



From Clicks to Connection

*Trends reshaping
marketing & advertising*

April 2024



OC&C
Strategy consultants



Marketing and advertising is being reshaped by changing audience consumption, buyer attitudes, GAMA and the high pace of innovation

1



Too much to watch ... play ... scroll ...

- Linear & pay TV decline; digital video, social media growth
- Exaggerated effect amongst youth
- Gaming; metaverse mainstream; VR and AR
- Rise of aggregation layers eg TV UIs, Google Discover

“The drop in linear viewing is a very real problem – and we have no evidence that putting the same investment into VOD delivers the same impact. Our research based KPIs don’t evidence BVOD benefits”

CMO, financial services

2



New buyers; new attitudes

- Digital Natives – with predilection for digital marketing
- Deep, direct relationships with GAMA – ‘joint business plans’
- ROI, data & innovation focus; more done in-house
- Desire for more cross media planning, purchasing, and measurement

“All agencies have their attribution models, but we are sceptical – it’s them marking their own homework.”

Marketing director, D2C retailer

3



Alluring alternatives

- Amazon and Google focussing more on video, moving up the funnel
- Retail media growth
- Buzz around social content / influencer marketing
- Huge growth in ‘online video adspend’ (not TV or BVOD)

“Amazon is a likely winner in the market – they have a huge advantage with their retail media relationships and data; and for the things they don’t sell, like cars, they will build capability to plug into other people’s commerce platform”

COO, major media agency

4



Innovation everywhere

- Future all-IP, targetable, addressable linear TV
- Broader ad tech moves – SSP / DSP disintermediation; Universal ID; partnerships
- New alternatives for cookieless world
- Gen AI enabling low-cost creative assets; personalisation; creative optimisation

“Targeting, optimising, that is all now table stakes. Going forward, we’re interested in the potential for Gen AI to do things more quickly to enable a faster feedback loop; as well as more cost efficiently”

CCO, major media agency

Fragmentation of attention has already resulted in shifts to social / digital; the next frontier is capturing Gen Alpha, particularly in gaming / metaverse

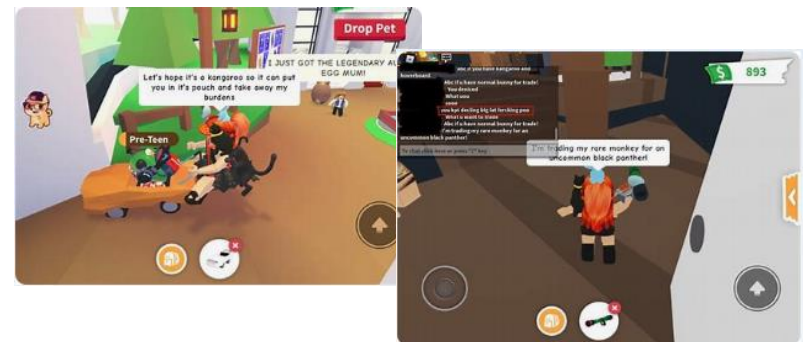
Social media stars are beginning to rival the Hollywood A-list



Roblox has huge youth reach and very high engagement (ave 2.5h/day)

- Roblox is now one of the most popular online entertainment platforms, with **214m monthly active users** and **70m daily active users**, of which 40% are under 13
- With 16bn hours of engagement in Q3 2023, this implies its users engage for an average of **2.5h per day**
- This demonstrates appetite for Gen Z and Gen Alpha to socialise and interact in lo-fi alternate realities

AdoptMe, Roblox's most popular game



The continued focus on marketing ROI favours Meta, Google who provide accessible attribution tools and invest in direct relationships with brands

A clearer understanding of ROI is an increasing priority for brands...

*“We are a PE backed business, so it’s **all about an evidence based, analytical approach to marketing**. My predecessor backed the wrong approach ... and he’s not here anymore”*

CMO, digital native, financial services

*“We still struggle to get brands to spend enough on brand building vs performance; because **they are internally driven by ROI metrics**”*

Client Business Director, major media agency

...resulting in a prioritization of highly measurable social channels...

