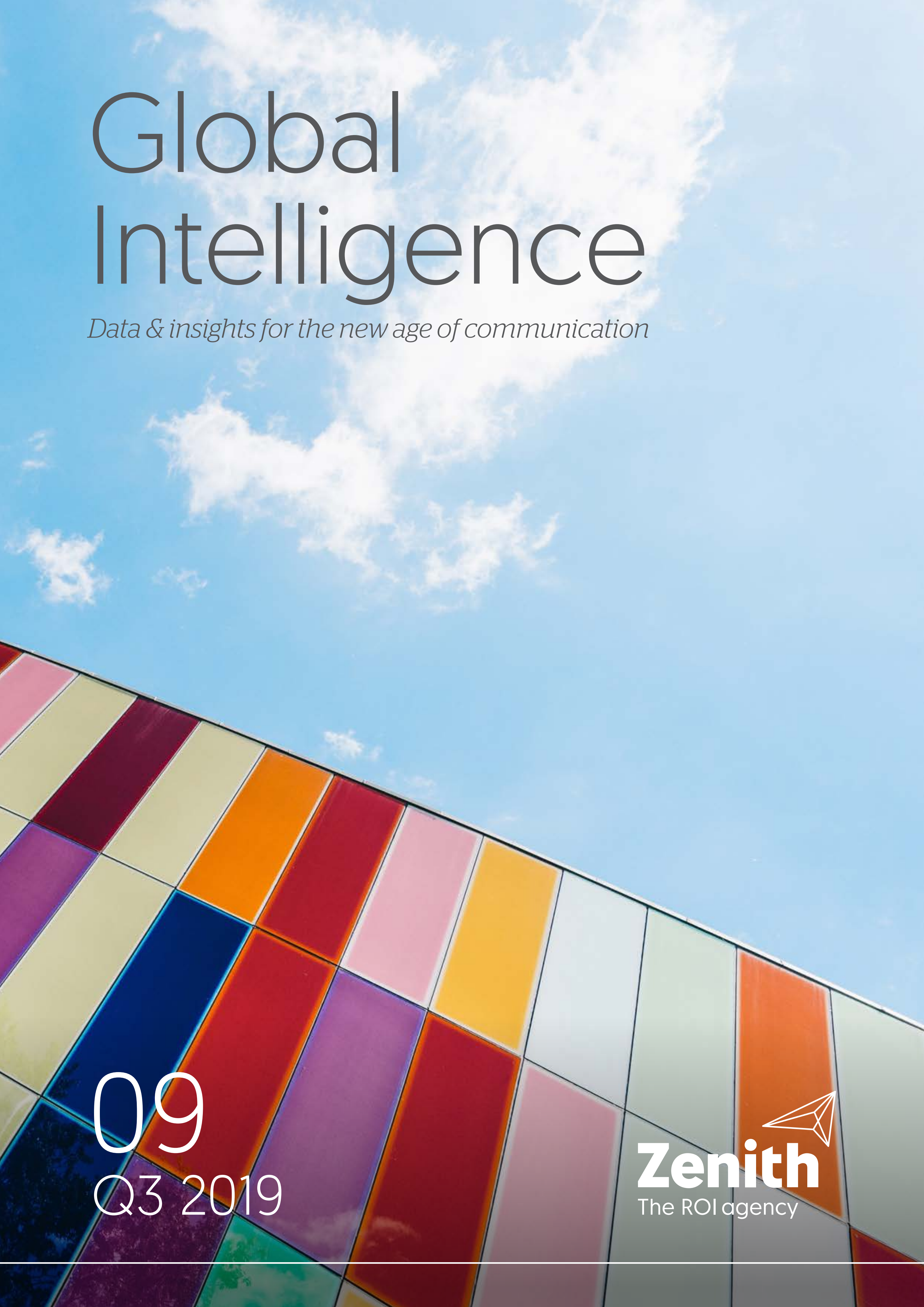
Global Intelligence

Data & insights for the new age of communication



09

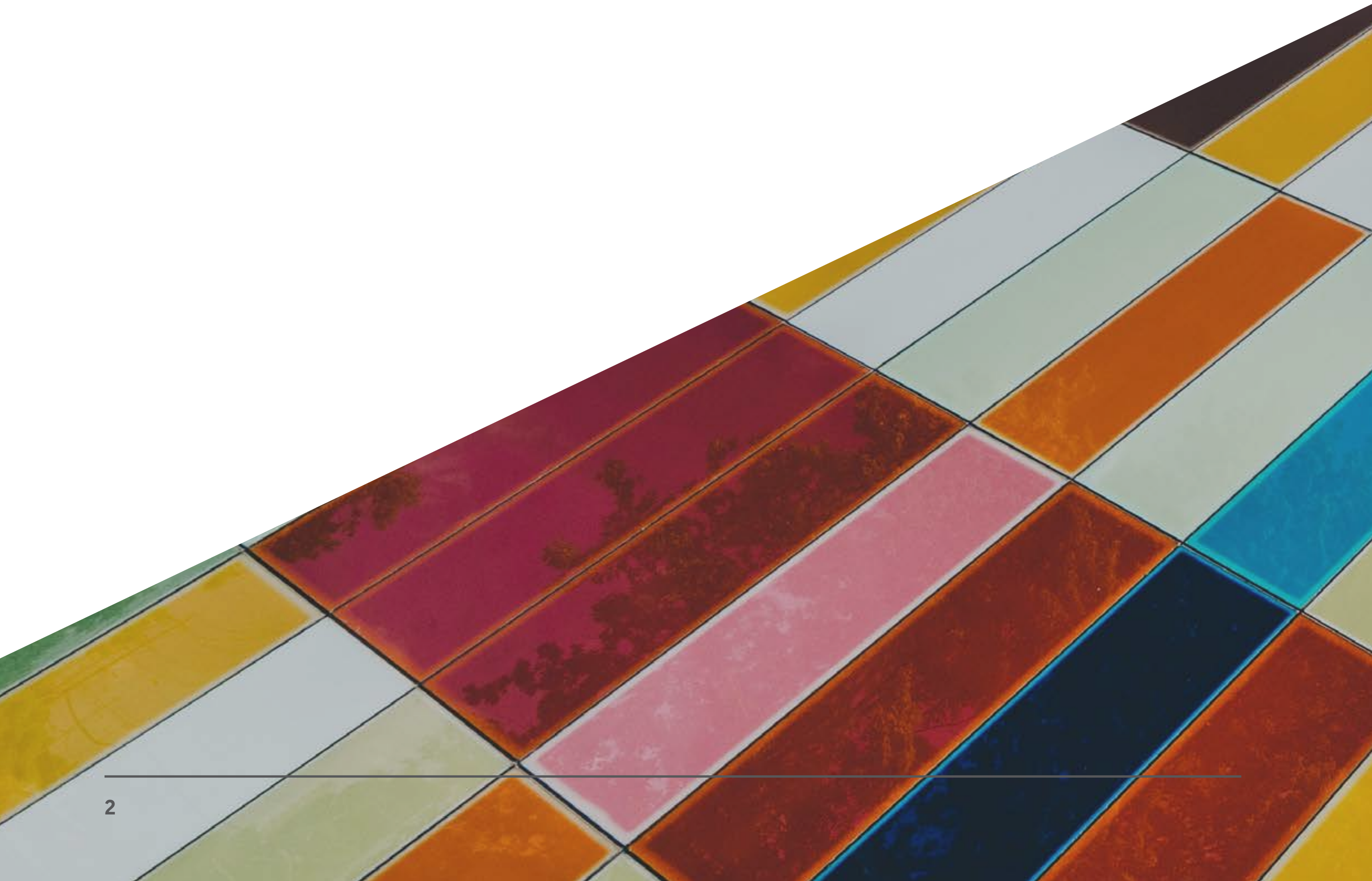
Q3 2019

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

The rise of internet advertising challenges brands to grasp new communications opportunities

Welcome to the ninth edition of *Global Intelligence* magazine, Zenith's quarterly magazine about the global transformation of media and communications worldwide.

This edition marks the first time that we have explicitly forecast internet advertising to capture half of all global advertising expenditure. In fact it will do rather more than that, commanding 52% of global adspend in 2021. However, there's a big split between small local advertisers, of which there are millions, and which spend all or almost all of their budgets online, and the big brands, which on average spend considerably less than half online. The appropriate level of spending on internet advertising varies from brand to brand, depending on how actively its potential customers engage with online media at each point in the consumer journey, and varies according to each campaign's requirements for awareness, targeting and activation.

The growth of internet advertising is also slowing sharply, having maintained a pace of about 20% a year from 2013 to 2017. Internet adspend grew 17% in 2018, but by 2021 we expect internet adspend growth to have fallen to 9% year on year. The growth rate of the internet ad market is starting to converge with the growth rate of the market as a whole, which we forecast at 4%-5% a year to 2021.

One of the consistent themes of this magazine is how technology is opening up new opportunities for brands to communicate with consumers. In this edition we examine how augmented reality is beginning to fulfil its promise to create unique content with rich connections with consumers. We also look at how blockchain technology can be used to tackle real problems for brands, including ad fraud and lack of transparency in digital advertising.

