster than their Twitter followers, and sixteen times faster than their Facebook followers.

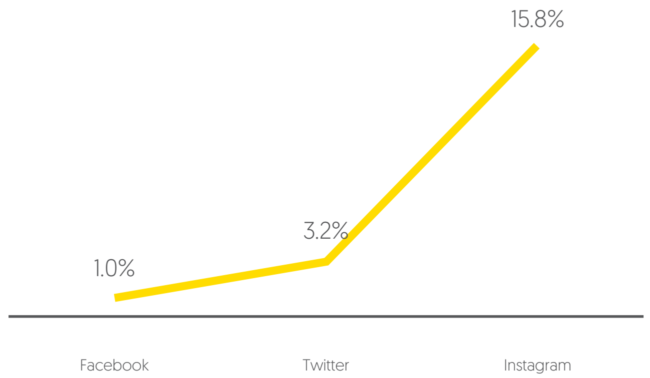
Five brands* – average engagement rate



Source: Socialtools October 2018

**Bank of America, Chase, Citi, Morgan Stanley, Western Union*

Five brands* – average growth in fans/ followers July-October 2018 (%)



Source: Socialtools October 2018

**Bank of America, Chase, Citi, Morgan Stanley, Western Union*

Digital Channels | Content

Content marketing in 2019

Brands need to evolve their content strategy to keep pace with the constant shifts in content sourcing, viewing and sharing habits. We have identified eight key trends in content marketing that brands need to address in 2019.

The changing face of the world's biggest media owner

Facebook's core demographic is getting older, and it has lost its 'cool' factor amongst younger generations, who now prefer other social platforms such as Instagram and Snapchat. In an attempt to bring back the youngsters, Facebook is focusing on improving the user experience and adding new features. For brands, this means staying on top of the latest product developments such as Facebook Watch and the Messenger overhaul, but also being realistic in accepting that if you want to engage a youth audience, Facebook is no longer the place to start.

The rise of dark social

84% of online sharing and brand conversations now happen through undetected private chats. There are now more people using messaging apps (WhatsApp, Messenger, WeChat) than the original social media apps (Facebook, Instagram, Twitter). Forward-thinking brands are already using chatbots to increase their presence in dark channels. At a minimum, brands should refresh their analytics to enable them to keep track of brand content sharing in messaging platforms and ensure that content-sharing buttons are highly visible within the user experience, to encourage trackable behaviour.

Social's all you need

Social platforms are no longer single-channel platforms for friends to stay in touch. They have evolved into multi-faceted media platforms offering everything from e-commerce and news updates to video on demand. It's now possible to reach consumers at every stage of the user journey through social channels, but many marketers are not capitalising on the full potential of each platform and are solely using them for awareness and engagement.

The power of micro-influencers

Our own Socialtools research shows that the highest engagement rates come from influencers with lower follower counts (less than one million). Consumers are controlling their content experiences more tightly, following more niche micro-influencers who share their interests. Brands that work with multiple micro-influencers will increase their engagement from influencers, with the added benefit of being more cost effective.

Amazon can't be ignored

It's hard to overestimate the size and influence of Amazon. It has evolved into an entertainment, data, logistics and lifestyle powerhouse, and its offering is more diverse than ever. Amazon should be a fixture on all brand content plans. Brands need to understand how their customers use the Amazon ecosystem, and take advantage of the data sources and insights it provides to develop optimal content assets.

AR will rule the roost

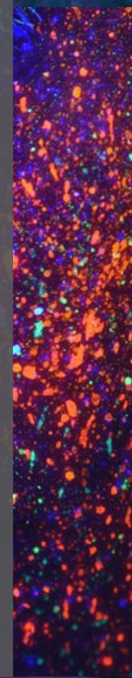
Apple and Google will have 4.25 billion AR-capable devices in the market by 2020. Forward-thinking brands are already using AR for everyday utility purposes, for example through IKEA Place (an app that allows you to place furniture in your own living room) and McDonald's Snaplications (an AR recruitment portal). Integrating useful AR technology into a brand's owned assets will soon be as essential as having a website, so now is the time for brands to test interactive content as a tactic to deliver more value to consumers.