*“**Social media is increasingly showing how they can do the TV job**, and provide the **full funnel** as they move to being more shoppable (eg Pinterest, TikTok)”*

Client Business Director, major media agency

*“**Data partnerships in TV always feel less accessible**, harder; they are less nimble and aren’t top of mind.*

Marketing Director, D2C retailing group

...which forge deep, direct relationships with brands

*“**We do most of our marketing in-house with direct relationships** with Google, Meta, etc who are pushing their mid funnel solutions pretty hard.”*

Marketing Director, D2C retailing group

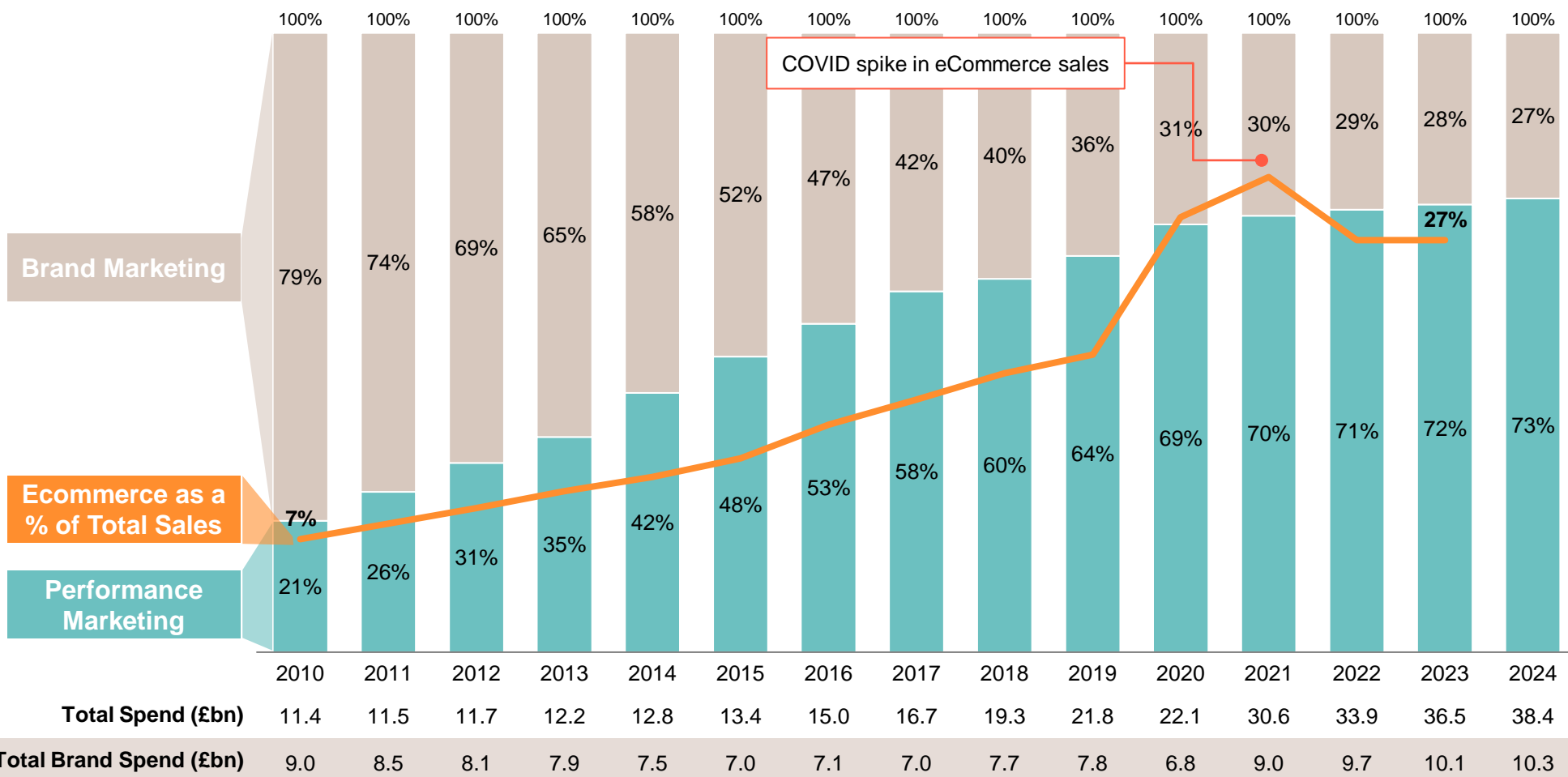
*“**Our eCom team hold the primary relationships with Google, Tiktok etc**. I want to change that - in a prior role, Marketing held the relationships, enabling fully joined-up consumer messaging across the funnel.”*

