The Year in Context: 2019 Media Marketplace

A GROUPM PUBLICATION

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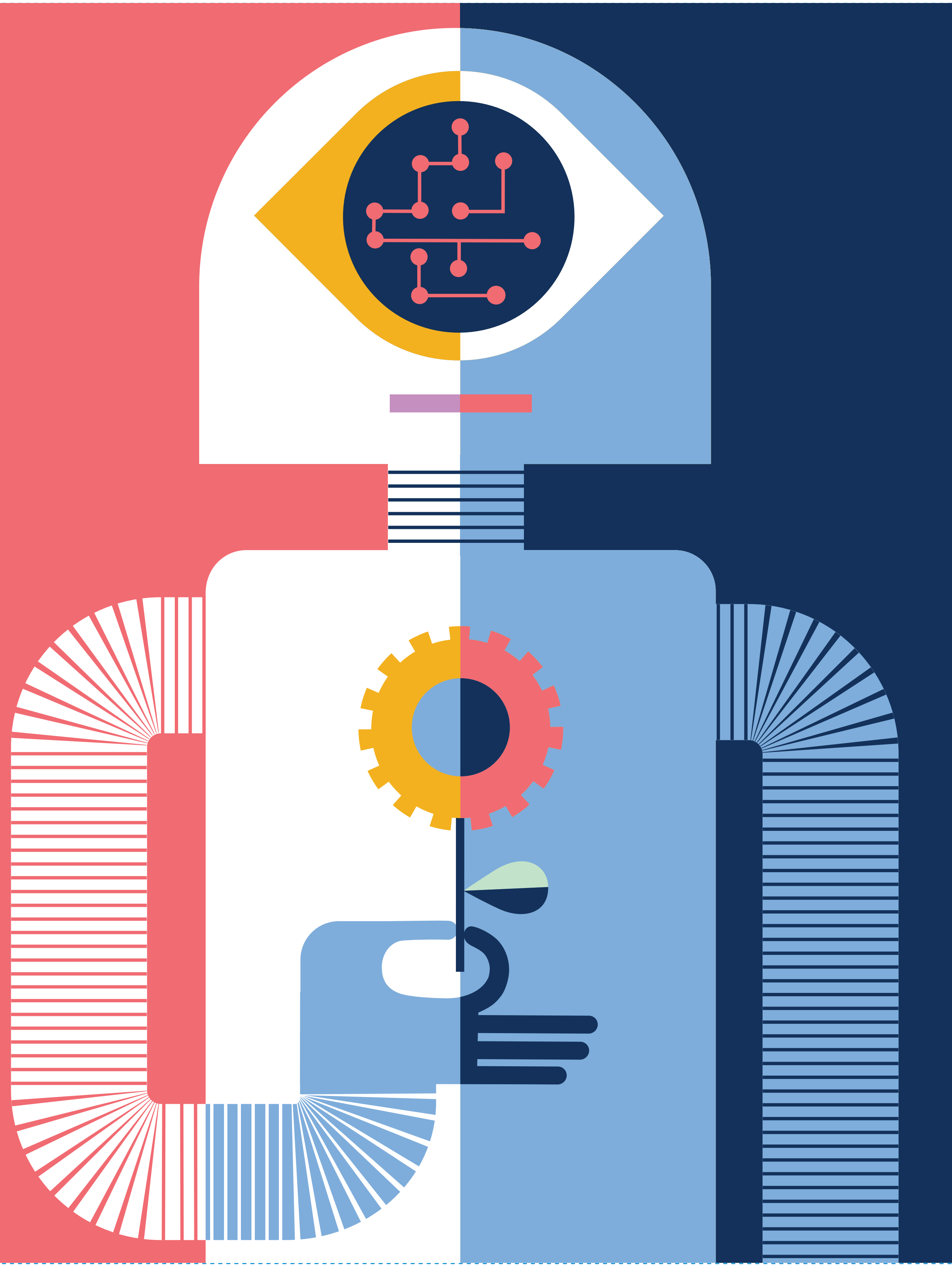

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GroupM is part of WPP Plc and is the holding company for Mindshare, MediaCom and Wavemaker.

INTRODUCTION

BILL KINLAY
CHIEF EXECUTIVE OFFICER

On behalf of everybody at GroupM, we are delighted to be able to share our second annual publication, which sets out the Irish media marketplace in 2019 and the challenges and opportunities that lie ahead.

Our booklet is very purposefully designed to be different from those produced by other large advertising holding companies in that ours is significantly more practical and provides more context for what is happening, rather than just giving predictions.

The focus of all the content in this publication is to lay out the facts, analyse why the market is moving in a particular direction, identify the challenges or opportunities that these moves will create, and then provide a GroupM driven solution to help our clients navigate these challenges or take full advantage of the opportunities.

Once again, delving into more granular detail – in relation to category changes and their impact on the market – allows us to be more specific and, hopefully, more accurate about cause and effect.

The technology driven changes that affect our daily lives continue at a rapid pace and the impact of these changes on the media marketplace, in particular, is unprecedented. Technology is moving faster than the human mind can cope with and this provides challenges and opportunity in equal measure.

Traditional consumption habits are being completely turned upside down, and the new marketplace, in virtually everything that we do, is now fully established and operational. This is happening across all sectors of society and across all age groups, albeit at a different pace for some, but the rapid changes are consistent.

Our job is to provide context, clarity, guidance and solutions for our clients and this is what we constantly strive to do.

We have gone further and taken a deeper dive into each individual medium to analyse what is driving change, the causes of each of these and, importantly, what it means for our clients and their business. We explain how our role as media buyers will evolve in 2019 and the additional layers of true value that we can bring.

Economically, one of the most impactful events to hit us in 2019 will be Brexit, and we simply don't know what the full extent of this will be, but undoubtedly the impact will be more negative than positive. The potential impact of Brexit, as best as we can forecast it, is built into all our numbers and is very much at the forefront of all our thinking.

Significant opportunities exist in the areas of VOD, Programmatic, Social, Community Management and Research and our teams at GroupM, and our agencies, would love to talk to you about these areas and the advantages that we can bring.

This booklet is designed specifically for clients and its purpose is to provide you with information, explanations, clarity, guidance and perspective on a market that is becoming increasingly difficult to predict, to navigate and to extract real business value from.

We hope you enjoy it, and we would be happy to take any feedback or comments that you have on our content.

SIMON CRISP
GENERAL MANAGER

'Clients are looking for a greater return on their spend than ever before '

'Spurring us on to future-proof our businesses'

'Our industry's challenges aren't local'

It may be something to do with the looming spectre of Brexit and the uncertainty that surrounds March 29, 2019, but there's no doubt this is a time when there's a heightened level of consideration as to the position of the Irish nation, in relation not only to our closest geographical neighbour, but also to Europe in general.

Likewise, the same introspection is also taking place within our own media industry, not just because of the level of uncertainty that Brexit brings but also because, as we all know, the media agency business model is undergoing serious examination.

Clients are looking for a greater return on their spend than ever before and, additionally, media owners are looking to unlock greater returns from their assets, as indeed, they are all pressured to compete on what may be considered uneven playing fields, against the 'FAANGs' (Facebook, Apple, Amazon, Netflix, Google).

For those of us who work for companies that are not one of the FAANGs, there's a reality that means our earnings are under pressure and the relatively flat media market outlined in this handbook means we don't have the luxury to be anything other than more efficient, smart and inventive as we try to run our media businesses in 2019.

Basically, nothing is going to come easy to us as an industry in 2019, but this might just be a god-send, spurring us on to future-proof our businesses expeditiously. If we were entering a 2019 market that was up – let's say by 10% – maybe we'd have been ignoring the challenges of the underlying business models we are working within right now.

I'm not suggesting we'd have been lazy but when there's a little more cash in the coffers, most of us will naturally relax rather than attack the challenges surrounding us. It's just human nature, and I see no reason why our industry would have reacted any differently; disruption doesn't come when we are at our most comfortable.

Our industry's challenges aren't local, as we know, there's a worldwide focus on the very same media tasks we have here in Ireland. However, we have many reasons why Ireland has the very strongest of narratives and we should be extremely positive about our position within, not just the European media scene, but also further afield.

A LITTLE RATIONALE BEHIND MY POSITIVE STANCE:

I was lucky enough to get invited to the Liberty Global Board Gala Dinner at Christchurch Cathedral in July. This was an event that marked the Liberty Global Board members hosting an annual board meeting in a country of importance to their business.

For those who don't know who Liberty Global are and what they do, apart from owning Formula 1 globally, they are the holding company for many media and communication-led companies, of which Discovery Channel is one and Virgin Media another, which, incidentally, was named as Liberty's best individual business performer in their 2017 annual results.

Liberty Global also has huge cable assets across the US; they are one of the major media players in the world and the man that built the company – John Malone – is now the biggest landowner in the USA, to boot.