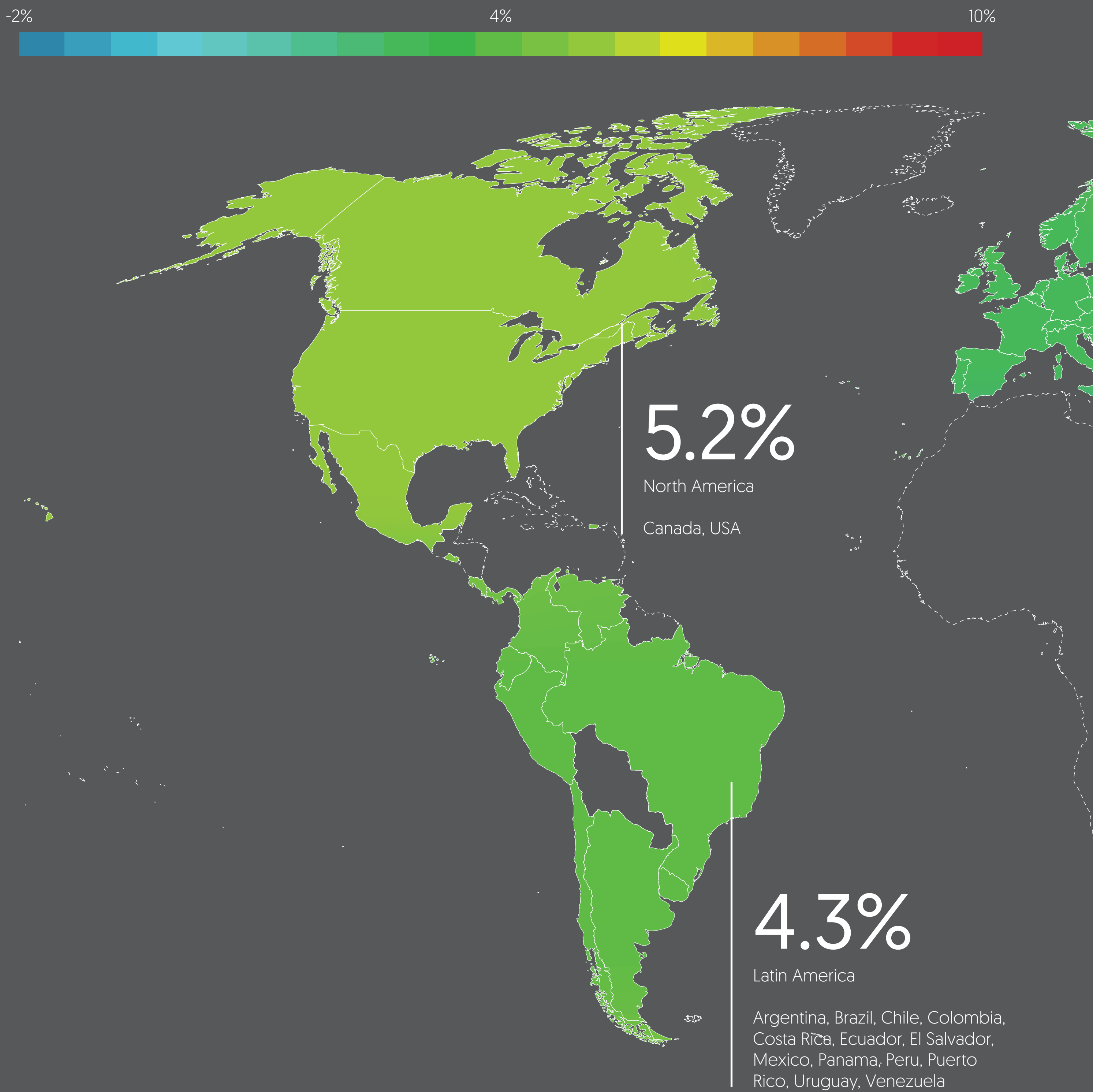
Commerce has also been a common theme in recent editions. This time we show how data and technology can help brands and retailers work together more effectively, and why direct-to-consumer brands are here to stay.

For this edition we put our spotlight on the healthcare category. This varies a lot from country to country, according to regulations and custom. But generally we find that the most effective forms of brand communications tend to be personal recommendations, paid media near the point of sale, and search results that offer solutions to current problems.

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

The world's advertising hot spots

Average annual growth in adspend by regional bloc 2018-2021

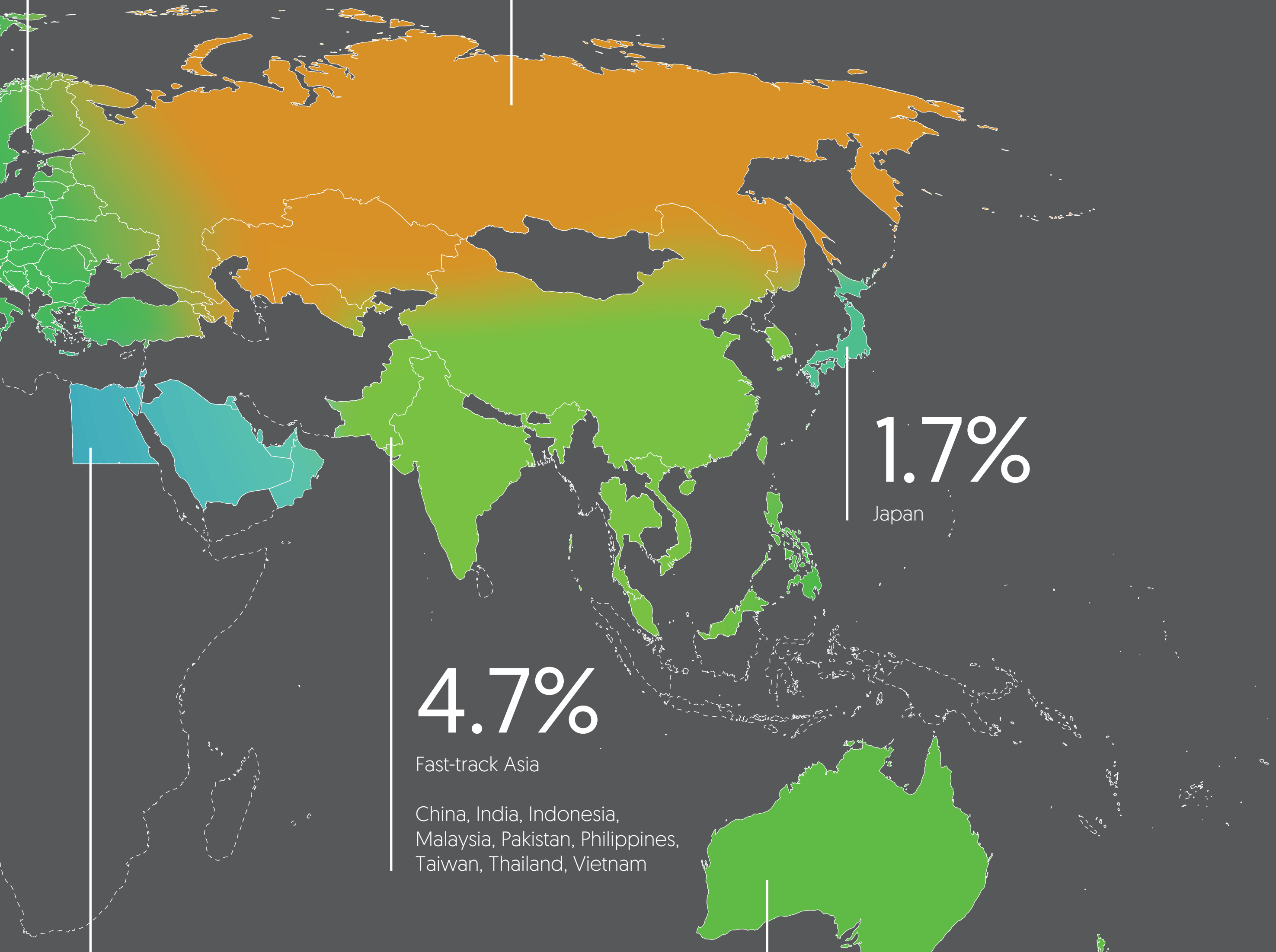


2.9%
Western & Central Europe

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

7.5%
Eastern Europe
& Central Asia

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



1.7%
Japan

4.7%
Fast-track Asia

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

-1.2%
Middle East
& North Africa

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

3.8%
Advanced Asia

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

Internet advertising will exceed half of global adspend in 2021

Internet advertising is booming, and will account for 52% of global advertising expenditure in 2021, smashing past the 50% mark for the first time and well up from the 47% of global adspend it will account for this year.

Internet advertising has been growing at double-digit rates since 2001, and expanded by 17% in 2018 to reach US$261bn. We forecast this total to rise to US$292bn in 2019 and US$350bn in 2021, as it maintains an average annual growth rate of 10% between 2018 and 2021.

This growth is led by the overlapping channels of online video and social media, which are expected to grow at average rates of 18% and 17% a year, respectively, to 2021. These channels are benefitting from continued technological improvements to smartphone technology, connection speeds, and advertising targeting and delivery, combined with strong growth in investment in content. 5G technology, which launched in South Korea and the US in April and is starting to roll out elsewhere, will further improve brand experiences on these channels by making mobile connections much faster and more responsive.