CMO, fashion retailer



The quest for measurable marketing ROI, enabled by growing ecommerce, has grown performance marketing, reversing the historic 80/20 mix

Performance vs Brand Marketing Spend, UK, 2010-2024



1. WARC digital splits applied to Group M total advertising spend. Spend forecasted for WARC spend, based on 23-24 growth rates. And backworked historically where not available. Assumed splits between performance and brand by channel based on research and expert interviews. Consistent splits for all years applied

Source: ONS, GroupM, WARC, OC&C analysis

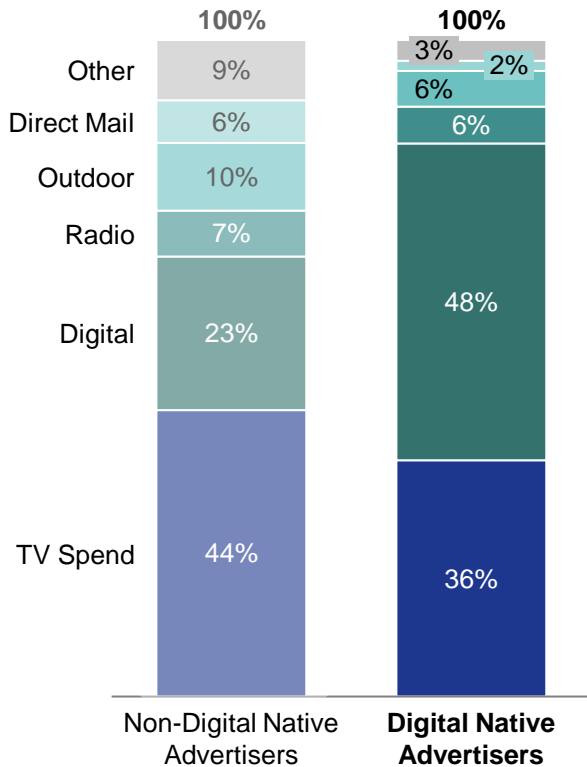


Digitally native advertisers drive a growing proportion of media spend – they prioritise digital media vs TV, radio, outdoor, direct mail

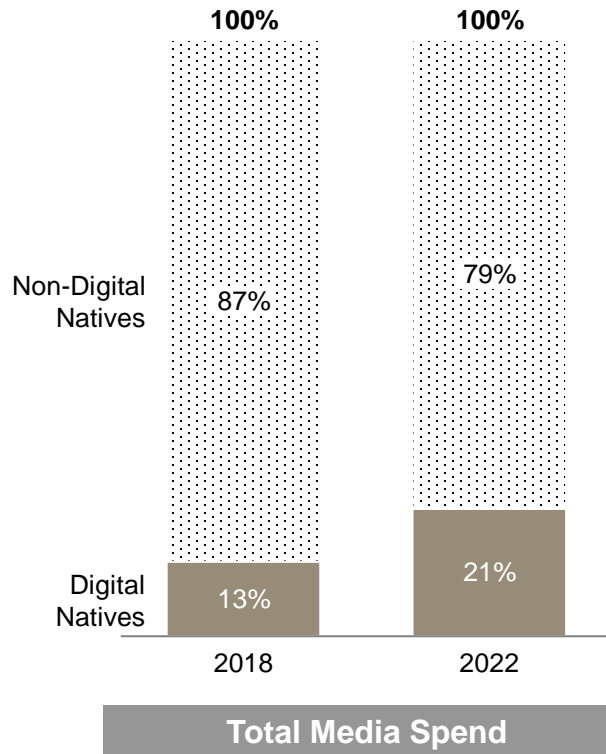
Digital native advertisers allocate a larger share of spend to digital media...