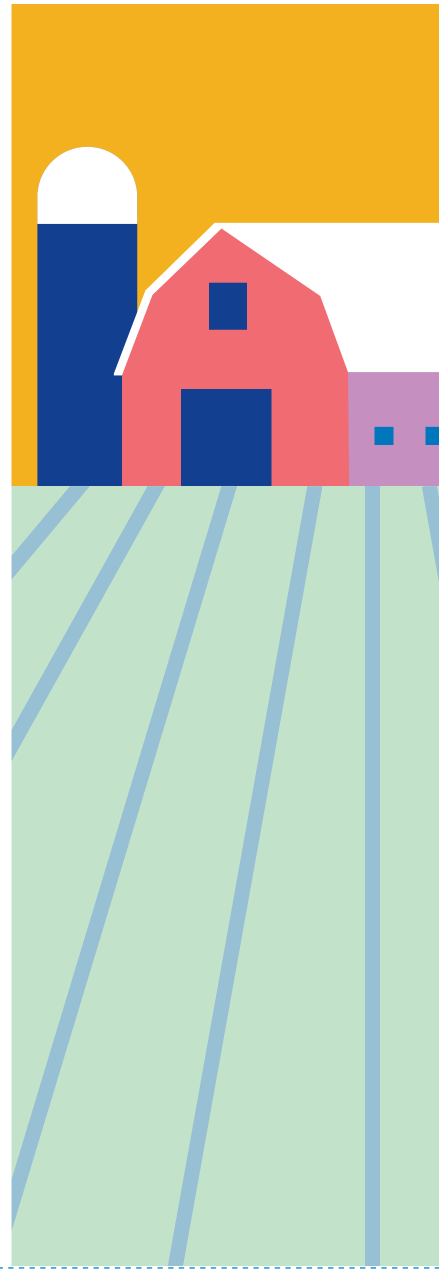
Malone discovered his Irish roots in recent years and he's been buying up many Irish assets, including stud farms, hotels and land, to the tune of a cool €300 million, to date. When asked why he's invested such a hefty sum in Ireland, he responded with one word: "stability". And, yes, he is of course right; Ireland's economic indicators, almost without exception, are impressive and despite the accusation of 'leprechaun economics', the underlying indicators are strong and genuine.

Also, we haven't lurched too far to the Right, remaining largely Centrists, all of which, on the face of it, is attractive. Plus, add in all the well-known factors, including a positive corporate tax regime, and what's not to like about Ireland from an investment and business perspective?

Moving back to our own media world, more specifically, what does Ireland offer that, perhaps, other territories can't deliver?

Well, within a stable economic and mature marketplace, our size is critical to future success. We are perfectly positioned to be the media test-bed of Europe and, in some cases, the world.

'Ireland's economic indicators, almost without exception, are impressive'



> 'Media owners with a global footprint can test their distribution platforms at low risk in Ireland.'

Referring to Liberty once again, there is no doubt, in my opinion, they are testing the Virgin Media Ireland model forward to a point whereby the success of a future ITV UK bid can be measured effectively.

Additionally, media owners with a global footprint can test their distribution platforms at low risk in Ireland. Within our 2019 deals, GroupM are developing packages with media owners that are specifically designed to provide national multi-media market tests in certain scenarios for our clients, and I'm not sure these could be as easily executed in larger markets.

Global clients should also more readily look to Ireland to test launch not just products but also communication strategies as well. Recently, GroupM tested a pure press 'control' model with INM for one of our clients, which generated high double-digit sales increases. The results really made the client sit up and re-think their approach to Press. As a national campaign in Ireland, it was a manageable risk. In the UK, it would have been too sizable an undertaking to even be considered nationally.

In last year's 2018 handbook, I wrote of the prospect of mergers, acquisitions and investments in our industry for the year ahead, predicting that activity both globally and locally would take place. Since then we have seen Comcast buy Sky, The Sunday Business Post sold to Kilcullen Kapital, and The Irish Times buy The Examiner. I think we'll see a quieter local year in 2019, but what will most likely happen is that those who don't have cross media-selling opportunities should be forming partnerships to enhance their solus media offerings.

As an aside, 2019 must be the year that local digital publisher groups form a sales house, which at the very least allows them to streamline their businesses and provide a unified group that can take on major media owners who, in cases where perhaps they were not as successful as they should have been recently, are getting their digital act together.

Getting back to the benefit of our size – we do, in our industry, have exactly the same challenges as our UK neighbours and, indeed, every other territory, that of A) the want for a common media currency and consistent media value attribution, and B) safe and credible environments for our clients' media buys.

We can be more effective than larger territories for a couple of good reasons:

1. We are surrounded by, in a small geographical district, the best technology, media and communication companies in the world to help us; and
2. On a nationwide basis, we only have a population of 4.8 million people to adopt our strategies. If we get this right, we'd have developed models that would be truly adopted and can be sent around the world, knowing they are not only transferable but also scalable.

Also, being a smaller market, we have the ability to harness three stakeholders – media owners, agencies and clients – to solve future problems. I'm really proud of the work GroupM has done in leading brand safety and viewability in the Irish market, but equally I'm impressed by the way media owners and publishers in the digital arena responded to our urgings, and in certain cases changed their organisations to accommodate this.

In some ways, this example hits the nail on the head as to how we can grow our market and get back to the place we were before the recession in 2008, not by developing new content or inventing distribution platforms, but through connecting media organisations for the good of our clients.

The interesting thing is that the viewability and brand safety changes don't directly win business but it's just the right thing to do, for the greater good, and eventually everybody will benefit. You just hope you'll get some recognition for leading the charge.

So, it may not be as exciting or dynamic a development when compared to some of the other submissions in this 2019 handbook, and I may risk inducing your yawns as I bring my piece to a conclusion, but what's really going to propel our media business is connecting our businesses organisationally with media owners, not just systematically but also in respect of our people working more effectively together.

Finally, instead of predicting what may happen next year, let me tell you what is going to happen:

GroupM is going to make a commitment that's going to change the shape of Irish media; we are going to pursue an area of development that will yield results, connecting media owners to us organisationally, and ultimately driving business growth and long term stability for our clients.

> 'Eventually everybody will benefit'

SAM PIGGINS
AGENCY INVESTMENT DIRECTOR

‘The importance of forecasting correctly cannot be understated’

Knowledge Is Power.

The decisions we make in life are generally based on a process of identifying an end goal, gathering information and using our previous experiences to shape our forward-thinking.

In other words: the greater the knowledge we possess, the greater advantage we have towards achieving our aims and having successful outcomes.

For the GroupM Trading team, our main objectives are based around maximising opportunity for investment and maintaining or growing advantage for our clients. An integral part of this is to make sure that we are identifying the trends within the market so that we can achieve these two aims. A fancy way of saying this is “forecasting”.

For instance, you could glibly say: “Investment down in Print, Investment up in Digital”, but that isn’t forecasting and it is not what I mean when I say that we ‘identify trends’. It is about trying to identify and evaluate the business potential areas within the marketplace and take full advantage of these.

When you then apply this against micro and macro factors in the wider social, political and business climate, you are able to go thorough scenario-based forecasting. Applied correctly, we can make decisions which greatly benefit our client’s business.

Data is key to us making these decisions but so is interpretation. As the entity which trades the media spend for Mindshare, Mediacom and Wavemaker, we have at our finger tips masses of data: areas of spend, type of spend, seasonality of spend, category of those spending – the list goes on and on.

Our size and scale give us the ability to analyse local, national and global client trends and look at the climate which affects some of them and all of them. Regular scrutinising of the numbers against the backdrop of the world at play means that the forecasts we produce are reliable for our own business relations internally but also externally.

The importance of forecasting correctly cannot be understated. We have a responsibility – keeping in mind those whose investments we protect – to ensure that we maintain an honest communication around the potential position of the market. Vendors should adhere to this too, especially if there is to be a long-term sustainability to our market.

We are in a micro-climate in some ways because of our size and our positioning. Currently, the local economy is deemed to be doing very well; you only have to look at yardsticks like the unemployment rate and

the recently released Government Budget to see that. However, we move ever closer to a potential precipice called ‘Brexit’, which on a wider level affects many clients in this market and means we do have to balance optimism, even if locally the optics are strong.

Some agencies and vendors are operating under a philosophy that if you say something enough times, it might just come true and so with that in mind, some have decided to ignore the cautionary elements of the wider world at play.

Likewise, I think that some honestly believe that “talking up” certain areas of the market will lead to an influx of investment in said areas.

I think this is a basic and somewhat irresponsible view to take, and one which – as our market forecasts over the past few years show – is not what we do at GroupM for our clients. This lack of culpability can potentially lead to an environment of mistrust between client and agency, one that could only have long-term negative ramifications. After all, if we don’t have the trust of those whose budgets we protect, what chance do we have of maintaining a strong local marketing industry?

This is not to say that by using our forecasting methods to minimise potential risks that we should not try to be optimistic. We would not want to restrict the opportunities for our clients to invest in environments where they feel they want to be placed. What we are talking about is giving the clients the knowledge so that they can, in turn, decide where they want to invest.

For example, it could be that one media vendor is launching a new product to market, one which based on our intelligence is likely to offer significant value to a client looking to invest in it. It could even be incremental value taken across the vendor’s other offerings. Our knowledge and experience is offering up an opportunity for our clients.

Conversely, a lack of knowledge could lead to a scenario in the previous example where a client is not able to take advantage of such an offering, as it may never have been communicated that they would be interested in such an opportunity, or they invested in something that did not give them the potential reach and cut-through that another offering could have done.

Flipping the situation slightly, it is vital that the volumes our clients forecast are achieved as well, ever more so in a market that has become tightly traded and audited.