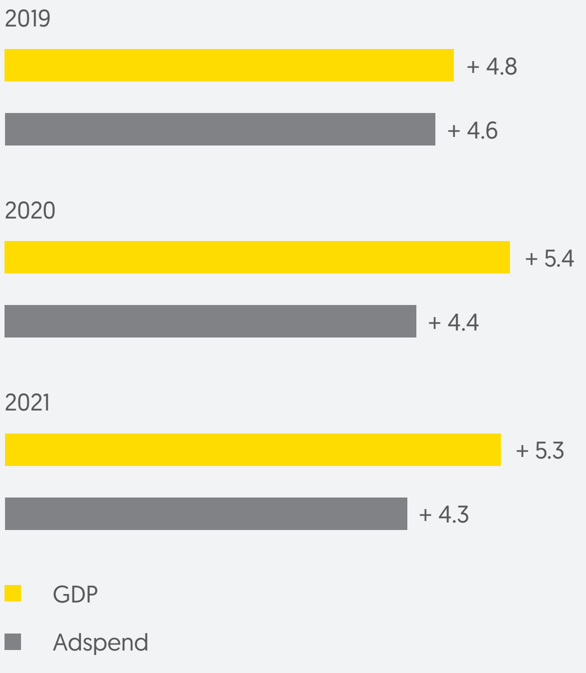
Much of this growth is coming from small businesses, such as local shops, restaurants, and hobby stores. Platforms like Google and Facebook have opened the ad market up to many small businesses for the first time, by offering simple self-serve tools to create ads and manage campaigns, and provide the localisation and targeting they need to reach their limited potential customer base, converting customers effectively. Small business advertising is rising from a very low base, towards a share of the ad market that better reflects their contribution to the economy: in most countries small businesses contribute half or more of GDP and a larger share of employment. These businesses don't need to use mass media to create wide awareness – indeed, their customer base is often so limited, by geography or special interest, that using mass media would be too wasteful.

Global adspend to grow 4.6% in 2019, led by the US

We forecast global adspend to grow by 4.6% this year, to reach US$639bn. That's marginally down from the 4.7% growth forecast in March, but is a strong result given the increased estimates of how much was spent in 2018. Zenith now estimates growth in 2018 at 6.4%, up from its previous estimate of 5.9%, creating a tougher comparative for 2019.

Global adspend is now forecast to increase by US$28bn this year. Almost half this growth (US$13bn) will come from the US, which is benefitting from very rapid growth in internet advertising – at 15.4%, ahead of the global average of 11.7%. China will be the next biggest contributor to growth, adding US$4bn in extra adspend, followed by the UK and India at US$1bn each.

Growth of advertising expenditure and GDP 2019-2021 (%)



The ten fastest growing markets

The ten biggest ad markets

Ad expenditure (US$m)

2018		2021
USA 229,680	1	USA 268,448
China 87,077	2	China 95,818
Japan 43,183	3	Japan 45,375
UK 27,501	4	UK 31,341
Germany 24,917	5	Germany 25,193
Brazil 13,468	6	France 15,086
France 13,262	7	Brazil 14,834
South Korea 12,891	8	South Korea 14,683
Australia 12,429	9	Australia 13,228
Canada 10,781	10	India 12,748

Growth in ad dollars

(US$m 2018-2021)

USA	38,769
China	8,741
UK	3,840
India	3,816
Indonesia	2,701
Japan	2,192
France	1,824
South Korea	1,792
Russia	1,732
Mexico	1,376

Challenger brands bring new money to the ad market

Digital challenger brands are helping to spur adspend growth by using venture capital to fund broad awareness campaigns across both digital and traditional media.

Internet adspend is leading ad market growth, and the fastest growth is coming from the overlapping channels of online video and social media, which we expect to grow by 18% and 17% a year to 2021 respectively. We forecast display advertising as a whole – which encompasses video and social, as well as banners – to grow by 13% a year, while paid search and classified lag behind, growing at an average of 8% and 4% a year respectively.

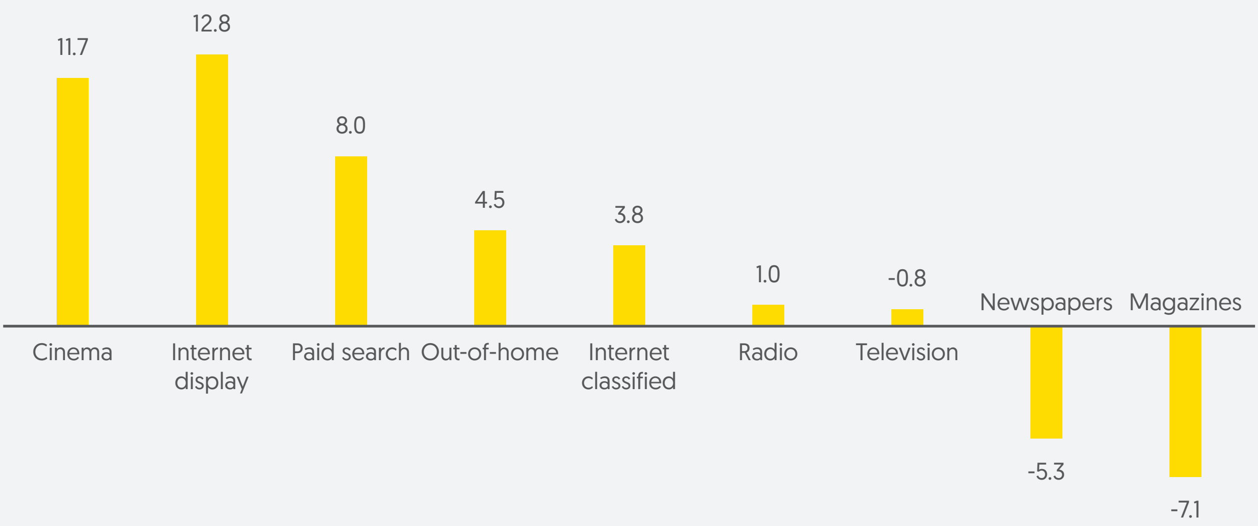
It's not just small businesses that are driving this growth. Digital-based challengers to established brands are using technology to shake up every category, using venture capital – new money to the ad market – to fund digital-focused awareness campaigns. These brands are, or are aiming to be, large enough that they need scaled exposure to win new customers and build market share. Doing this online requires a quite different strategy to building awareness through traditional media. Social video combines wide reach, precise targeting and high-impact creative, but attention spans are notoriously short, with the average swipe through a news feed taking just a couple of seconds. Brands need to create awareness through repeated short exposures, and use personalisation to make ads more relevant to viewers to grab and hold their attention.

Challenger brands do not rely on digital advertising alone, and are establishing themselves as prominent advertisers in offline media, particularly out-of-home. Out-of-home advertising is the fastest-growing 'traditional' medium in dollar terms – we expect it to grow by US$5.4bn between 2018 and 2021. Out-of-home is still benefiting from the spread of digital screens, but also from the emergence of programmatic trading, allowing agencies to make more efficient and effective data-enabled transactions.

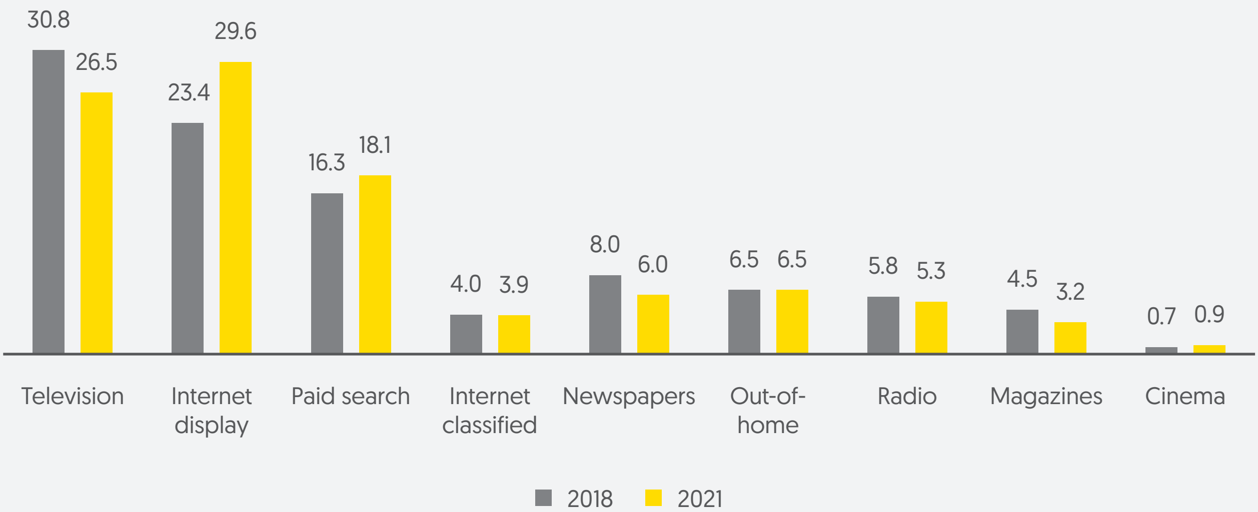
Spending by these digital-native brands is helping to prop up global television adspend, which is suffering from rapid declines in traditional television viewing in key markets like the US and China. We forecast television advertising to shrink by 0.7% a year to 2021. Note that this includes only traditional, linear television; television-like services delivered over the internet are included in our internet adspend totals.