...and the growing overall media spend from these businesses means that they are becoming an increasingly important part of video ad spend

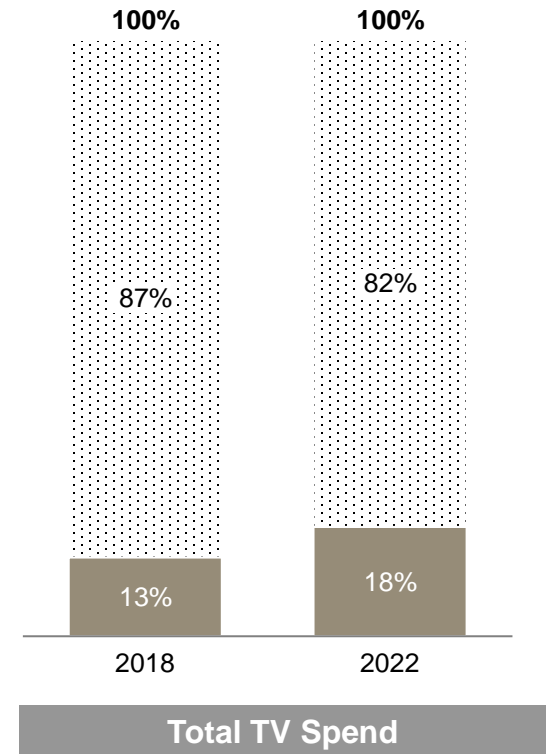
Media Spend Allocation by Type



% of TOTAL Media Spend from Digital Native Brands

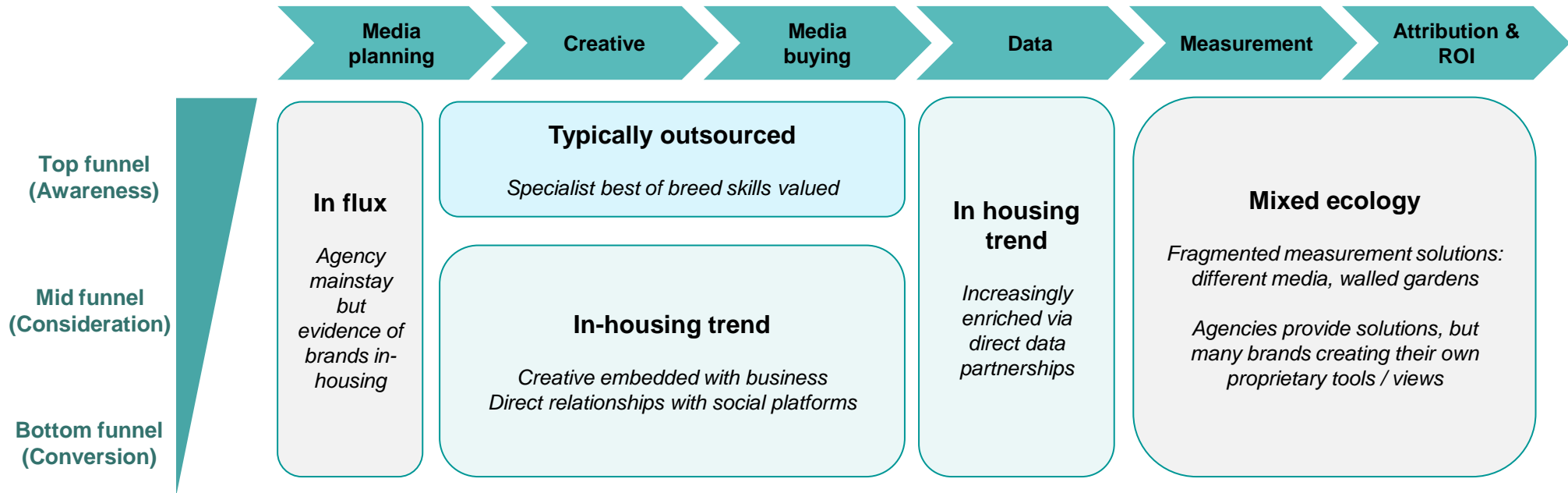


% of TV Media Spend from Digital Native Brands



We see a movement toward in-housing marketing functions, to internalize and embed the capabilities and processes ...