If content is king, video is the crown

The world will watch 3 trillion minutes of internet video per month by 2021. Pepsi has built its own Hollywood-style studio, and at least three other Fortune 500 brands are following suit. Creation tools for brands are improving rapidly and videos are getting easier to produce. Brands should re-visit their production models and consider cost effective methods, such as shooting a master video asset and using several edited versions on their social platforms.

Richer data will drive greater content relevance

By harnessing data-capture tools, companies now have lots of information to fuel their content plans. With smarter content and the rise of data-influenced strategies, brands can create more personal, customised content for the end user. From Amazon's recommended purchases, to Netflix's what-to-watch-next queue, these days everyone expects a personalised experience. To stay ahead, brands need to assess where personalisation will add to the user experience – be sure to find the balance between the truly valuable and the plain creepy!



PUBLICIS MEDIA CONTENT

Unlock programmatic value with the right supply partners

As programmatic trading has evolved, it has become less clear where revenues are flowing, what fees are being imposed and how auctions are being conducted. Supply path optimisation enables programmatic buyers to acquire high-quality inventory in a transparent way.

The spread of header bidding, which allows more than one ad exchange to bid on the same inventory at the same time, has made programmatic sales more efficient and raised publishers' revenues. It has also undermined Supply Side Platforms (SSPs) by making them compete against each other, and in particular eliminated the privileged status of the SSPs that used to have first refusal on the inventory. The SSPs have responded by introducing undeclared variable price floors to make up for lost revenue. Demand Side Platforms (DSPs) have been flooded by multiple offers for the same inventory, creating a third, new auction at the publisher ad server after DSPs have submitted their final bids. These developments have created a complex supply path, allowing hidden fees and fraud to flourish.

The reality of full-stack integration

Some technology falls squarely on the sell side or the buy side, making its goal clear: sell-side technology exists to maximise the price and volume of impressions sold by publishers, while buy-side technology exists to automate and optimise media buying, maximising the value of the media dollars spent by clients, as transparently as possible. But as companies build out full tech stacks across both sides, it becomes less apparent whose bottom line is prioritized. Full stack technology can provide advantages, such as higher cookie matches and lower latency, but within a closed ecosystem it's difficult to identify hidden fees, auction mechanics and if the path to supply being taken is in the buyer's best interest.

Optimising the supply path

The days of targeting all exchanges in a DSP just for reach and scale are over. Supply is commoditised, and buyers need to thoughtfully target, optimise and review their inventory regularly. When reviewing their exchange partners, buyers should test the scale they achieve and how well they contribute to campaign goals, and end their relationship with those that do not meet expectations. The lowest-price inventory does not always provide the best value.

Brands and buyers can take several further steps to clean up the supply path.

First, they should stop dealing with any unauthorised resellers of inventory, as identified through the ads.txt standard.

Second, they should require SSPs to disclose the relationships they have with the publishers whose inventory they are reselling, and demonstrate the extra value they provide, whether through unique inventory or creative and data capabilities. Those that provide no extra value should be removed.

Third, they should cut out sources that do not disclose exactly how their auctions work, by flagging whether they use first or second price auction dynamics, for example.

Fourth, they should eliminate sellers that have undisclosed fees – those that list a final price for inventory but not the actual winning bid prices.

Fifth, by dealing directly with publishers they can agree viewability standard, transparent pricing and priority in bidding.

Supply-path optimisation is not a one-off event. Buyers need to review their relationships with platforms and publishers on a regular basis, to ensure that brands are getting the best available value from the best available inventory, as transparently as possible.

Digital Channels | Programmatic

Retailers embrace the search experience

Retailers are making greater use of search than ever, using powerful shopping listings to drive sales directly, but also to focus on capturing customers in the awareness phase. Snapchat's new partnership with Amazon allows it to turn physical encounters with products into online sales.

Global search marketing spend is decelerating but still growing healthily. Search is a behavioural-insights goldmine for brands: the language that consumers use in their search queries indicates where they are in the purchase journey. Brands are harnessing these insights, driving more investment in the channel to align search experiences with consumer intent.