Print advertising continues its decade-long decline. We forecast magazine adspend to shrink by US$5.4bn between 2018 and 2021, and newspaper adspend to shrink by US$7.2bn, with no end to either decline in sight. Between 2013 and 2018 their combined share of global adspend halved from 24% to 12%, and we expect this share to fall further to 9% by 2021. Again, these figures only include advertising in printed publications – any advertising on publishers' websites or other online brand extensions is included in the internet advertising total.

Average annual growth rate by medium 2018-2021 (%)



Share of global adspend by medium (%)



Adspend in Australia

Following a downturn in advertising spend during the second half of 2018, particularly across television, we expect the Australian ad market to grow slightly below expectations in 2019 at 3.5%.

Television had a buoyant first half of 2018 - with Metro TV reporting 5.5% growth over the period - but decline in the second half meant that TV ended the year down by almost 3%. We estimate Metro TV remained very slightly ahead of 2017, and that regional and subscription TV revenues dropped to a much larger extent than originally anticipated.

In light of this, and the results we have seen so far in 2019, we have also downgraded our 2019 TV forecast. Growth will largely come from the Government (NSW and Federal elections in the first half of 2019) and Banking (fall-out after Royal Commission into Misconduct in Banking) categories.

Audiences continue to fragment, using different viewing platforms to access a growing array of content providers. As older age brackets 'catch up', linear supply will continue to shrink, resulting in inflation – we predict in the region of 5% every year. Though TV will continue to provide strong ROI for mass/older demographic groups, we are likely to see this change for millennials and Gen X, further propelling the TV networks' focus on digital solutions.

We expect moderate but steady growth from the radio market, which should also benefit from increased government spending in 2019.

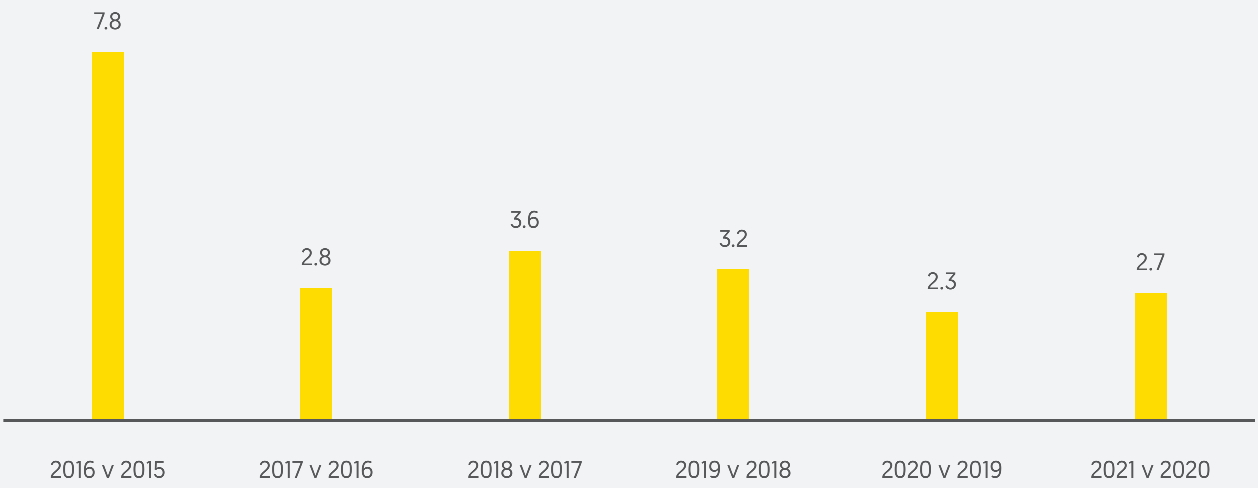
Our newspaper forecast for 2019 is slightly more optimistic than it was, following reports from News Media Index of a slowdown in revenue decline.

Though some in the out-of-home industry expect double-digit growth over the next few years, our predictions are slightly more conservative, particularly following the recent announcement of an investigation into potential malpractice in the industry by the ACCC.

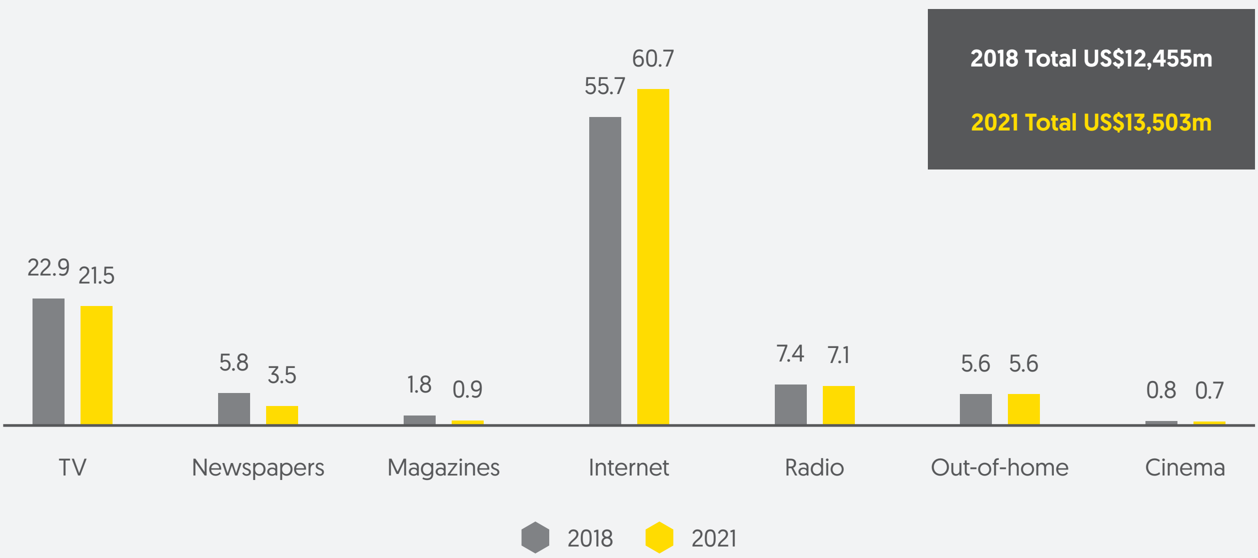
Digital advertising continues to grow at a ferocious pace; indeed, by 2021 we think its share of spend will exceed 60%. Brand safety and transparency concerns over the past couple of years have not dampened advertisers' enthusiasm for the medium, although we foresee the majority of inflation coming from 'brand-safe', premium environments where demand is continually growing but inventory is still in limited supply.

Adspend in Australia

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



Share of adspend by medium (%)



Augmented Reality will change content forever

Rapid advances in technology have changed the way we discover and consume content. New platforms like Netflix and Spotify have flourished because they meet our human needs story-telling and connection. Now Augmented Reality (AR) is the technology best positioned and best suited to create connections through content.

AR overlays the digital world onto the real world, making the canvas for creativity unlimited. Snapchat Lenses let creators enhance communication with friends and family by adding a digital layer onto selfies. It's a great use of the front-facing camera. However, turning the rear-facing camera to the world opens up even deeper experiences.

The content-creation opportunity for AR lies in the people, places and things that can be transported across time and space. American Express's Outside In uses volumetric AR video, a technique that captures a three-dimensional scene, bringing Justin Timberlake into your living room, for example. AR portals allow us to step into a virtual scene in which we can interact with digital characters driven by AI. Game of Thrones, Spiderman, Harry Potter, Pokémon and more have all used AR as a story-telling medium to promote upcoming releases. AR has also transformed museums by using exhibits to unlock educational experiences that take visitors deeper into the history and stories behind the art and artefacts.

The next generation of AR promises to create even stronger experiences. This year, for example, AR brings a large-scale shared experience to devices around the world through "JFK Moonshot" – a first-of-its-kind AR documentary app. The app commemorates the 50th anniversary of the Apollo 11 launch and five-day mission, by placing the virtual rocket and a spatial recreation of the trip from Earth to Moon right in your living room.

As a content medium, AR is now on the cusp of moving from experimentation to scale with the very real ability to reach mass audiences. 69 million people in the US are expected to AR at least once a month this year, so what was once novel has now become essential. We are already using AR to shop for furniture and cars, take augmented selfies and follow directions. Soon we will have a much richer library of AR experiences that we can launch from our smartphone or smart glasses, anywhere and everywhere.