Media EUR m	2015	2016	2017	2018f	2019f
TV	184	186	173	177	180
Radio	73	73	70	66	63
Regional newspapers	39	37	34	31	28
National newspapers	175	165	145	127	112
Newspapers total	**214**	**202**	**179**	**158**	**140**
B2B magazines	1	1	1	1	1
Consumer magazines	16	15	15	14	13
Magazines total	**17**	**16**	**16**	**15**	**14**
Cinema	6	7	7	7	7
Outdoor	75	79	79	82	84
Internet display	85	94	99	104	112
Paid Search	97	107	114	123	136
Digital total	**182**	**201**	**213**	**227**	**247**
Media total EUR m	**751**	**764**	**737**	**731**	**736**

YOY% change	2015	2016	2017	2018f	2019f
TV	3.1	1.3	-7.0	2.3	1.7
Radio	2.3	0.6	-4.1	-5.7	-4.8
Regional newspapers	-2.5	-5.0	-7.0	-11.5	-8.2
National newspapers	-5.9	-6.0	-12.0	-12.1	-11.7
Newspapers total	**-5.3**	**-5.8**	**-11.1**	**-12.0**	**-11.0**
B2B magazines	0.0	-5.0	-2.5	-2.0	0.0
Consumer magazines	0.0	-3.0	-3.0	-4.0	-5.0
Magazines total	**0.0**	**-3.1**	**-3.0**	**-3.9**	**-4.7**
Cinema	3.2	10.0	-2.8	-4.1	2.9
Outdoor	2.7	5.0	0.0	3.0	3.5
Digital total	**11.0**	**10.5**	**6.1**	**6.6**	**8.9**
Media total YOY% change	**2.1**	**1.8**	**-3.5**	**-0.8**	**0.7**

% shares of media	2015	2016	2017	2018f	2019f
TV	24.5	24.3	23.5	24.2	24.5
Radio	9.7	9.6	9.5	9.0	8.5
Newspapers	28.5	26.4	24.3	21.6	19.1
Magazines	2.2	2.1	2.1	2.1	1.9
Cinema	0.9	0.9	0.9	0.9	0.9
Outdoor	10.0	10.4	10.7	11.2	11.5
Digital	24.2	26.3	28.9	31.1	33.6
Media total	**100**	**100**	**100**	**100**	**100**

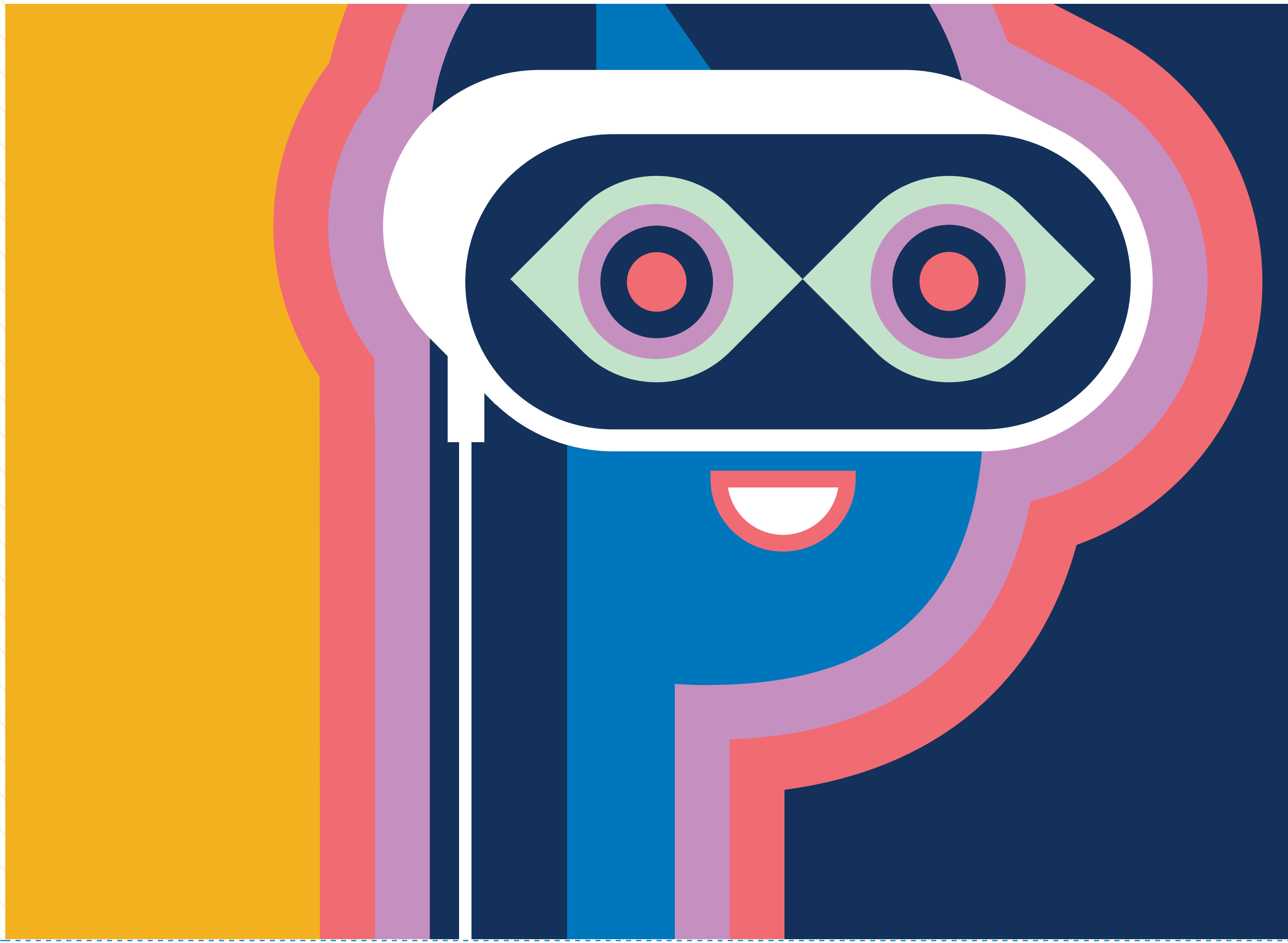
Though TV has always been a medium where the value of the book is monetised, the emphasis on more sophisticated trading models across other media means that there is less ‘free’ value being handed around to clients – for instance, look at the lack of ‘Summer Month Bonus’ packages in TV and Radio in recent years.

The implication of this for a client is that if commitments are not met with vendors on the back of pricing given for larger-than-intended volumes, then it is likely they will lose pricing, going forward, and their value will be given to those who meet their expected commitments, whether that be an agency or a client.

We must therefore ensure that in trying to achieve our Trading objectives, which in turn are being used to grow the client’s business (and sustain ours), that we maintain open and active communication with all stakeholders to ensure we can achieve these aims.

As such, we must remember that in everything we do, we should focus on that one key fundamental: Knowledge Is Power.

> ‘It is vital that the volumes our clients forecast are achieved’



CAELEN DWANE
ACCOUNT MANAGER

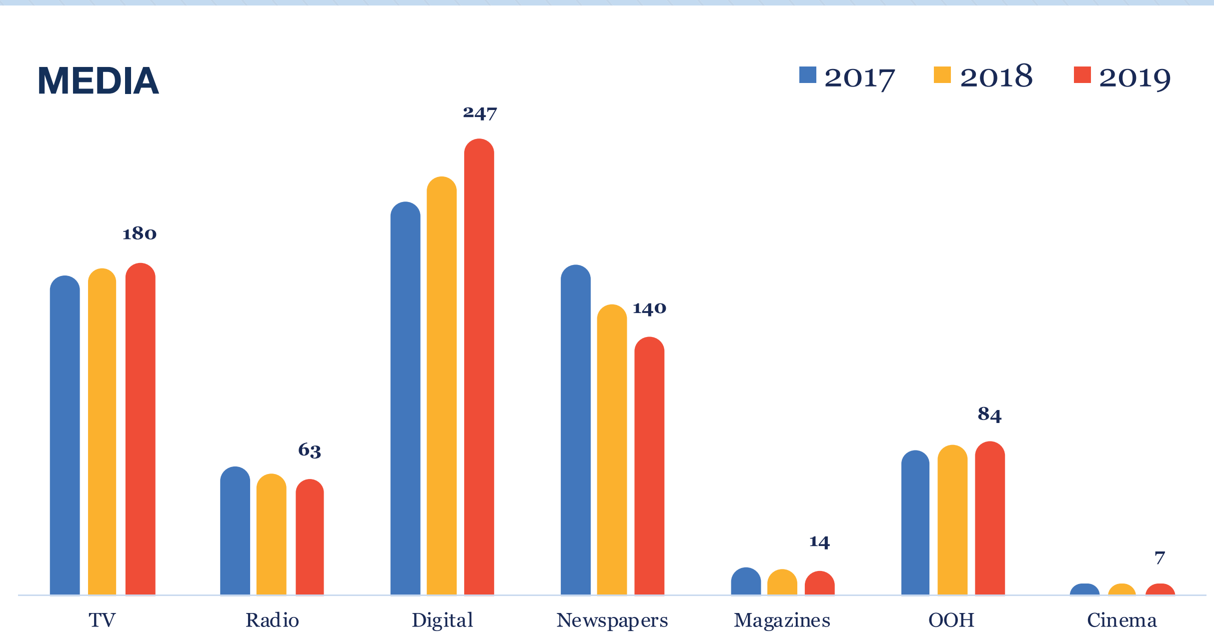
JAMES HERIOT
HEAD OF INVESTMENT

Across GroupM we have a diverse range of clients, one that is reflective of nearly all categories and the overall landscape in the Irish market. Throughout 2018, we have seen a continuation of the uncertainties that affected the political terrain in 2017 – Brexit uncertainty has endured as the deadline draws closer, while President Trump remains a divisive and volatile presence on a global scale. As we head into 2019, consideration should also be given to additional key macro socio-economic influences, such as inflation, oil prices, raw material costs, bull-market end, contagion as well as political instability and increasing far right policy influences.

Within Ireland, however, it appears the boom is back – consumers are spending, banks are lending and property is in development again, so while there is a level of caution, there is also a drive within the Irish market for advertisers.

As highlighted coming into 2018, it is the media that are the most accountable and transparent in the value they offer and the return on investment they demonstrate that will continue to see the most growth.

We will look at the advertising market in Ireland across TV, Print, Radio, OOH, Cinema and Digital to assess the impact of these and other factors. We will also analyse the figures across the categories to see how 2018 has developed, and to note what trends we see continuing or starting in 2019.