The search results page is becoming a market-place

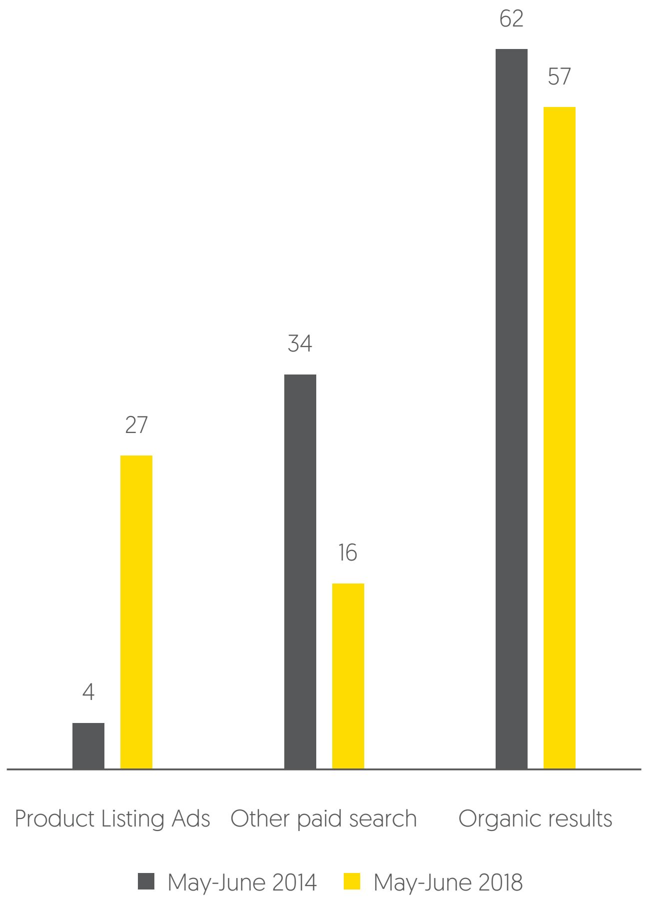
Search is becoming more integrated with commerce. Shopping listings used to be a minor format in search results but are becoming ever more common. These listings – such as Product Listings Ads on Google – are paid search ads that refer to a particular product, and include a product image, price and link to the product on the retailer's website. They are a powerful tool for driving traffic and sales to e-commerce platforms.

Our research shows that Product Listing Ads are becoming much more prominent in Google's search results. Benchtools, our proprietary search monitoring tool, shows that Product Listing ads took up 27% of the typical search results page on Google UK in May-June 2018, up from just 4% in May-June 2014. Most of this coverage was taken from other paid search results, but some came from the organic search results, which have become less prominent over time.

Annual growth in paid-search adspend

2017	2018	2019	2020
12%	10%	8%	7%

Average coverage across different Google search listing formats (%)



Source: Benchtools

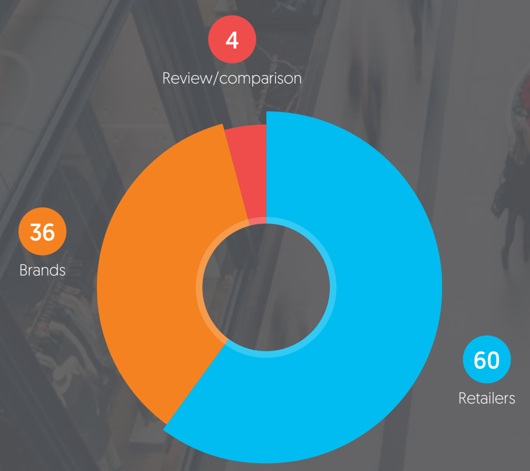
Performics

Digital Channels | Search

Retailers embrace search as an awareness driver, in addition to a purchase driver

Brands use search to engage people through the entire purchase funnel: from awareness, to consideration, to purchase. Many retailers, though, have traditionally used search marketing as a direct-response channel, focused only on purchase. Now, however, retailers are beginning to support the notion that searches in the awareness stage can, and do, lead to purchase. Using Benchtools, we recently monitored paid and organic listings around keywords related to running shoes. We noticed that for "awareness" search terms, retailers accounted for 60% of overall paid and organic coverage on the search results page.