16:52
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16

Digital Giants *Q3 2019*

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

facebook

+26%
ad revenues year on year

93%
of ad revenues from mobile devices

61.5%
Global reach (all internet users)

US$556bn
Market cap

Facebook now has 1.6 billion daily users, almost all of whom access it using mobile devices for some or all the time. It has 2.4 billion monthly users around the world. These figures both increased by 8% year on year in Q1 2019 as Facebook continued to recruit new users across the world, particularly in Asia-Pacific. Facebook experienced a quarter-on-quarter uptick in daily active users in Europe – from 282 million to 286 million; the figure for the US & Canada was stable (186 million). The company itself admits it seems to be hitting saturation point in developed markets.

The average price per ad decreased by 4% in Q1 2019, compared to an increase of approximately 39% in the same period in 2018. The decrease reflects the fact that an increasing proportion of ads were delivered as Stories ads and in geographies that monetize at lower rates.

Google

+39%
paid clicks year on year

-19%
cost per click year on year

88.5%
Share of global search

US$769bn
Market cap (Alphabet)

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.

Since May 2019, all Google ads attribution reports have included cross-device conversion data.

+18%
ad revenues year on year

+11%
mDAU year on year

34.5%
Global reach (all internet users)

US$28bn
Market cap

Twitter now has 330 million monthly users, representing a slight 2% drop year on year. Average monetizable daily active users (mDAU) in Q1 2019 reached 134 million, an increase of 11% year on year. There were 28 million average mDAU in the United States and 105 million in the rest of the world, which represent increases of 8% and 12% respectively year on year in Q1 2019.

Total US revenue was US$432m in Q1 (+25% year on year), while international revenue was up 11% year on year to US$355m. Japan is twitter's second-largest market, and grew 16% in terms of revenue between Q1 2018 and Q1 2019.

In Q1 2019, ad engagements increased 23% year on year. The increase was driven by higher ad impressions and improved clickthrough rates across most ad formats.

+39%
ad revenues year on year

-0.5%
daily active users year on year

18.3%
Global reach (all internet users)

US$19bn
Market cap

DAUs decreased to 190 million in Q1 2019, down from 191 million Q1 2018.

Snap's products include Snap Ads and Sponsored Creative Tools such as Sponsored Lenses and Sponsored Geofilters, as well as measurement services. Snap recently launched Lens Challenges, with which users can participate in challenges in Lens Explorer by creating a Snap with a Lens that is themed to a particular song, dance, holiday, or event.

Lessons for advertisers from the earnings season

As the latest earnings season for the digital giants – Facebook, Apple, Amazon, Netflix and Google – ends, we take a closer look at the evolution of their performance and assess the impact on advertisers. Below are the top five things you need to know.

Growth

Despite all the headline-grabbing stories from the past few years, the big five are all growing much faster than the overall ad market. Google is by far the biggest platform and is still growing rapidly, with a 22% increase in ad revenues in 2018. Facebook is growing and monetising its user base outside of the US, but its new advertising formats within Stories have caused the greatest excitement. There are now two million active advertisers across Facebook, Instagram and Messenger. Sitting close in the third position is Amazon, with $10.1 billion in reported ad revenue in 2018. This figure is up 95% year-over-year, a growth rate that far outpaces the growth seen in its e-commerce revenue, with US sales climbing by 20% in Q4 2018, and international sales growth by 15%. The bottom line? Advertisers must focus beyond the duopoly to maximise their value and maintain a media advantage.

Cost

Cost trends are becoming more complicated to analyse as the different platforms evolve. Google feels attractive, with click volume increasing by 66% and CPCs continuing their decline, falling 29% year on year. YouTube is as a leading contributor to lower CPCs. With Facebook, we expect Instagram's ad prices to rise as demand for its e-commerce opportunities strengthens, because advertisers will be able to get a clear ROI on their adspend. With Amazon, we expect prices to rise as advertisers compete to make more use of its advertising platform. Now more than ever, advertisers must invest in careful cost-efficiency analysis to determine the optimal mix with a clear understanding of the contribution of each platform to their revenue and overall ROI.

E-commerce

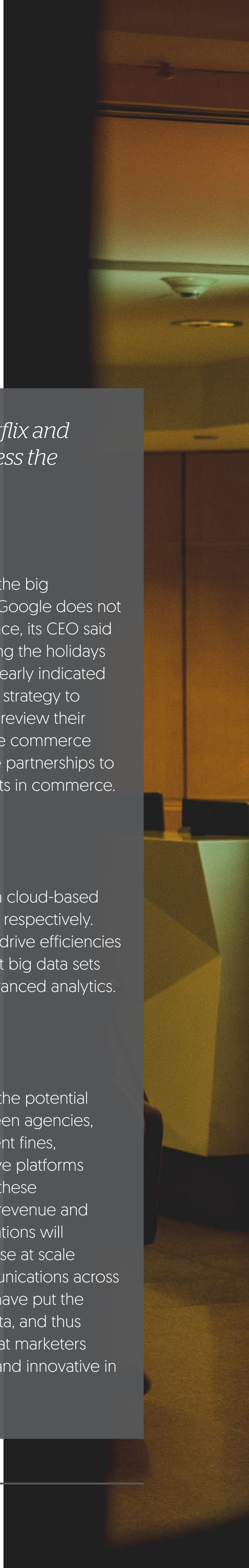
Amazon has shifted the battleground for the big platforms, to focus on commerce. While Google does not report on shopping campaign performance, its CEO said the number of active daily shoppers during the holidays doubled year-over-year. Facebook has clearly indicated that Instagram ads play a critical role in its strategy to drive more online sales. Advertisers must review their partnership models, and ensure they have commerce stakeholders engaged in managing these partnerships to take advantage of the latest developments in commerce.

Cloud-based services

Google and Amazon continue to invest in cloud-based services, which have grown 31% and 45% respectively. They offer advertisers the opportunity to drive efficiencies by taking advantage of their ability to host big data sets from advertising activities and deliver advanced analytics.

Privacy regulations

New consumer privacy regulations have the potential to disrupt current ways of working between agencies, advertisers and these giants. Despite recent fines, the growth observed across all the big five platforms suggests that they prepared carefully for these changes to minimise the impact on their revenue and attractiveness to advertisers. These regulations will require new thinking on how to personalise at scale through the use of relevant, smart communications across every touchpoint. Regulations like GDPR have put the consumers in control of their personal data, and thus their advertising experience. It's critical that marketers understand their audience and are agile and innovative in tailoring the user experience.




Google

Enhance your e-commerce partnerships

Data and tech advancements provide an opportunity for seamless integrations between brands and retailers.

As a result of GDPR, most companies have cleaned up their data, or at least have a better understanding of its source and components, laying the foundations for better customer communications. First-party data is the most valuable for brands, and can be an excellent base to build models based on lookalike audiences or propensity-to-buy. There is also a bright future for second-party data relationships as brands and retailers form partnerships that benefit every party, mediated by technology.

Digital trade media needs to become automated and the data associated with these agreements needs to be transparent. Here are a few potential ways that brands and retailers can work together to drive growth in the future.

Connecting communications to commerce

In the future, brands will break down the silos between the marketing and sales teams, without isolating e-commerce as a third silo. This will involve negotiating for more real-time sales data from retailers, enabling marketing teams to model the effects of their campaigns against real sales. This will also allow retailers to make more informed targeting decisions and bid strategies based on marketers' audience insights, product priorities and campaign timings. At minimum, brands and retailers should welcome third-party Buy Now technologies such as ChannelSight, which drive traffic and sales from brand campaigns.

E-commerce intelligence

Brands should use internal and external data to develop tools that enable sales teams to have more informed discussions with retailers. The goal should be to enable real-time optimisation of agreements between brands and retailers to maximise the value generated for both parties, rather than sticking to set yearly agreements.

Stock and price feeds on brand sites

Where to Buy or Buy Now technologies can be enhanced by including stock and pricing information, to ensure that customers are able to find the nearest store where a product is in stock or where they can find the best price. Given that most retailers use different feed providers, brands will probably need to build a feed aggregator, but the value added to the customer experience will be worth the investment.

Second-party audience segments

Brands and retailers have the opportunity to create second-party audience segments allowing them to target jointly and more relevantly, as long as they use the same DMP and have up-to-date privacy policies.

Machine learning

Using machine learning or artificial intelligence to make customer experiences even more relevant is a huge opportunity for brands to demonstrate their category leadership. The product recommendation app called Fragrance Finder we created with Coty is a great example.

In focus: Healthcare

Marketing imperatives

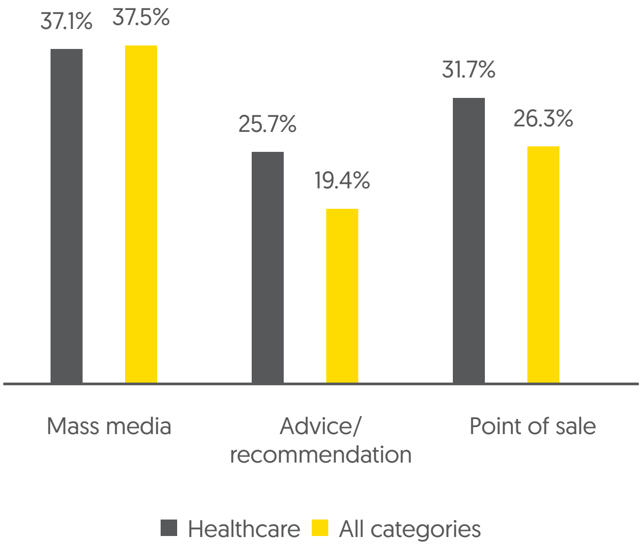
- Healthcare is personal: consumers trust what experts and their friends tell them. Investment in generating positive earned media will be well spent.
- Paid media is most effective when it's near or at the point of sale.
- Brands should use search to offer solutions to consumers who are searching for information about particular problems.