Marketing functions: evolving trends



“My media agency still tells me to invest the majority of my budget in TV, despite the huge declines in audiences; frankly, I don’t trust them. I do my own bottom-up evaluation of the different media channels based on what impact I am trying to achieve.

CMO, financial services

“We buy all our upper funnel activity via our agency; we tend to use TV, but not for our younger-skewing brands”

Marketing Director, Digital retailer

“We create our own social content; authenticity in telling our story is key”

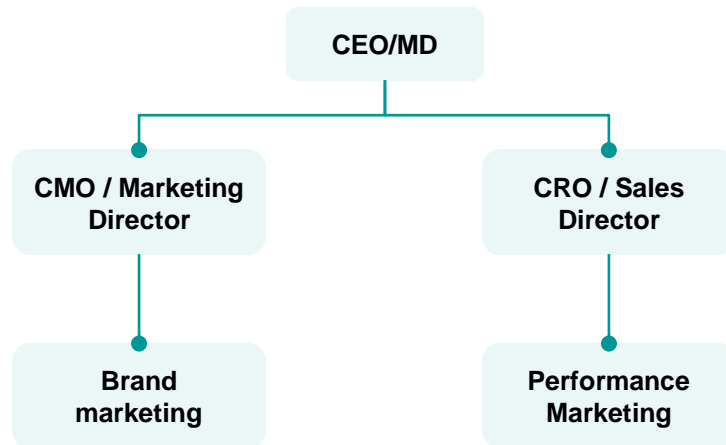
CMO, fashion retailer



... and a streamlining of the marketing operating model to enable brand coherence, and marketing effectiveness

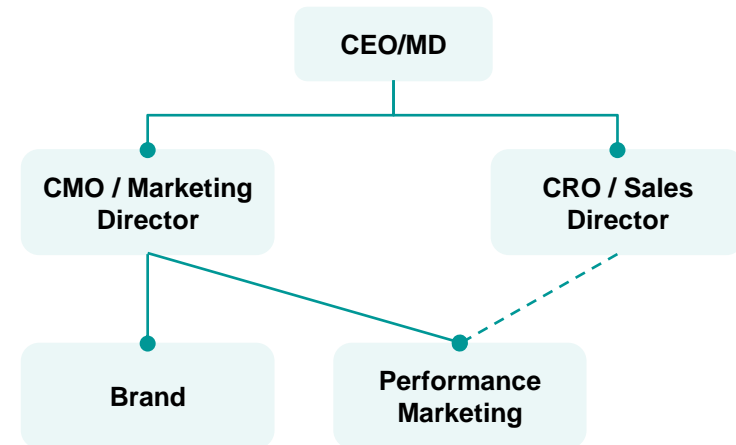
Overview of Model Shift

Functional Model



- Brand marketing and performance marketing managed separately, run by different teams with different KPIs
- Can lead to issues as campaigns and activity is not planned or managed through the funnel:
 - Marketing effectiveness not maximized
 - Risk that brand looks schizophrenic (multiple commissioners of creative campaigns)

Streamlined Model



- ✓ Marketing plans and integrates activity across the funnel
 - ✓ Optimizes spend and creative
 - ✓ Leverages customer insight and data
- ✓ Performance marketing has dual or dotted line with Sales to drive revenues
 - ✓ Common set of priorities agreed
 - ✓ Speed facilitated by agile squad structures, daily stand ups