TOTAL MEDIA €M (NET) 737 731 735

MARKET PREDICTIONS

TELEVISION

Television spend is forecast to finish approximately 2% up YoY in 2018, following a tougher 2017, which was down. As the Irish economy improves, advertisers are settling their spend after an uncertain 2017, and are investing in the medium they know works best for brand-building and reach.

However, it is not the same ‘usual suspects’ driving growth in 2018 – Retail continues its growth, Finance has seen a big increase YoY, while both Motors and Household Services (Telcos) are in decline in 2018.

The biggest surprise in spend is the drop in Motors across 2018, as it sees an 8% decrease YoY on the back of a bumper 2017. This decline might be understood as a fallout from the emissions scandal, with the category more cautious in spending to avoid negativity alongside messaging.

While Household Service (Telcos) is slightly down on 2017 at -1%, it continues to hold the No. 2 spot in spend by category. Retail continues to be the top spender on TV and looks flat to 2% up in 2018 as the retailers continue to utilise TV as their branding battleground for its high-reach and impact in delivering brand messaging.

Similarly, the Finance category has increased its spend into Television due to the brand safety factor that is associated with this medium. The banks are back lending and the promotion of mortgage offers is particularly heavy, bringing Finance up 9% YoY in 2018 and putting it firmly in the top-three spenders by category in 2018.

As predicted last year, FMCG spend is forecast to grow in 2018. This category is consolidating spend into brand, and as marketing teams are moved from local offices into the UK, there are fewer people on the ground, leading to simpler brand led planning. TV is the medium for this brand messaging and we continue to see former Digital and Radio spends redirected into Television.

Cosmetics and Toiletries took a heavy hit YoY in 2017, though have eased out this year, coming in flat. Food and Drinks are both up – with Drinks making a significant jump; as new HFSS legislation comes into effect, promotion of new sugar-free products and the forthcoming Alcohol Bill leads advertisers to make use of the medium while they can. The new Bill will result in changes to the market, though the stance on this has not yet been established – RTÉ’s decision on how to operate once the Bill is passed will influence the market.

In terms of the Broadcasters, there has been quite a shuffle in the shape of the market across 2018. Virgin Media has rebranded this year, saying goodbye to almost 20 years of TV3 and welcoming the Virgin Media channels. VMTV also welcomed Ireland’s Got Talent and the 6Nations for the first time in early 2018 – both great successes for the station.

‘There has been quite a shuffle in the shape of the market across 2018’

TELEVISION

VMTV has focused on strong acquisitions, particularly in sports, and launched VM Sports in September 2018. Its success is expected to continue as it maintains the rights to air other stalwarts of TV seasons such as Love Island, The X-Factor, I’m a Celebrity, Dancing on Ice, The Voice UK and Gogglebox Ireland.

Some of those VMTV successes have come at the expense of RTÉ – particularly the loss of the 6Nations, which was a big blow to its Spring season. However, RTÉ remains the staple in the market as the State Broadcaster and continues to develop its offering.

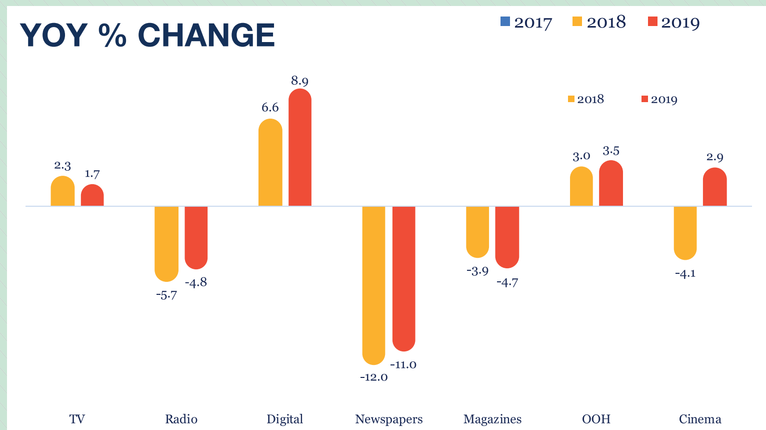
2018 has seen some acquisitions such as Killing Eve and Women on the Verge, but with a heavy focus and investment on new commissions such as Taken Down, Finding Joy and the return of Podge and Rodge, RTÉ is mixing up its inventory to test what works for its audiences. Where RTÉ has taken the edge in AV is the RTÉ Player, which is leading the market in terms of its player offering.

Broadcaster VOD is in demand and the inventory available is quite tight, with demand exceeding supply at times. RTÉ has made the biggest single investment in its player offering and the new RTÉ Player launches soon, with increased content, full live TV schedules, boxsets and curated channels, to offer a greater supply of inventory. However, with VMS and Sky as competitors – which both offer cable, set-top box - RTÉ may gain an advantage with an addressable TV offering in future, which could appeal to brands as an alternative to standard linear TV investment.

Brands continue to revise their media plans and review their output, as seen with advertisers utilising lasting creative and pacing activity across the year, showing a preference for supporting fewer brands more often, instead of all brands lightly.

Television continues to be the medium to offer brand-safe and message-driven advertising for advertisers as they know it works well in driving wide reach and high-impact to consumers. As such, investment into Television advertising will remain solid and is forecast to see a similar level in 2019; 2% up on 2018.

‘Television continues to be the medium to offer brand-safe and message-driven advertising’



TOTAL MEDIA YOY CHANGE -0.8 +0.7

PRINT

'The differences across the formats is notable'

With Print media, we would expect to see the general drop-off continue in 2019, as the downward trend is continuing across the medium. With 2018 forecast to finish at -12% YoY, 2019 is predicting a similar level of decline.

The differences across the formats is notable, as magazines are expected to be -4%, while newspapers will be -12%. There is also a significant difference between the broadsheets, tabloids and regional newspapers; while broadsheets and tabloids see double-digit declines, regionals are buoyed by local investment and remain in the low single figures of decline.

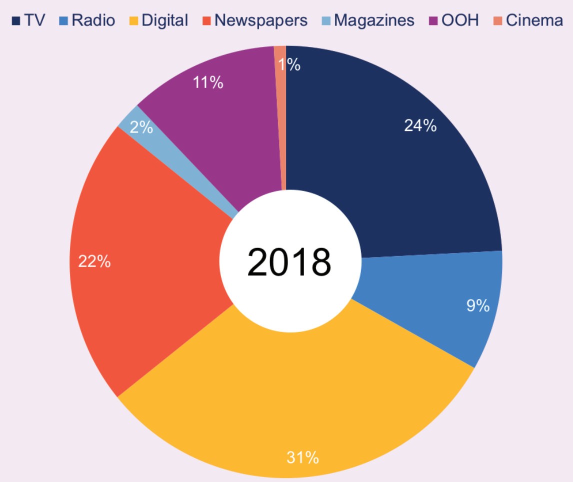
While the media owners continue to adapt their offerings to embrace digital, there is still an overall reluctance to fully embrace Digital Integration by many publishers, which will continue to restrict any real growth in Print.

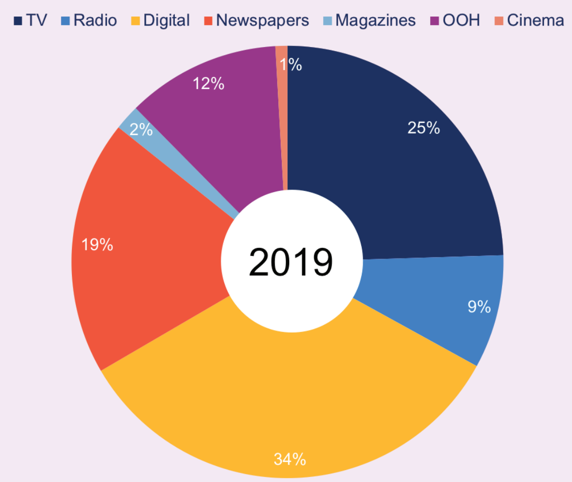
Print is working and showing growth in the Media and Entertainment sector. As highlighted last year, this category is solid on its YoY growth and is up 3% in 2018 for Print, making it the second largest spender. Print continues to work for this sector for its short-term discount and call-to-action focused messaging.

The only other growth area across 2018 was Government and Social Organisations, which has jumped up 13% YoY in 2018. Growth in this sector has been seen in most other media with referenda and election advertising boosting this category in 2018. Anticipating a referendum and other elections next year, investment in this category is expected to continue.

Previously, the large spenders in Print had challenged the downward trend in the medium, with YoY growth in spend, this year Retail still holds the top spend but is down -7% in 2018. This reflects a drop in spend by supermarkets as they focus less on price point advertising and more on brand-led messaging.

% SHARE OF MEDIA





PRINT

Household Services (Telcos) is also down but at less of a drop on previous years, at -6% on 2017 into 2018, as the advertisers focus on bundle messaging over individual product-led ads.

The Finance sector has dropped -5% in 2018 after falling flat in 2017, following a huge drop of -24% between 2016 into 2017. This bucks the trend in most other media where Finance is up, as Print spend is moved to focus more on TV advertising.

In line with other media, the Motor category has had a significant drop-off in Print in 2018, dropping by -40% YoY, following a steady few years of 1-1.5% drop YoY across 2015-2017. Again, this is reflective of a caution on the part of advertisers to avoid advertising next to negative coverage in news media, but also less advertising by local dealers as messaging migrates online.

Media owners in the Print market have been slow to engage with an all-out integration with Digital, but a number of publishers are inching ever closer to the tipping point where Digital is a larger part of their business than traditional. As this happens, the digital leads who have a fresh perspective may drive changes in approaches in terms of selling and product positioning.

Throughout 2019, we will possibly see more mergers across the sector – The Sunday Business Post will be an interesting proposition next year as the new owners may change approach significantly. The approaching amalgamation of The Irish Times and The Irish Examiner will also be one to watch to see how this manifests, as the IT has historically been restrictive in its approach, while The Examiner is considered a more commercial entity.