Search coverage for awareness keywords by type of website (%)



Snapchat partners with Amazon to launch visual search

In September, Snapchat announced a new visual search product in partnership with Amazon. The product allows a user to hold up their Snapchat camera, point at a physical product or barcode, then press and hold on the camera screen. Once the item or barcode is recognised, an Amazon card appears onscreen, giving the user the ability to shop that or similar products.

The new product, combined with the scale of Amazon, offers Snapchat the ability to compete with both Instagram and Pinterest in the growing social commerce market. There's a big benefit to Amazon here, as well. Amazon has tried to launch social networks or standalone apps in the past, but none have been able to compete with the pure-play social giants. Launching a standalone visual search tool would be challenging both to build and to market for Amazon.

In categories with younger customers who have strong online-shopping habits, this could pose a significant competitive advantage for Amazon. Snapchat's visual search tool can also make showrooming even easier–turning physical retail environments into seamless opportunities to Snap favourite products, browse and ultimately purchase on Amazon.

Marketing under GDPR

The European Union's General Data Protection Regulation (GDPR) has been in effect for a few months now, representing the most radical overhaul of data regulation in a generation. We take a look at how it has changed marketing.

Data protection law was last revised in the 1990s. Since then whole industries have come into existence that rely on vast volumes of consumer data. Consumer trust is ever more crucial to the private and public sectors. Enter GDPR, which puts the power back into the hands of the consumers, giving them greater control of their personal data.

The new directive applies to all businesses across the EU, and many beyond. All organisations, wherever they're based, that process personal data about customers resident in the EU will need to abide by the law. This poses special challenges for marketers, particularly those that rely on big data and personalisation at scale.

One of the biggest problems for marketers is the potential loss of first-party data as users exercise their right to keep personal data to themselves. By requiring companies to obtain explicit consent for all data points, existing and new, the regulation significantly increases the costs associated with collection, storage and processing. These costs, together with uncertainty over how the law will be interpreted, may lead a lot of companies to delete far more data than is strictly required. This could radically diminish data pools of valuable information worth billions of dollars.

Third-party data is deeply embedded in the digital marketing ecosystem, but its use has also been called into question under GDPR. The law on sharing third-party data is so convoluted, with uncertain interpretation, that some companies may shy away from sharing their data altogether, thereby shrinking overall access to third-party data. Targeting and personalisation would then become more expensive and less effective, a particular problem for airlines, hotels and telecoms operators, which rely heavily on personalised targeting capabilities to drive greater ROI. That said, third-party data can still be used under GDPR if it is cleaned and processed in the right way, and it may be that in the long run GDPR will provide a better standard for more focused and high-fidelity data, both first-party and third-party.

It is evident that we have now entered a highly sensitive era of consent, in which marketers need to come up with innovative ways to hone customer trust. Brands should reassess the way they target users, making more use of contextual buys instead of audience buys, and prioritising sophisticated content creation, collaborations with premium publishers and influencers, and advanced semantic analysis.

How marketers respond to the challenge of GDPR will determine their success in this new environment. By using smaller but cleaner datasets, and new ways to catch user attention and provide greater value to customers, marketers will be able to build trust with consumers and drive growth in their brands at the same time.