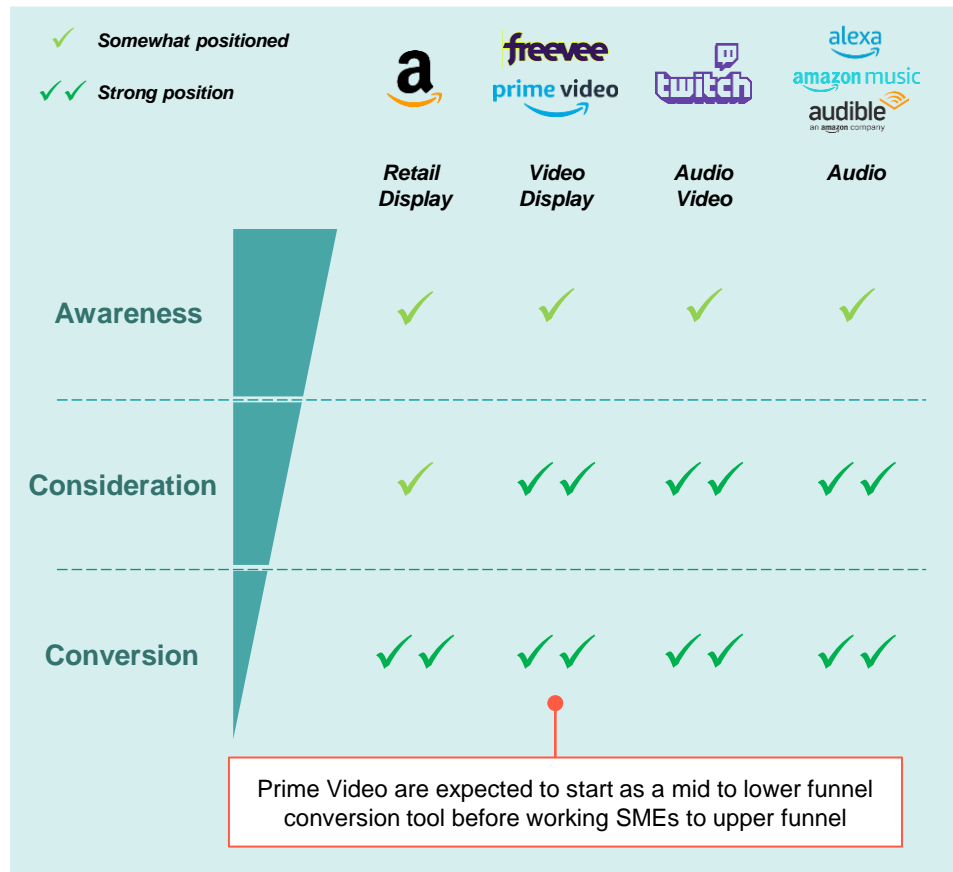
Amazon (and Google, Meta) are using existing direct relationships and deep data to move up the marketing funnel, bringing full-funnel solutions to video

Amazon's Advertising Proposition

Case Study

With the introduction of Prime Video Ads, Amazon is actively seeking growth by targeting new mktng budgets

We expect Amazon to have a more profound impact on the AVOD market than Netflix and Disney+



- Volume of Inventory:** When launched, Prime Video will have a larger audience than others due to its 'opt-out' ad model, customers will have the ad version by default
- Inventory** encompasses a broader range of ad solutions such as PPC, sponsored brands, custom advertising, programmatic buying, allowing to **reach potential customers at different stages of their shopping journey**
- Delivers **full funnel advertising** solutions for agencies and advertisers (including DSP & SSP) **across various media including video (Prime, Freevee, live sports), audio (Alexa) and gaming (Twitch)**
- Developed **Amazon Attribution which is a measurement tool** that enables advertisers to understand **impact of non-Amazon digital marketing efforts** on customer activity and sales on the platform
- Strong, existing GTM and full adtech stack including DSP and SSP enables seamless sales execution



Social platforms are offering 'social shopping' which enables them to move down the funnel to drive and fulfil conversion