If done correctly, they should be able to compete in a market where INM has very much driven print as a fully commercial saleshouse. With that, there is also the potential risk that over-commercialisation could undermine the product.

Print has a loyal audience which is often considered an 'aged' demographic; however, they are also the audience with the highest disposable income. The industry needs to invest in and deliver research to demonstrate their relevance in the marketplace, along with engaging in more cross-platform consolidation to offer new ways of working and new products for clients.

'Print has a loyal audience'

Across Print media, we predict a continued drop-off in 2019. The heavier spenders in Print tend to dictate the market, and as retail and other categories push spend elsewhere, the medium will continue to struggle with advertising investment. There is a need for more cross-platform consolidation and engagement with other media in delivering solutions that work for the client if the medium is to combat the challenges of recent years.

RADIO

‘There is a need for Radio to adapt to more reliable and measurable means of reporting’

Following the decline in 2017, Radio is set to see a further drop in 2018, with a predicted -6% falloff YoY. This will be echoed in 2019, as the decline continues with -5% forecast into next year. As highlighted last year, there is a need for Radio to adapt to more reliable and measurable means of reporting. Advertisers want to see return on their investment and the data that backs up where their budgets are going. Until Radio as an industry can achieve this, with a significant level of transparency, spends will continue to be pushed into other media that can offer tangible accountability.

Retail continues to be the biggest spender; however, this is down by -5% YoY 2017 to 2018, which is a flip on last year’s growth. With consumer confidence and spending still up, it’s interesting to see this decline; however, retailers are establishing what media works for them and, like the decline in Print, are moving spend to other media which is more accountable.

While the Motor category had shown growth into 2017, the sector has seen decline across all media in 2018, with Radio down -12% YoY. For FMCG, the decline continues, even in areas that have seen growth in previous years like Drinks, this is now at a deficit of -15% YoY into 2018 as the pinch of less partnership and sponsorship investment by FMCG brands is felt.

Household Service (Telcos) has also seen a double-digit drop YoY, which is expected as they consolidate spend into bundle messaging; also, in doing so, they are more likely to push their budgets into media that offer an efficient and accountable return on their investment.

The only growth areas YoY are Finance, Gardening and Agriculture and Leisure Equipment – the latter two likely a result of the good Summer weather in 2018, prompting advertisers to quite literally make hay while the sun shines. Finance, as seen on other media, is up on the back of banks back lending and the regional element that radio offers would allow this at a local level for individual institutions.

The biggest trend in terms of innovation this year has been RTÉ’s move to CPT buying which is set to grow in 2019. It seems that other stations have no plans to follow suit with this model. RTÉ’s CPT approach is proving popular among GroupM clients, with the ability to buy their target audiences outweighing traditional spot and package buying and returning greater value for money. RTÉ predicts that 35-40% of its advertising will be bought in this way by the end of 2019.

MARKET PREDICTIONS

RADIO

Other stations are pushing the move from radio to audio, along with promoting social partnerships and growing the audience experience with station brand extensions. While growth is to be expected across digital audio offerings and podcasts, the market for these is currently limited, and creative may need to be adapted to suit this medium.

Last year, we highlighted how advertisers are focused on more efficient and accountable media, and until Radio can address this and adapt to a new model to offer more reliable reporting, they will continue to see budgets decline across most categories. This continued to be the case in 2018 and we can already see the uptake on the RTÉ CPT model impacting the market; it is something that will continue into 2019 with similar levels of decline YoY anticipated, as demand for reliability and accountability by clients and media agencies grows.

‘RTÉ’s CPT approach is proving popular among GroupM clients’

OOH

‘There has been steady growth in the medium over the past number of years’

Out-Of-Home growth continues and 2018 has seen further investment. There has been steady growth in the medium over the past number of years, with up to 5% YoY increases in spend since 2015. For 2018 vs 2017, spend looks to be up 3%, while 2019 is forecasting a further 3% growth. This will be largely based on the development of formats available to advertisers.

With more people on the roads and the number of commuters growing annually, OOH is still a very relevant medium to connect with audiences on the move, and the growth of Digital OOH will continue to attract new advertisers.

In 2018, growth in the OOH market was boosted by the good weather across the Summer, as many advertisers took advantage of consumers being outside where they could. Last year we had seen Food and Drink, Travel and Transport and Motors driving the growth in OOH, but in 2018 the landscape is quite different, as most of these areas have taken a bit of a hit.

The major growth areas last year, Travel and Transport and Motors, are both down significantly, -20% and -75% respectively. Motors dropping off has been evidenced across all media, and in OOH this is reflective of the dealer spend dropping off at local levels.

Household Services (Telcos) continues its downward drop – more extreme this year, at -40%, after experiencing a -5% drop in 2017. Given that across 2018 advertisers focused on bundle messaging over individual product-led ads, this decline is expected.

The categories pushing growth are Drinks, Retail and Finance. Retail is the second largest spender in OOH in 2018, up on last year by 22%. Where there has been a drive to brand-led messaging in other media, OOH offers an opportunity for point-of-sale advertising. As seen across the media market, growth in the Financial category is down to the banks returning to advertising their mortgage offerings, with the major operators having a heavy presence across OOH.

For FMCG, while Food has seen a decline of -7% YoY, Drinks is up significantly, by 23%, putting it firmly in place as top-spending category in OOH in 2018, and Food is in at No. 3 despite the drop in spend.

‘OOH industry will see a big rise in digital formats in the coming years’

The HFSS legislation will impact these categories in OOH in terms of the brands that advertisers are pushing, such as soft drinks promoting their zero- or low-sugar products and fast food supporting their healthier options. In anticipation of the Alcohol Bill, alcohol brands are showing an increase on 2017 as they upweight their advertising while they can.

From November 2019, many transport formats will be banned for advertising use by alcohol brands, alongside a 200m perimeter ban around schools across all formats. This will massively reduce the

OOH

amount of inventory available for alcohol brands (an estimated 15% loss of inventory). After November, we will see some alcohol spend move to in-pub and off-licenses as these are exempt from the code.

‘There are significant changes happening in the OOH environment’

The OOH industry will see a big rise in digital formats in the coming years. This will start as early as February 2019 with the launch of the digipanels – an 84” screen replacing the current scrolling 6-sheet metropanels. This will be followed by digital bus shelters and eventually some bridges also being converted to digital.

These formats will all add to the current roadside DOOH portfolio – a real positive for the industry. There is increased investment in DOOH and this is growing all the time. DOOH share of spend in 2018 is predicted to finish in double-digit growth and up to 25% growth in 2019. There are significant changes happening in the OOH environment – including new, flexible ways of trading and contextual, dynamic uses of the system, all of which will continue its appeal for advertisers with an expected growth of 3% in 2019.

CINEMA

Cinema is forecast to end down YoY by -4% in 2018. Without any major blockbuster success in the year and a poor Summer due to the heatwave that hit Ireland from early May, advertisers have erred on the side of caution with their spend.

Finance takes the top spot in the Cinema spends in 2018, jumping 28% YoY as their return to lending and mortgage offers hits an engaged audience in the screens.

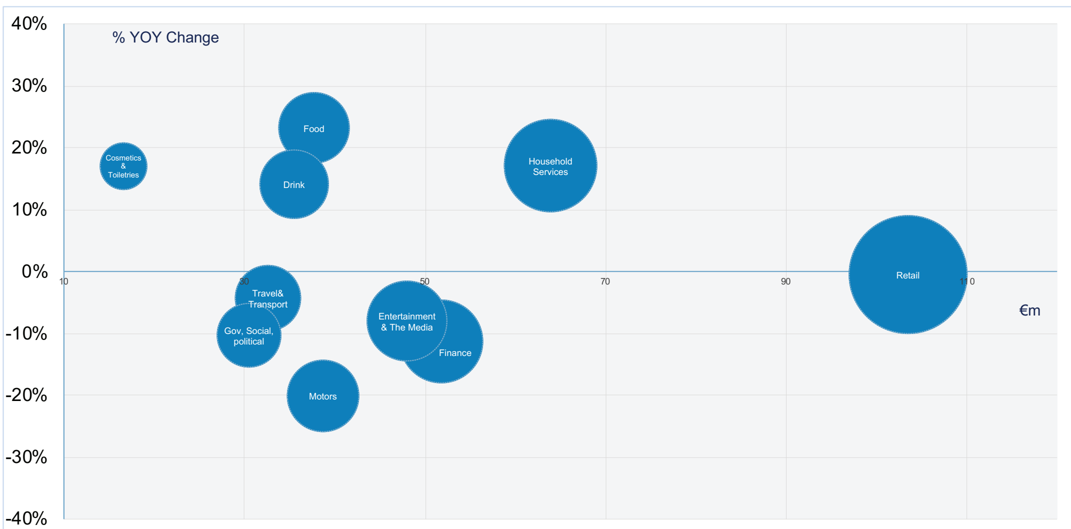
Household Service (Telcos) remains flat as the second-largest spender in the medium, as cinema gives a concentrated audience for their bundle offerings. The Government and Social sector is the third-largest spender in 2018, with growth of 4% YoY, mirroring the boost seen in other media in a year of referenda. The focused audience of Cinema is the ideal market for public service announcements and government/ social messaging.