Healthcare advertising is very different in different countries: the availability of products and the channels available to market them vary widely according to customer demand and government regulations. Nevertheless, our Touchpoint ROI Tracker research allows us to identify common trends in how healthcare brands can communicate with consumers and influence their behaviour effectively.

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, mass media touchpoints are as important for healthcare brands as they are for brands in general, even though healthcare brands generally face substantial restrictions on the way they use paid mass media. However, advice and recommendations are much more important for healthcare brands than general brands, as are point-of-sale touchpoints. For healthcare decisions, consumers turn first to people they know and trust, whether friends who have faced similar problems, doctors or pharmacists.

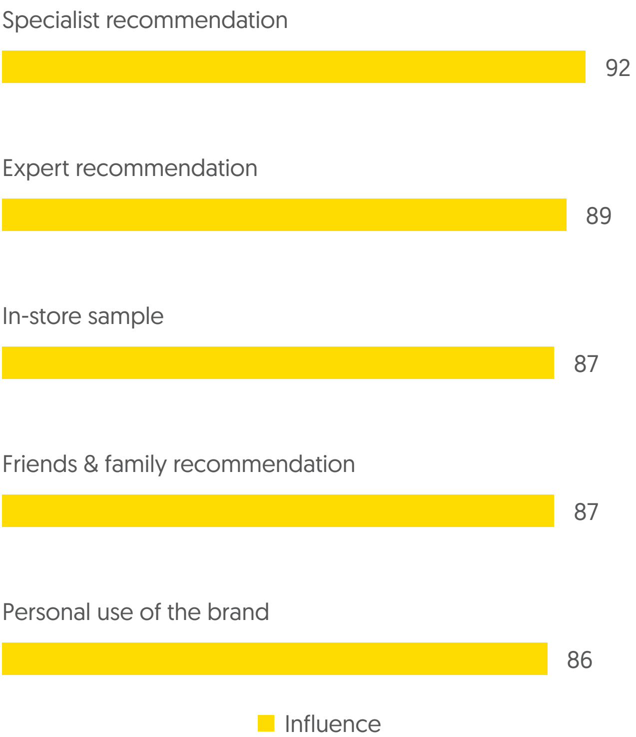
Brand experience combines two factors: how likely consumers are to encounter brand messages at each touchpoint, and how likely this encounter is to change their opinions or behaviour. This second factor is the touchpoint's influence, which runs on a scale from 0 to 100. Touchpoints ROI Tracker tells us that specialist and expert recommendations have the greatest influence on consumers' relationships with healthcare brands, with very high influence scores of 92 and 89 respectively. In fact, consumers trust experts even more than their own experiences with a brand, through in-store samples or personal use, although these are not far behind, ranking alongside friend and family recommendations.

Share of brand experience 2016-2018



Source: Touchpoints ROI Tracker, April 2019

The most influential healthcare touchpoints



Source: Touchpoints ROI Tracker, April 2019

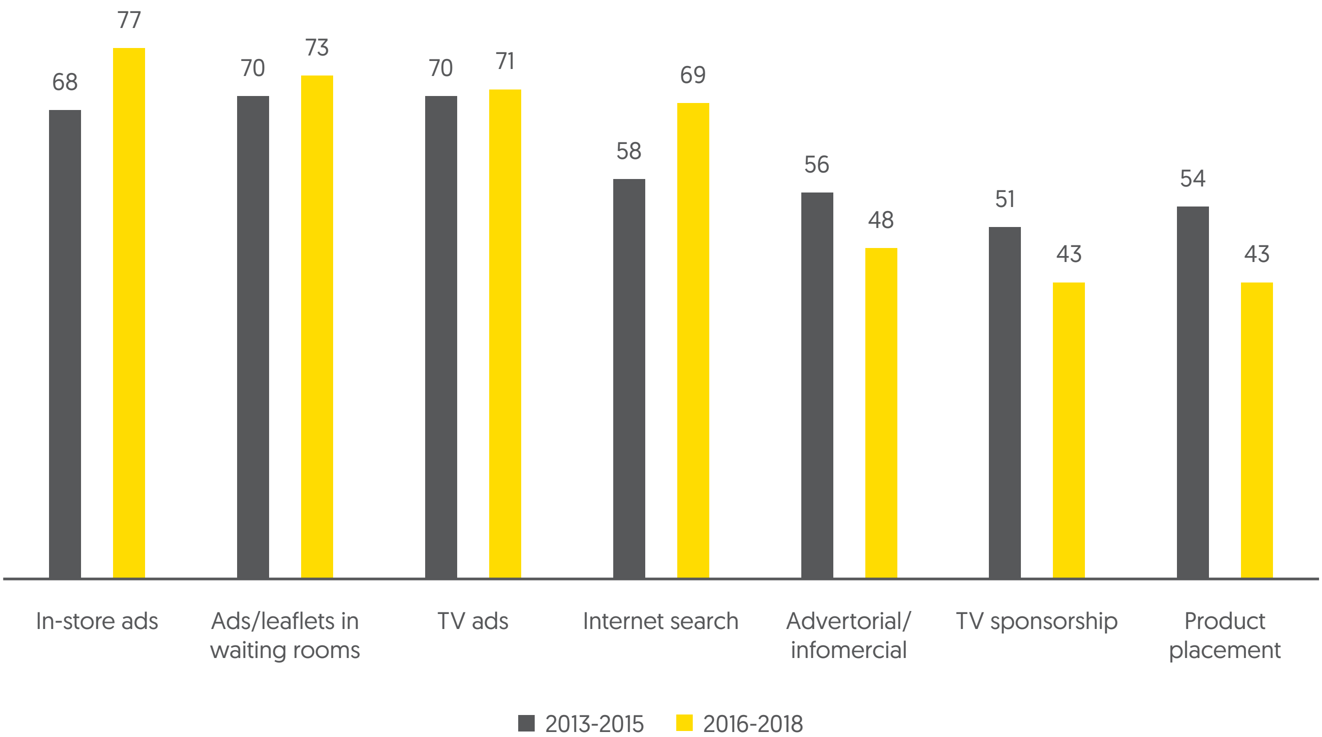
Looking at paid media, the most influential ads are those that appear in stores and waiting rooms. These have become even more influential over the last few years and are now ahead of TV, though this remains an important channel. However, the influence of other forms of brand communication of television – advertorials, sponsorship and product placement – has fallen sharply. Brand communication on television works better for healthcare where it's direct and straightforward.

Paid search has become a lot more influential in recent years and is now almost on par with television. It is commonplace for consumers to research symptoms and problems online, and if brands can offer them solutions to these problems while they are in the research phase, they can move them along the path to purchase effectively.

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 1,190 Touchpoints projects have been completed across 69 countries, comprising 1,045,083 consumer interviews that provide contact point metrics for 15,958 brands in 341 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 301 touchpoints.

The most influential healthcare touchpoints



Source: Touchpoints ROI Tracker, April 2019

In focus: Healthcare

Marketing imperatives

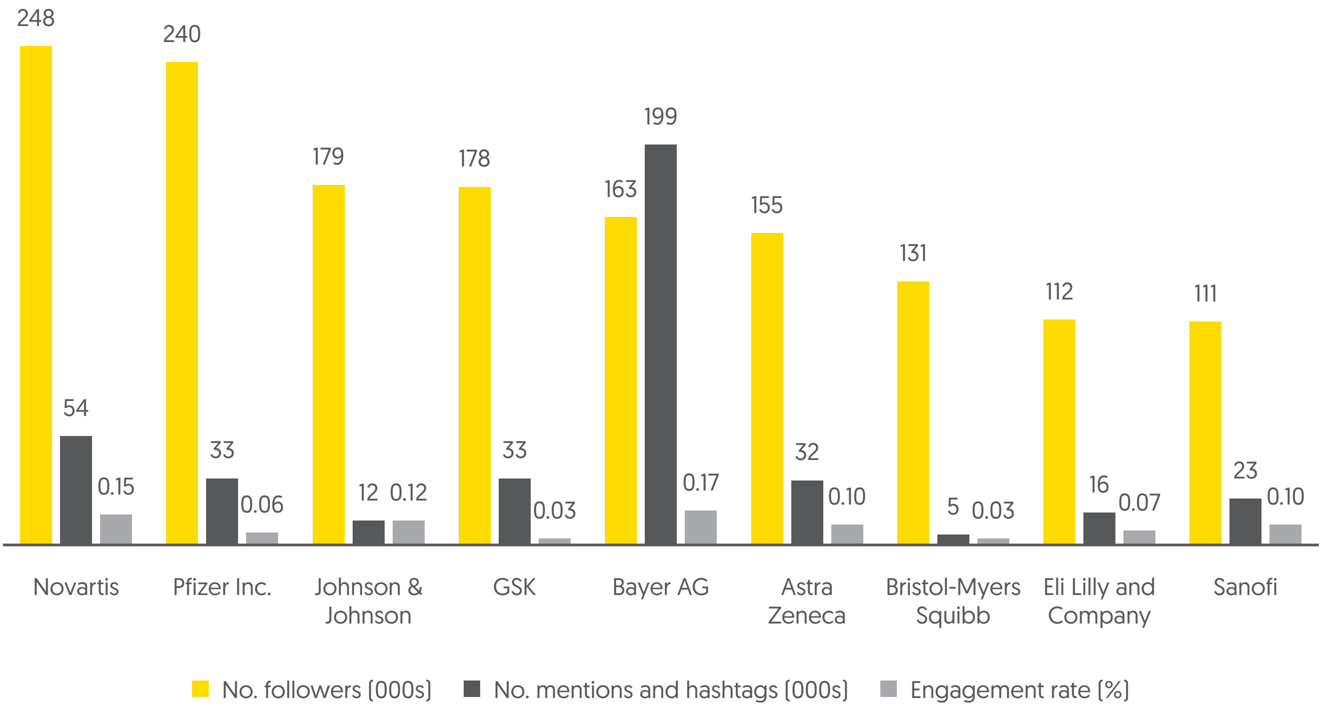
- Pharma brands should use social media to foster positive relationships with experts
- The more a pharma brand tweets, the more Twitter buzz it will generate
- Brands are more likely to engage their followers if they take part in conversations with them