Social media platforms are moving into the ecommerce space

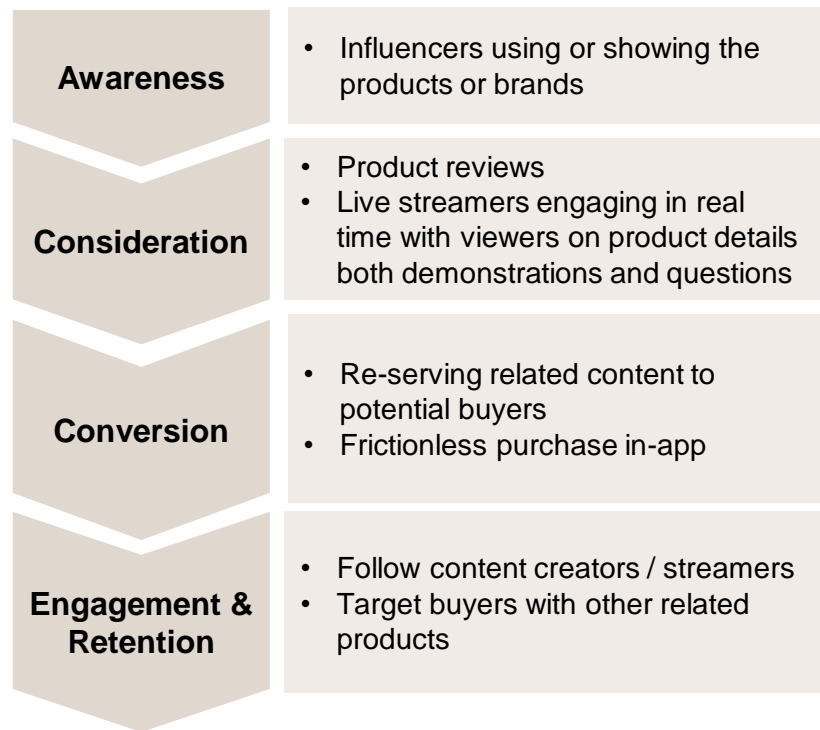


- Tiktok shop launched in 2023 in the UK & US; Instagram integrated an equivalent product in reels
- Businesses such as Shopify are making it easier for creators to integrate shopping into their content
- Social shopping enables social media businesses to capture a greater share of the value they create through fulfillment services

This provides social content creators on the platforms new ways of monetizing their feeds

- Creators benefit from affiliate revenues on the products purchased via their 'links'
- The most successful creators can launch their own brands and products

Moving to ecommerce enables social media to serve needs at all points of the funnel



In the extreme (e.g. Douyin in China) they become an ecommerce aggregator platform

Technology will enable step-changes in ad product innovation

All video providers are innovating to maximise the mid and lower funnel opportunities

*“Dynamic Ad Insertion will absolutely take off – the launch of **Freely** will be transformative. That said, no one has yet created the ‘brain’ that figures out the data and maximises value from ad replacement.”*

Media owner

*“TV has been **experimenting** in moving to lower funnel, with **QR codes** and ecomm links on their YouTube channels”*

Media owner

*“YouTube makes it really easy to **target**, given the way they measure and it’s easy given the broader Google relationship*

Marketing Director, D2C retailer

*“We see **retail media** really targeting the **consideration** phase.”*

Strategy Director, agency

Gen AI could step-change the rate of video ad innovation

*“We’re really excited about Gen AI – it’ll enable us to **overlay really detailed geospatial data** and shift **advertising round the country** – whilst that has been possible before, it’s been manpower intensive and slow”*