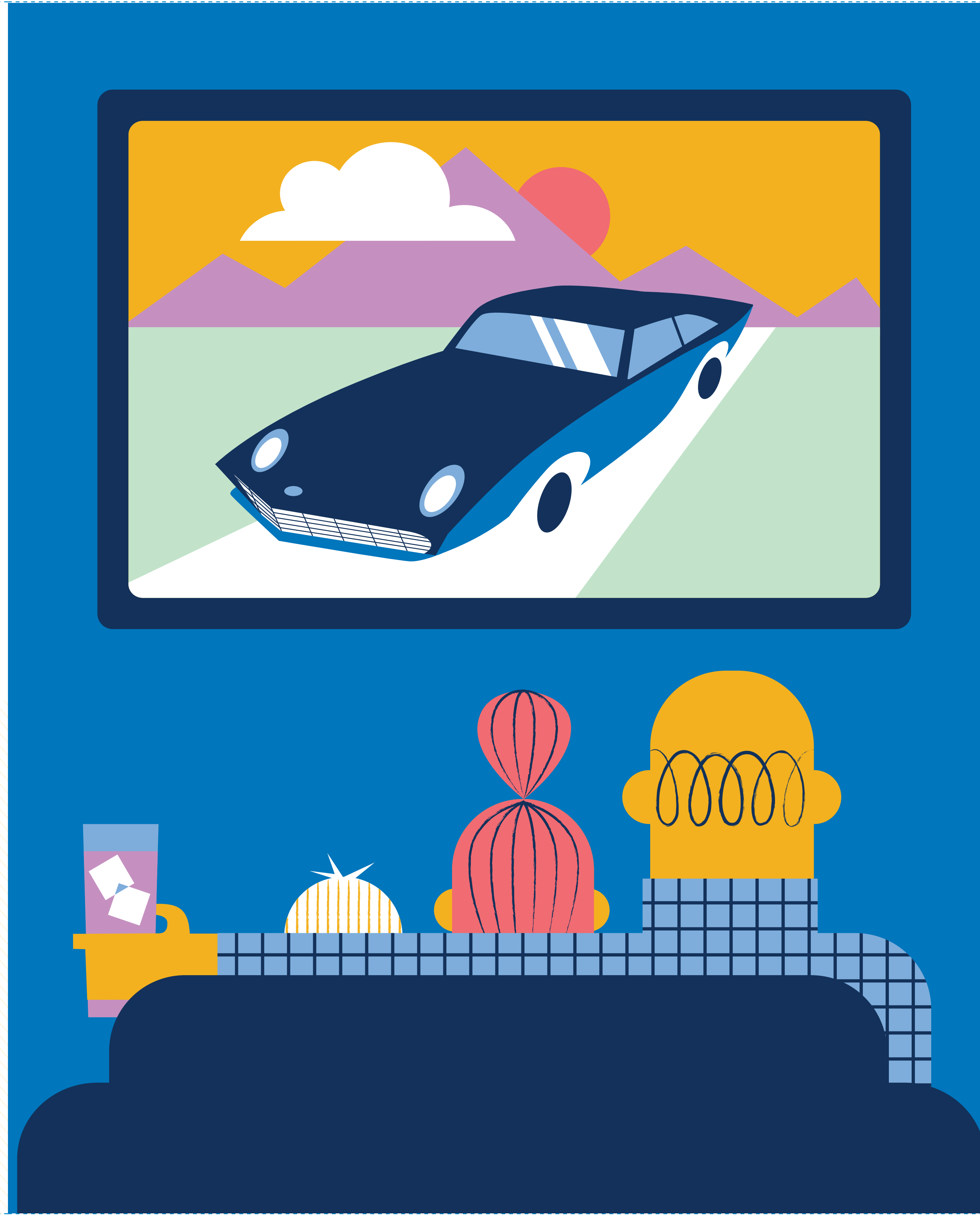
Retail has dropped from the top spender in 2017 to No. 4 in 2018, as investment in Cinema has been halved. Cinema is better utilised for short-term offers and messaging at point of sale and a more local level, so as retailers move away from price point/discount to brand-led messaging, budgets are better focused in other media.

In 2019, the market will continue to be dependent on movie releases and big-franchise offerings, leading to a similar decline YoY. Large movie-goer attendance at screens will be the only way to boost advertiser investment in the medium.

'The market will continue to be dependent on movie releases and big-franchise offerings'

% YOY CHANGE





DIGITAL

‘There is a significant and ongoing migration to programmatic’

Digital growth continues YoY and is up 7% for 2018 over 2017. It is important to clarify the formats of Digital media, as investment is growing in certain areas as it falls off in others.

Display advertising is up 5% in 2018. There is a significant and ongoing migration to programmatic and cross-media/content partnerships which are also seeing growth. Video continues to go from strength to strength, while the standard IO bookings and native pieces continue to see a drop in spend.

‘The trends in Digital are unique in comparison to other media’

The trends in Digital are unique in comparison to other media. As advertisers gain insights from the investment and strategies over the years, they are sticking with what performs, reattributing budgets and applying learnings where they will have the greatest impact. Formats are ever developing, and advertisers apply their budget in the formats that work best for their category and brand.

In terms of category developments, there are no major changes on 2017 spends. Retailers and FMCGs continue to consolidate spends, and while their investment into Digital remains, they now engage with the programmatic model.

The Property category is showing growth of double figures; with the housing market up again and banks lending, the advertising spend in Digital mirrors this boost as property searches begin online.

Motors, as with other media in 2018, is down in investment YoY – but as Motors use digital very specifically through video or site specifically (car sale sites, etc) the drop-off in spend was anticipated as advertisers gain insight into the relevant digital formats for their brands.

‘Brands naturally want to feature on premium publisher’s inventory’

The migration from the old network-buying model into Private Market Place and Open Exchange buying has been a revelation. Brands naturally want to feature on premium publisher’s inventory, and by simply splitting our plans and using a portion of the budget to educate our PMP buys, clients luckily don’t have to compromise on the opportunity for mass prospecting that the programmatic space offers at a fraction of the price.

By allocating certain amounts of the budget towards open exchange prospecting, we can learn about our customer and use those learnings to overlay our targeting data onto our premium publishers. This results in efficiently delivering for clients while also gathering valuable learnings.

We will continue to see high-impact formats and tenancies in quality environments hold their prices, but the days of high-priced premium Run of Site display inventory are numbered. As this inventory will be bought programmatically it will come cheaper, but with higher demand – the publishers that can garner higher levels of inventory will benefit the highest yield.

DIGITAL

‘Another growth area is in cross-media content and partnerships’

As highlighted last year, video is still the growing format in Digital, although the current inventory available for VOD is at capacity on broadcaster platforms. Supply has become an issue; however, new types of inventory are arriving in 2019 with livestream, set-top box and boxset inventory.

Another growth area is in cross-media content and partnerships; however, with the offline publishers reluctant to embrace the level of cross-partnership required to essentially boost their medium, it is difficult to say how this will play out and how the investment will fall when there are digital specific publishers looking to absorb the spend in 2019 and beyond.

2019 will see further advancements in the realm of data and how it is used. Following the roll-out of GDPR legislation in May 2018, there has been a move from less data-driven to more contextual targeting in Digital. As the fledgling medium in many ways, Digital is continuing to find its way both in and of itself as formats develop and advertisers learn what works for them and in what forms. Budgets are reflective of this, with some levels being moved out of Digital altogether and others invested in the formats that work best at brand level.

MARKET PREDICTIONS

In 2018, we can see that demand for advertising is flat to slightly dowm YoY across the marketplace, with 2019 predicting slight growth of 1%.

While uncertainty remains over the political climates of the financial markets and the impact of our closest neighbour on our own economy, there is consumer demand in the Irish market, so investment in advertising has had to reflect this.

With technological advancements continuing to develop at a rapid rate, consumers are spoiled for choice in the consumption of content. There are significant shifts in the way audiences consume media as any format and multiple platforms are available at their convenience, while shifts in viewing, reading and listening are accelerating the digitisation of all media.

Cross-platform interaction and integration is now more important for brands whose customer base is anywhere and everywhere in the media landscape. The digital transformation is impacting all formats and all categories, so media owners must work in adapting their offering to appeal to advertisers while those advertisers strive to learn what works best for their brands in the shifting media marketplace.

Transparency and accountability are still key for advertisers and their investment, with an even greater focus on outcomes and a clear return on investment for their budgets. The media and media owners who operate with this approach leading their offerings will be those that continue to see growth. The continued growth of TV, Digital and OOH are a testament to this.

Given the convenience consumption and digital-driven market in which we now operate, the focus on data-led learnings and measurable outcomes will put less trackable media under pressure. The media that cannot meet these demands by advertisers and media agencies alike will be left behind with their declining revenues.

In 2019, cross-media consumption will continue to grow as formats and content offerings evolve with consumer demand and technology at a rapid pace, while the media that evolve alongside it will be those that prosper.

SUMMARY

'Cross-platform interaction and integration is now more important'

'Transparency and accountability are still key'

'Focus on data-led learnings and measurable outcomes'

NEASA MCDONAGH
HEAD OF AV

NEDA KRAPLJAN DUMBOVIC
ACCOUNT EXECUTIVE

‘There is no question that content matters’

‘Viewers are binge-watching content’

In an essay he wrote in 1996, Bill Gates declared that “Content is King”, an affirmation that has been repeated far and wide in the two decades since to such a degree that it has become a universally accepted truth.

Of course, there is no question that content matters and, in fact, as more avenues to video content become available, offering compelling content to their consumers is becoming more critical for broadcasters.

We have borne witness to the renaissance that TV content has enjoyed over the past decade or so within the genre of drama, as broadcasters and streaming services alike buy into the big-budget TV boom, seeking to satisfy growing public appetite for this kind of content. Cinematic-style dramas such as Game of Thrones (Sky Atlantic), The Crown (Netflix) and The Handmaid’s Tale (Ch4, RTE) are being bankrolled and bought in a bid to attract viewers to a given broadcaster or platform.