Pharmaceutical companies tend not to have huge followings on social media: consumers tend to be more interested in individual healthcare brands than the companies that own them. Instead, their followers are more likely to be industry experts and specialists – the kind of people whose recommendations heavily influence consumers' opinions. Positive interactions with these specialists can therefore improve consumers' experience of these companies' brands substantially.

There are two ways of measuring the volume of interactions on Twitter. The first is to look at the number of times a brand is mentioned (as @'brand') or placed in a hashtag (#'brand') by any user, whether they are followers of the brand or not. The second is to measure the engagement rate, which is the number of times that a brand's followers engage with the average tweet, an engagement being a retweet, mention or hashtag.

As the chart below shows, there is a lot of variability across both measures for the top pharmaceutical brands on Twitter. The number of mentions and hashtags over the course of three months ranges from 5,000 to 199,000, while the engagement rate ranges from 0.03% to 0.17%. Bayer AG came top in both measures, while Bristol-Myers Squibb came bottom in one and joint-bottom in the other. Obviously the amount of Twitter buzz sparked by an account will relate to the content and tone of its tweets. But we decided to take a look at the other indicators of account activity monitored by our proprietary Socialtools research, to determine what Bayer AG is doing right and Bristol-Myers Squibb is not.

Top pharma brands and Twitter buzz (February-April 2019)



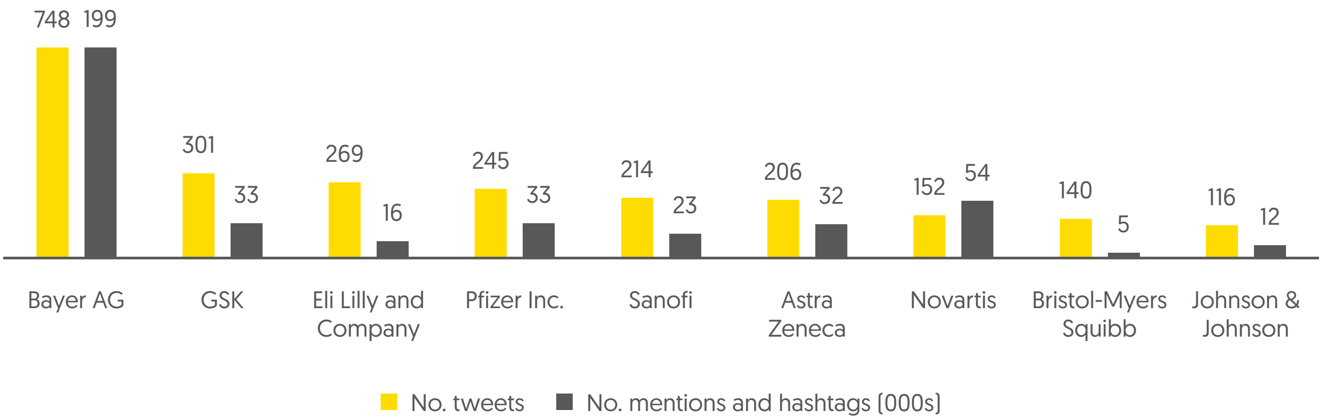
Source: Socialtools

The first result that jumped out was a very strong correlation (of 92%) between the number of tweets and the number of mentions and hashtags. From February to April 2019, Bayer AG tweeted more than twice as often as the next-most-prolific brand, GSK, and generated 199,000 mentions and hashtags, almost as much as the other eight brands combined (208,000). There's a very simple way for pharma brands to get people talking about them: say more themselves.

The second result was a weaker correlation (58%) between the proportion of tweets that are responses to another account and engagement rates. Bayer AG again topped both measures, with 58% of its tweets responding to other Twitter accounts between February and April 2019. Bristol-Myers Squibb was bottom for both, with just 2.1% of its tweets being responses. Pharma brands are more likely to have an active and engaged relationship with their followers if they respond to their questions and take part in conversations, rather than simply make announcements.

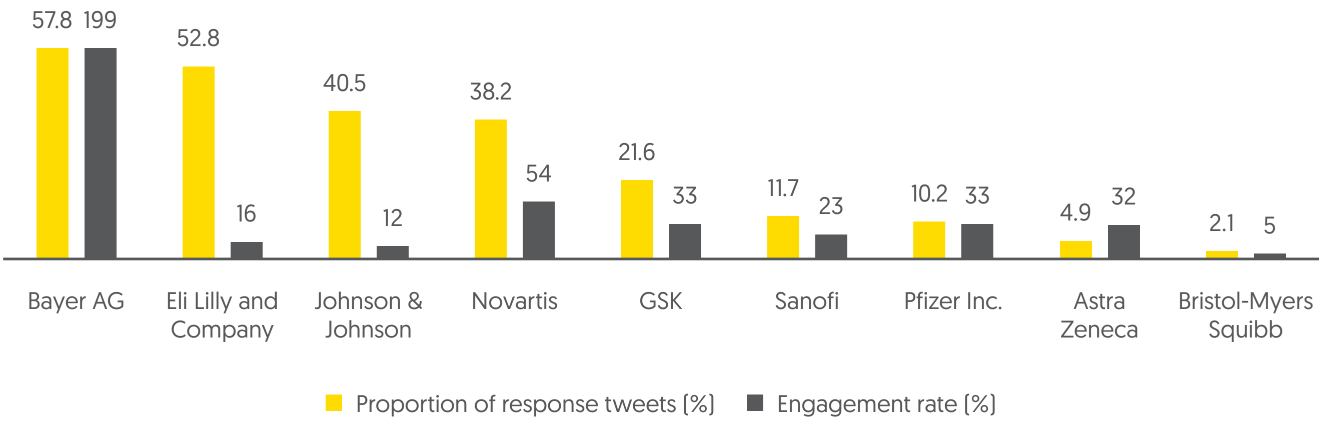
Socialtools is Zenith's proprietary social content performance tracking tool. Socialtools is currently tracking the daily performance of 185,000 pages across six social platforms (Facebook, Twitter, YouTube, Instagram, LinkedIn and VKontakte), providing evaluation of the effectiveness of social content 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 135 categories.

Tweet volume and Twitter buzz (February-April 2019)



Source: Socialtools

Response tweets and engagement rates (February-April 2019)



Source: Socialtools

Blockchain beyond the hype

Blockchain is an exciting new technology, and its evangelists expect it to solve a plethora of ad tech problems for brands, agencies, publishers, and platforms. Looking beyond the hype, blockchain technology has the potential to solve particular problems in the advertising industry in the near future, but only if the industry works together and is realistic about what it enables and how it should be used.

Marketers are enamoured with the potential of blockchain technology for advertising, but still not quite sure how to apply it to reap the full benefit. A decentralised ledger, or blockchain solution, is not always the most efficient or best way to achieve marketers' goals; it may just replicate other solutions in-market, with little to no incremental value to the advertisers, but additional technical costs and complexity. Additionally, most companies are still in alpha or early beta stages with no live global offerings.

There are, however, two big problems that blockchain can help tackle right now: ad fraud and supply-chain transparency. If we focus on these, we can begin to solve issues that marketers handle on a daily basis, and provide a proof of concept for using blockchain technology in advertising.

Tackling ad fraud and transparency

Ad fraud is a major issue for advertisers and costs them US$7bn annually, according to the Association of National Advertisers. Blockchain can help tackle ad fraud by using encryption technology to make it nearly impossible for fraudsters to spoof domains, by locking each bid request and requiring an encryption key from the legitimate publisher to unlock and serve each ad.