Chief Strategy Officer, brand agency

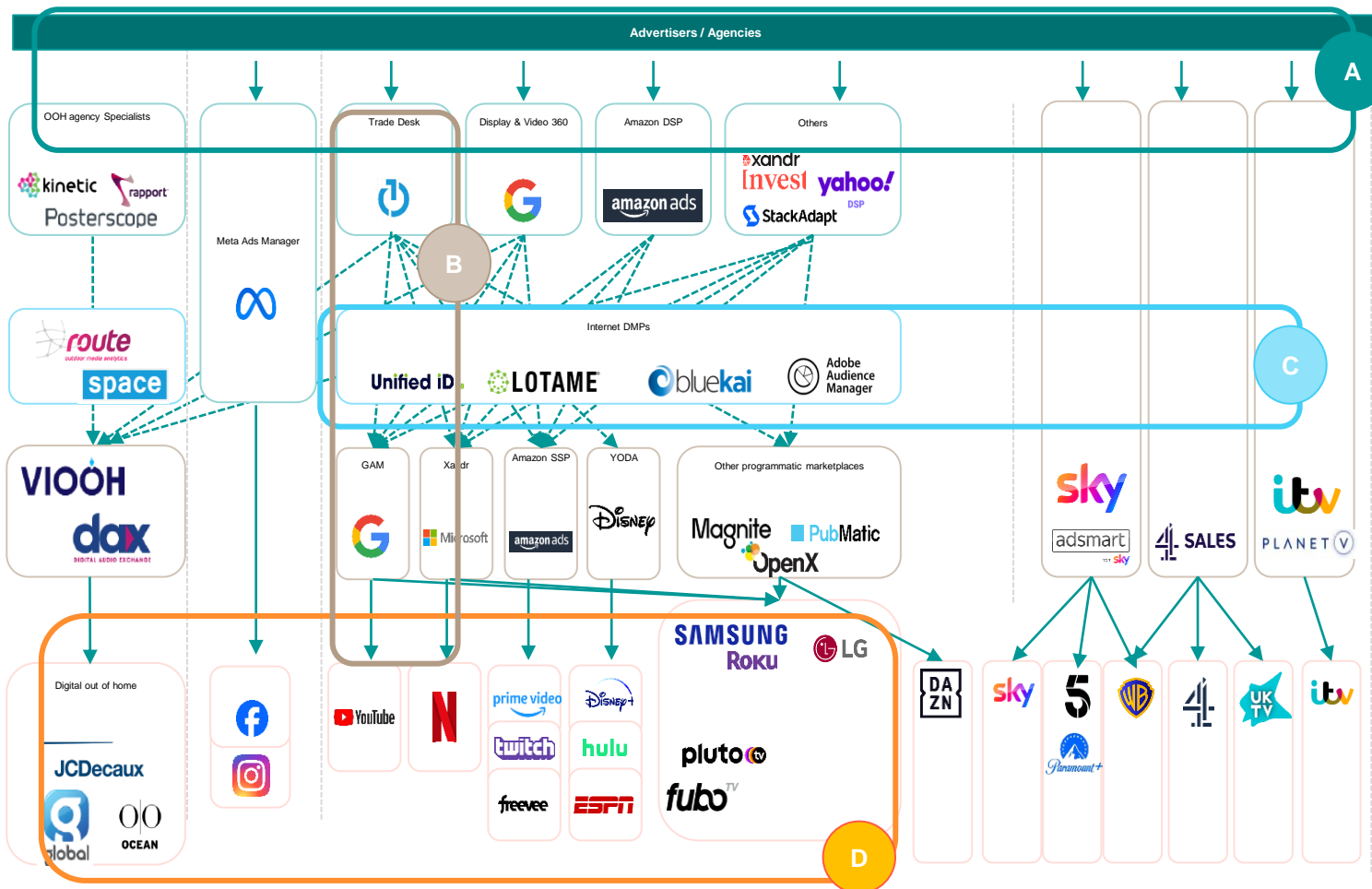
*“We expect to be able to **optimise the creative** in real time, depending on real time feedback on conversion rates”*

CEO of media & global clients, intl media agency



Innovation within the ad-sales landscape will affect how media is bought and sold, opening up opportunities and risks for brands and media owners

Digital Adtech Trends



A Media buying budgets converging
 DSPs provide compelling central planning/buying point

B Supply Paths shortened / optimized
 DSPs fulfilling SSP roles and vice-versa

C Improving attribution from cross media universal ID

D Video publishers striking new partnerships
 CTV integrations with SSPs





In this rapidly changing landscape, what should you be thinking about?



As a brand

- Has your marketing strategy adapted for audience shifts and ad innovations?
- Have you got the right balance of spend at the various parts of the marketing funnel to optimise marketing effectiveness?
- Have you got the right operating model, people, systems and processes to create the agility required in today's more complex environment? Where is it best to build capability and where is it best to outsource?



As a media owner / publisher

- How do you ensure you maintain reach and relevance with audiences?
- How should you innovate your ad product – e.g. to take advantage of Gen AI, changes to data availability / cookies, competitor moves etc?
- How do you adapt to the rapidly changing adtech landscape? E.g. should you be forging new partnerships? Should you be working directly with brands?

If you would like to discuss these topics further, we'd love to hear from you!



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Thank you!



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