Aside from drama series, live sport is another mechanism by which to draw in viewers – a fact that has led to increasingly competitive bidding wars for broadcast rights. Non-traditional content providers are also beginning to muscle in on this territory; earlier this year, Amazon Prime secured the rights to livestream a number of UK Premier League football games from 2019.

Local content will always play an integral role in attracting Irish viewers, and their love of all things local and traditional is exemplified in the idiosyncratic The Late Late Toy Show; its popularity would no doubt be difficult to explain beyond these shores. Airing for more than four decades, this show still pulls in a mass audience and consistently delivers the biggest viewing numbers every year.

If we agree that Content is King, then context (the platform through which viewers consume their chosen content) must surely be Queen.

The emergence of Web TV and streaming services such as Netflix and Amazon Prime are revolutionising how viewers are accessing content and transforming viewing habits. No longer restricted by broadcaster schedules, viewers are choosing when, where and in what quantity they will consume content. Unwilling to wait a week to see the next instalment of their favourite programme, viewers are binge-watching content and fitting in viewing times around their lifestyles.

But although consumers can now access video content on their mobile phones, tablets or laptops, 84% of video consumption for Irish people is still done via a TV set. Those TV sets are changing, however; the penetration level of ‘Smart TVs’ in Irish households is rising every year.

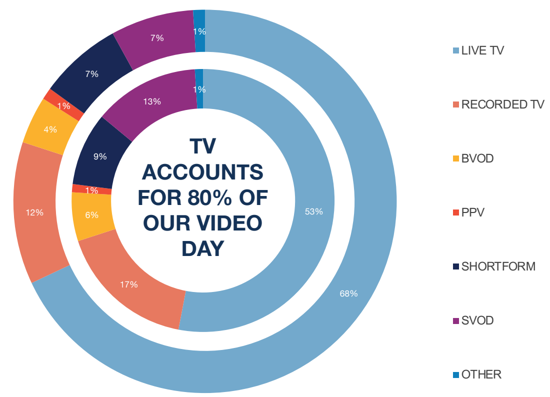
According to the latest DILO figures, ownership of a Smart TV stands at 46% this year, up from just 15% in 2014. This rise is naturally leading to an increase in streaming/Web TV viewing. The latest Mintel report, published in September 2018, states that 51% of Irish viewers said that they had used streaming services more than live TV in June 2018.

‘Netflix is the most popular streaming service in Ireland’

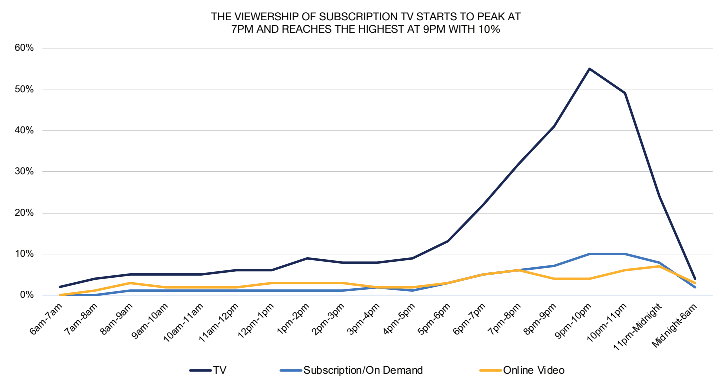
Netflix is the most popular streaming service in Ireland, with data from ComReg indicating that 500,000 households have access to it, and eMarketer predicting a further 10% growth in penetration by 2020. Amazon Prime’s penetration is still relatively low in this market, at 9%, but it was only made available to Irish consumers late last year.

In the face of changes in consumer viewing habits, which has been forged by increasing access to the internet (the latest CSO data shows 89% of Irish households now have an internet connection), traditional TV networks are changing how they are scheduling and distributing content. A new four-part drama called Hatton Road, airing soon on Virgin, will run over four consecutive nights rather than in a standard weekly timeslot, in a bid to satisfy viewer demand for instant gratification.

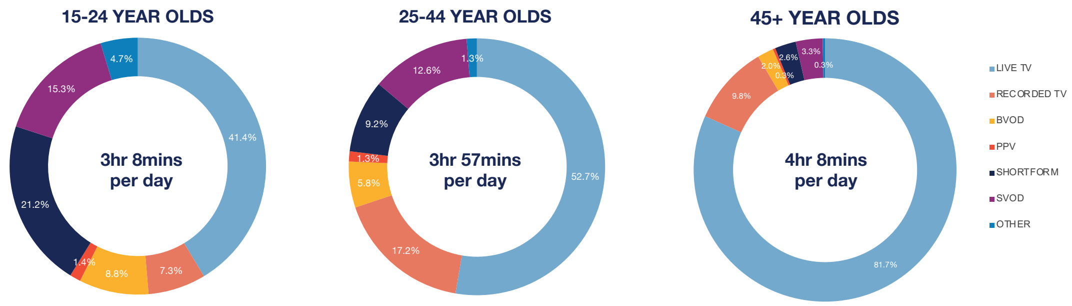
Similarly, a practice known as series-stacking – whereby all episodes are made available together on their on-demand platforms once the first episode airs on linear TV – will become commonplace among TV broadcasters. We’ve already seen this with Kiss Me First on E4, and Save Me on Sky Atlantic, both targeted to a younger demographic where this kind of bulk viewing is more prevalent.



Source: TAM Ireland A/V Data Solution All households all devices x format



OUR VIDEO DAY % OF MINUTES VIEWED BY FORMAT



'TV still dominates when it comes to the largest share of video consumption'

In spite of all this, TV still dominates when it comes to the largest share of video consumption, accounting for 80% of the total video day for all adults.

25-44 year olds watch an average of 2 hours 47 minutes of TV per day, and although this figure is lower for 15-24 year olds (1 hour 32 minutes), it's still a significant 49% (the single biggest block) of their total video consumption. This difference in consumption between older and younger demographics can be attributed to their respective life stages, to a large degree.

In a recent talk organised by TAM Ireland, well-known marketing guru Mark Ritson cited a study that had been carried out in the Czech Republic which shows that while TV consumption was lower among 15-24 year olds, their average daily viewing time increased once they entered later life stages and found themselves in control of the TV remote and/or settled down with children.

'25-44 year olds watch an average of 2 hours 47 minutes of TV per day'

We know from Nielsen data that TV is the dominant source of video consumption for all audiences, but when you look at advertising video consumption, the dominance is even more robust. For example, live TV represents a 41.1% share of total video consumption for 15-24 year olds, but if you look at live TV's share of advertising video, it jumps to 78.8%.

Nobody understands this better than the monolithic FAANG (Facebook, Apple, Amazon, Netflix, Google) companies which have been increasingly investing in TV advertising to such an extent they are now in the top rankings of TV budgets in the UK.

'Advertising on TV gives them the best return on investment'

They know advertising on TV gives them the best return on investment, especially when appraised (as other video formats are) on an output CPM with 100% completion rate, sound on and fully viewed on a full screen by a human audience in a brand-safe environment.

So, while it's fairly certain that the TV set in your sitting room will remain the main source of video content for your viewing pleasure for many years to come, what's not so certain is who will own that content.

The main household TV set is going to become the battleground between traditional TV broadcasters and the FAANG companies, which are eager and poised to move in and challenge the status quo in the AV market in the very near future. That these companies are increasingly investing in video content is no secret.

'The main household TV set is going to become the battleground between traditional TV broadcasters and the FAANG companies'

According to GroupM's 2018 State of Video report, Amazon and Netflix will have spent circa $18 billion on creation and acquisition of content by the end of 2018. In the coming year or so, however, the bulk of their content spend will be on original productions rather than acquisitions, as the supply of content available to be procured is shrinking, with companies such as Disney restricting access to their content libraries as they look to set up competing subscription-led video-on-demand services.

Mark Ritson foresees Amazon – a global company with a single world audience – as being the biggest threat to traditional TV companies. He says the problem the FAANG companies have is amplifying their 'televisibilty'; they are relatively new to the world of creating video content and are up against the TV broadcasters, who have a 60-year head start in that game.

'The bulk of their content spend will be on original productions'

However, the TV companies are facing their own difficulties – that of digitisation and the infrastructure through which they distribute their content. Some of them are performing better than others in this regard, but Ritson argues that while TV broadcasters will always compete on content, a united approach on infrastructure is required to compete with the might of an Amazon.

'TV broadcasters will always compete on content'

To paraphrase Bill Gates, we always overestimate the change that will occur in the next year or so but underestimate the change that will occur in the next ten. So, for now, GroupM will continue to use the latest technology and research at our disposal to best execute plans to reach target audiences for our clients, while keeping a close eye on developments coming down the line. It is evident from recent shifts in viewer behaviour that the most successful content providers in the coming years will be those which provide the best contextual multiscreen user experience to supply high-quality content.

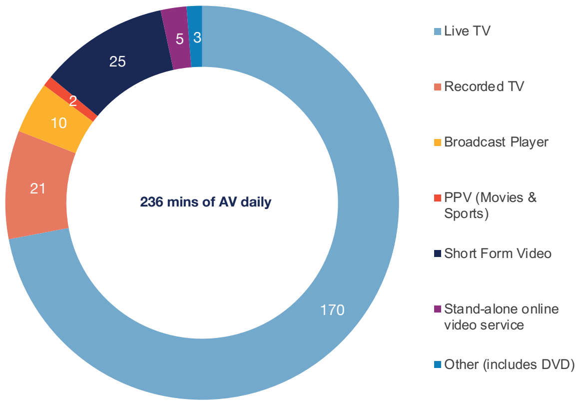
EIMEAR COLGAN
VOD SPECIALIST

AHMED ASWAD
PROGRAMMATIC ACCOUNT MANAGER

JAMES HERIOT
HEAD OF INVESTMENT

The audio visual (AV) space has evolved and continues to evolve at speed. Consumers are adapting quickly to the multitude of new technologies being made available to them. The growing access to a myriad of devices allows audiences to readily consume video, anywhere and anytime.