In this example, only the publisher and the advertiser have the key and the ad will only serve when they match, demonstrating how a decentralised immutable ledger can help identify non-human traffic more effectively. Blockchain proof-of-concept experiments like this can increase transparency and the quality of advertisers' paid digital media. If blockchain can eradicate domain-spoofing and other forms of ad fraud, it will immediately add value to the supply chain.

Supply-chain transparency will probably take longer for blockchain to tackle than ad fraud, but a solution is still within reach. Buyers and sellers are talking about using blockchain as part of the billing and reconciliation process. However, we see a huge opportunity for blockchain to create a new standard for supply-path transparency: if every member of a supply chain authenticates each step in the programmatic buying process, the opportunity to transfer hidden fees will be eliminated. Using blockchain technology to make all fees explicit will identify inefficiencies in the supply path and deliver immediate value to marketers. It will also help to identify valuable partnerships, expose the good and bad players in the marketplace and create true supply-chain transparency from consensus.

Now what?

Beyond ad fraud and supply-chain transparency, we expect some applications for blockchain technology to become viable for our industry much more quickly than others. Transaction settlement, for instance, is unlikely to move quickly. Because of the scale and complexity of the media business and the number of parties involved in it, the necessary alignment between players could take years to complete.

For now, most of the buzz around blockchain in advertising will actually make ad tech even more complicated, by adding another layer of technology. The industry needs to focus on the problems we can solve today with blockchain, to provide a proof of concept for its effectiveness in tackling the industry issues of tomorrow.

For this to be a reality at scale, the marketplace needs an end-to-end test of blockchain solutions for ad fraud and supply-chain transparency, which would require participation of independent SSPs, DSPs, and marketers that are willing to share their results and make the entire advertising ecosystem better. It is only through industry collaboration that blockchain innovation can solve real marketers' problems.

A version of this article originally ran in MediaPost

New demand and images drives growth in search

Increased investment in paid search by direct-to-consumer brands, and more opportunities for visual storytelling in search, promise to drive continued expansion in search over the next few years. However, brands need to prepare for a big change in Google search metrics that will disrupt costs and outcomes from September.

Direct-to-consumer (DTC) brands to spend more on search and shopping

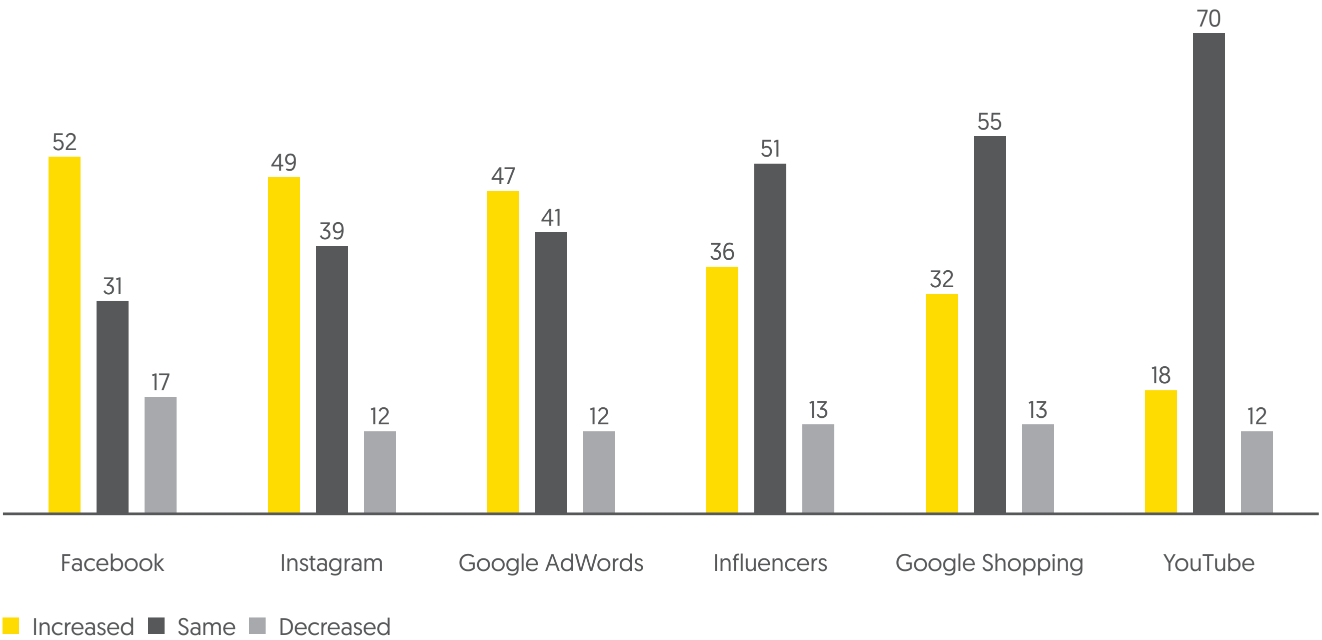
The continued rise of DTC brands will be a major driver of global digital investment in 2019. Many of these brands came of age on platforms like Facebook and Instagram, and they will continue to invest heavily in these platforms. In addition, 47% of worldwide D2C brands say they will increase investment in Google AdWords in 2019, and 32% say they will increase investment in Google Shopping.

In May, Google announced new Shopping pages that will feature more information, like videos and reviews. Shoppers can choose among various buying options, such as clicking through to the advertiser's site, buying in-store, or buying on Google using shipping and payment details from their Google Account. These new features act like a combination of Google Express and Google Shopping, and are currently available in France. They will roll out in the US in the coming months. 'Buy Now' will also extend to Google Search, Google Images, YouTube and Google Assistant (allowing users to buy with voice or touch).

Annual growth in paid-search adspend

11%	9%	8%	7%
2018	2019	2020	2021

Importance of visual and textual information by category (% of consumers)



Source: The Intent Lab, Q4 2018. N=1000.

Performics

Image search is on the rise

Search engines have made it clear that brands should focus more on image search in 2019. An April study by seoClarity demonstrated how much more important images are becoming within the Google organic search result page. It showed that at the beginning of February, results from Google Images had a 20% share of voice within all search results. By March this had risen to 40%, and in mid-April it reached 50%.

Furthermore, in paid search, advertisers have more opportunities to showcase images. Currently in beta, Google Gallery Ads feature images and text atop the mobile search results page. Advertisers are able to create a gallery of photos with four to eight images, and 70-character tag lines that lead to the advertiser's site. Advertisers can test up to three headlines and calls-to-action. The format will roll out to all later this year.

Google to eliminate paid-search average position metric

Google has officially announced the most significant change in search advertising in years: the end of its paid-search average position metric in September 2019. This metric tells brands the relative position in which their ads appear among all paid-search ads on a results, but not where exactly they appear on the page.

Many brands are wondering how this will affect their costs, presence and prominence, and efficiency. This change could create widely different results for advertisers, if not planned for properly, resulting in big winners and losers come September.

In the shorter-term, advertisers can expect big variations in costs-per-click (CPCs), as well as noticeable changes in competition level on search terms – especially for prominent positions. The biggest effects are likely during tent-pole events like Black Friday, Cyber Monday and the Super Bowl. Branding campaigns – which are generally focused on position goals – could be most affected; it's likely that advertisers will have to increase costs, disproportionately pushing for a higher impression share, without a corresponding increase in attributed sales.

D2C is here to stay

Direct-to-consumer (D2C) brands are no longer just digital natives – heritage brands are also rebuilding their business models to create direct connections with consumers. Any brand that wants to truly meet the demanding needs of changing consumers should have a D2C strategy. To achieve D2C success, here are some things brands should consider.

Made for me

D2C brands are no longer just about winning over consumers with a cool story. Brands are betting on customisation – and winning. Those that create products that allow consumers to specify their exact wants and needs will succeed.

Brands can learn from Nike's customisation model, which is allowing them to tap into passionate micro-communities.

Let's band together

D2C brands and retailers are a perfect match and need each other to grow. Retailers have the physical spaces for consumers to discover new brands, while D2Cs make them more relevant. Retail and D2C partnerships are on the rise. Erik Nordstrom, President of Nordstrom, recently emphasized the importance of these programmes in stores, which have included capsule collections with brands like Greats and Lively. 'We need each other to survive' has been a common theme at big industry retail events like NRF's Big Show and Shoptalk.

Old-school is new

Many D2C brands are no longer start-ups, but are entering their growth years and can no longer rely solely on digital acquisition and paid social media. The next phase of growth will come from deploying old-school tactics like direct mail, broadcast media and moving into brick and mortar via popups and stores.

Embrace emerging tech

New tech is enhancing in-store and online experiences – whether digital shelves, inventory-counting robots, facial recognition payment, or shopping with voice or via imagery. We'll definitely see more innovation in these areas and changing the way people shop, by AI, VR, AR and voice.

To succeed in today's retail environment, marketers must constantly reinvent business models to meet the demanding needs of the empowered consumer, find partners to identify joint sources of growth, have a deep understanding of their core customers and future growth audiences, and always stay on the bleeding edge of technology and innovation.

A version of this article originally ran in MediaPost

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. We have over 6,000 brilliant specialists 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 Coty, Electrolux, Essity, Kering, Lactalis, Luxottica, Nestlé, Nomad Foods, Oracle, Perrigo, RB, and 21st Century Fox.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