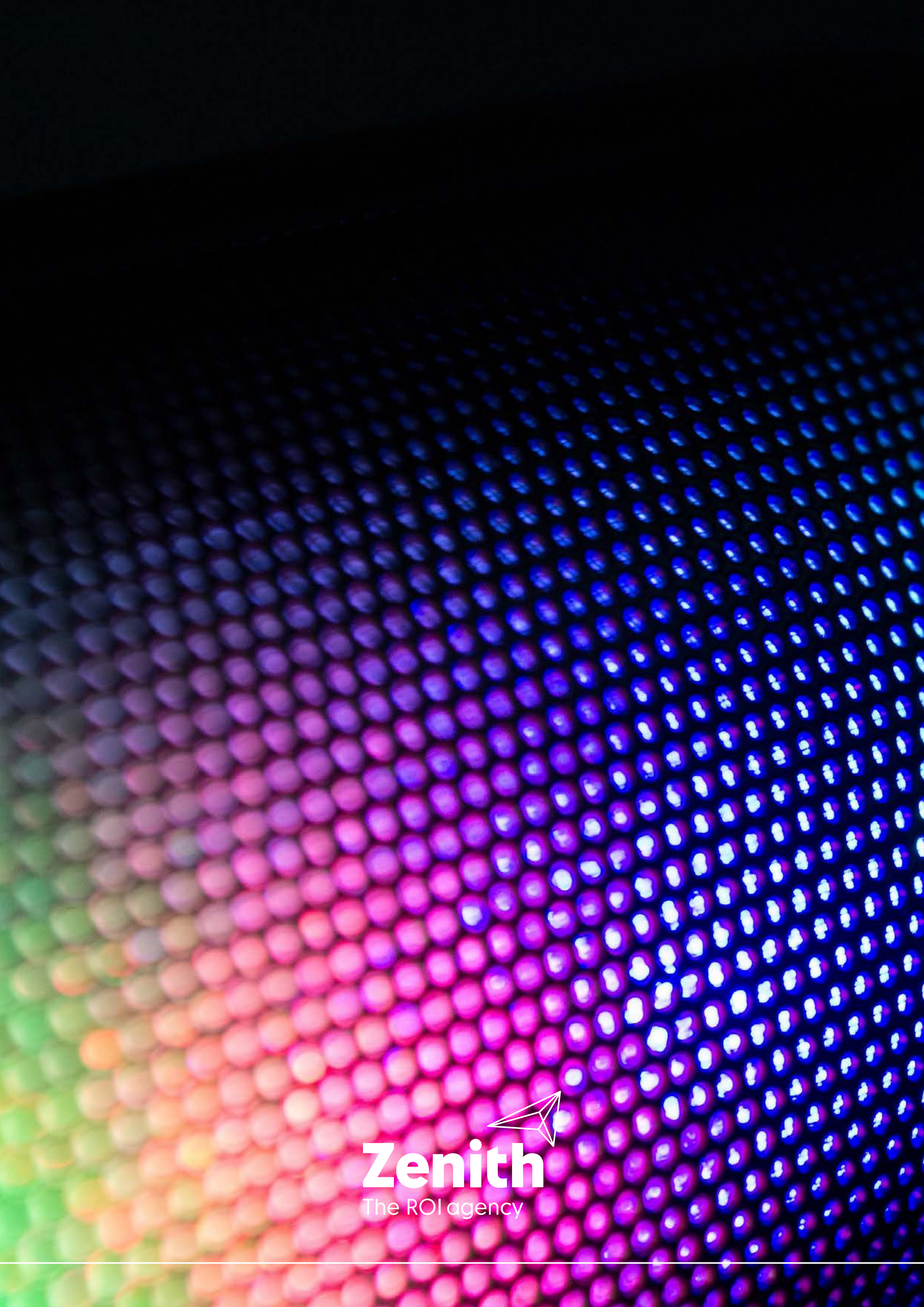
Principles of GDPR

Personal data must be:

- processed lawfully, fairly and transparently in a transparent manner in relation to individuals
- collected for specified, explicit and legitimate purposes
- adequate, relevant and limited to what is necessary
- accurate and, where necessary, kept up to date
- kept for no longer than is necessary
- processed securely

About Zenith

Zenith is The ROI agency. We blend data, technology and brilliant specialists to scout out new opportunities, solve complex challenges and grow our client's businesses. Zenith is part of Publicis Media, one of four solution hubs within Publicis Groupe [Euronext Paris FR0000130577, CAC40], and has offices within Publicis One. We have over 6,000 brilliants specialist across 95 markets. We are experts in communications & media planning, content, performance marketing, value optimisation and data analytics. Zenith works with some of the world's leading brands including Aviva, Coty, Daimler, Electrolux, Essity, Kering, Lactalis, Nestlé, Nomad Foods, Oracle, Perrigo, RB, and 21st Century Fox.



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