The latest TAM Ireland data shows that on average the Irish public views 236 minutes of audio visual content daily, some 18% of which is online video (OLV); this rises to 28% for 25-44 year olds.



Platform innovations, the increased proliferation of connected devices and user-friendly casting technologies are driving a growth in the consumption of AV content in new and exciting ways. At GroupM we know this evolution of video offers proven and dependable opportunities for advertisers.

'Profit Ability: The Business Case for Advertising' is a UK study by Ebiquity and Gain Theory, released in November 2017, which provides a comprehensive breakdown of how advertising across different categories delivers profit. The study finds that online video generates a 4% return on investment. However, online video takes many forms and as experts we must have an all-encompassing view of consumer viewing habits so that we can advise our clients on how to best profit from this rich advertising environment.

At GroupM, by considering the mindset of consumers when viewing different forms of content, we have categorised the vast online video market and thus have developed two products:

- TV Extend VOD – A product designed to maximise reach across broad audiences through medium-/long-form content; and
- Addressable VOD – A product designed to target specific data-built audiences with bitesize content across multiple platforms.

AV EVOLUTION

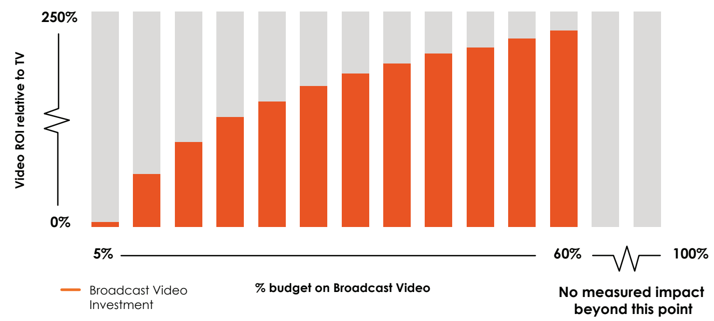
EXTENDING THE POWER OF OUR TV

We live in confusing times where old certainties are constantly challenged and undermined by spurious soundbites and feelings presented as facts. In our industry, perhaps the most prominent example of this is the oft-repeated death of TV – a concept that today could not be further from the truth.

People's appetite for professionally-produced, regulated, immersive and engaging video content is stronger than ever – it's just that they now have more choice and opportunity in where, when and how they view this content.

> 'Broadcaster VOD is a trusted space'

Within the VOD/OLV space, broadcaster VOD assists in the performance of online video ROI. Gain Theory: Video Works 2016 analysis shows that campaigns consisting of a high percentage of broadcaster VOD perform better.



Broadcaster VOD offers high view-through rates (avg. 95%) meaning the majority of BVOD impressions are viewed the whole way through because viewers accept that in exchange for their free access to the content, some advertising is in place.

Broadcast VOD is viewed in full screen, which guarantees 100% viewability of all completed views. Broadcast VOD is TV content, all TV content is regulated and so is 100% brand-safe. This means Broadcaster VOD is a trusted space but, unfortunately, it is currently sold in an inconsistent and relatively restrictive way.

A fundamental issue we face are the inefficiencies caused by a lack of universal frequency capping. If a line by line campaign runs across three broadcast players with a frequency cap of 4 set across each, the cumulative/campaign frequency is potentially 12.

PLAYER	LINE BY LINE CAP	POTENTIAL CAMPAIGN FREQUENCY
PLAYER 1	4	4
PLAYER 2	4	8
PLAYER 3	4	12

From a buying perspective, this leads to a potential x8 increase in costs.

GroupM introduced new technology to Ireland in 2014 to address this issue and began delivering universal frequency caps on our clients' campaigns. Building on this, we endeavoured to evolve our offering further to continue to deliver market-leading AV solutions.

Following a rigorous assessment of the market, we found that the product we wanted didn't exist in Ireland, so we endeavoured to build our own. In November 2018, we partnered with a local start-up to launch a unique, propriety means of buying VOD that aligns and accentuates our clients' TV in terms of targeting capabilities, buying metrics and content to facilitate the extension of the TV message.

'We have developed a simplified broad targeting process that is aligned with the tried and tested TV optimisation approach'

With this market-leading product, we have developed a simplified broad targeting process that is aligned with the tried and tested TV optimisation approach.

It works by analysing the propensity of standard demographic groups – such as 15-34 year olds – to view specific programming or genres on TV, and then applying those learnings when buying our VOD campaigns. We begin by selecting the same or similar inventory, meaning a high proportion of broadcaster VOD, which is critical to achieving success, but is also highly sought after and therefore must be secured well in advance and in bulk by ourselves at considerable risk.

The remaining inventory is delivered across premium, longer-form online video, carefully selected to ensure it is most likely to be sought out and viewed in the same immersive and engaged way as TV, further driving the campaign's incremental reach.

Finally, all campaigns are transacted on a cost per completed view basis, so the desired outcome of a genuine new exposure is guaranteed for our clients.

'Harness the potential of the wider online video ecosystem'

ADDRESSING ONLINE VIDEO

In addition to the launch of our TV Extend product, we introduced an Addressable OLV product that focusses on outcome-based solutions for our campaigns, embracing newer formats and inventory sources to harness the potential of the wider online video ecosystem and altering how we buy YouTube to regain trust and control in the platform for our clients.

Addressable video buying allows us to access niche audiences and overlay data that will better inform and individualise the delivery of our campaigns. This can include anything from avid news readers to specific customer data provided by our advertisers.

'Focused approach, structured around buying shorter-form, more bite-sized content'

This requires a more focused approach, structured around buying shorter-form, more bite-sized content, of which there is considerably more than longer-form in the market. It is this widened pool that allows for more niche targeting. This is a different sort of video, sought out and consumed in a very different way by viewers. Therefore, it requires a different approach from us to sort and sift for clients looking to reach them without compromising on the trusted criteria required by GroupM and our clients, namely a high completion rate, uncompromising brand safety requirements, industry-leading viewability standards, and more.

We are acutely aware that we have some of the best brands in the market within our portfolio. We want these brands to appear on or before content that amplifies their prestige. We have all watched with growing concern the brand safety storm that has surrounded YouTube over the past two years. It has raised questions about the sincerity of YouTube inventory, despite its position as the biggest video platform in the world, and one which continues to grow.

'Ensure the same brand safety and superior content'

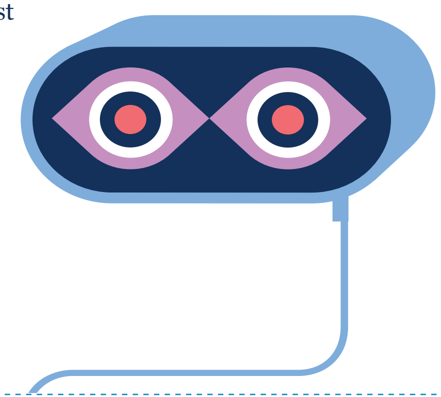
At GroupM we have been working on ways to ensure the same brand safety and superior content in this sphere and to move away from linear buying on substandard videos. We started testing with the Warner Media Group and Sky Media recently and have found this method of premium publisher buying, via YouTube, allows us to serve the finest content our clients deserve with minimal risks, thereby allowing us to positively utilise the biggest video platform on the planet, without the previously inherent negative exposure.

'The purpose of advertising is to create demand and then harvest it'

PLAY ON PLAYER

As media experts, our role is to help our clients best capitalise on the opportunities this evolving AV market is offering. After all, the purpose of advertising is to create demand and then harvest it. All channels have the potential to contribute to this, but must create an effective user experience for viewers and a trustworthy return on investment for advertisers.

At GroupM we believe AV has the greatest potential to achieve the most efficient and effective results.



DARREN BRACKEN
HEAD OF PRESS & RADIO

LINDA SHEERAN
PRESS & RADIO MANAGER

In last year's handbook we examined how the drive for subscription revenue is changing the goalposts for print publishers, along with the need for the effective monetising of content.

We also looked at how first-party data is required for publishers to survive. Unfortunately, 2018 has not brought any major developments in this area and we are still waiting for a publisher to put their head above the parapet and drive on this market, in order to future-proof themselves.

I am sure it is with great envy that a number of publishers have been examining developments in the UK market, where in April of this year it was announced that the declines in print ad revenue have been offset by both reader contributions and subscription. The Guardian's reader revenues, including the cover price income from the sale of The Guardian on newsstands now exceed its revenues generated from advertising. This shows the willingness of consumers to pay for quality content, but the question still remains: can publishers attract advertisers back in the same numbers?

In Ireland, we are admittedly a small market, so it is unlikely that reader contributions and subscriptions will be able to support a publisher in the long-term. In some cases, this is due to the higher day-to-day running costs associated with printing the physical newspaper, but also due to the fact that Irish consumers are still in their infancy in terms of how they consume news, and have not yet fully embraced the app and e-paper versions of news titles. This is also coupled with the fact that there are a number of strong news websites that have halted the movement to digital versions.

But the shift will come and when consumers' demand increases; Irish publishers will have the lessons of their UK counterparts to lean on to ensure their models are effective and profitable.

> 'Work together to drive demand for quality content'

One approach which may help Irish publishers to gain a foothold is through consolidation. We have seen the merging of many publishing groups in the past; the latest being The Irish Times acquisition of The Irish Examiner. The large players in the Irish publishing market could work together to drive demand for quality content and in turn generate incremental revenue from online paywalls. Only recently, Facebook announced that it would prioritise its news feed to display trustworthy sources, and this is an opportunity for these titles to rebrand themselves using their traditional strengths as they set themselves aside from the rest with original, responsible journalism.

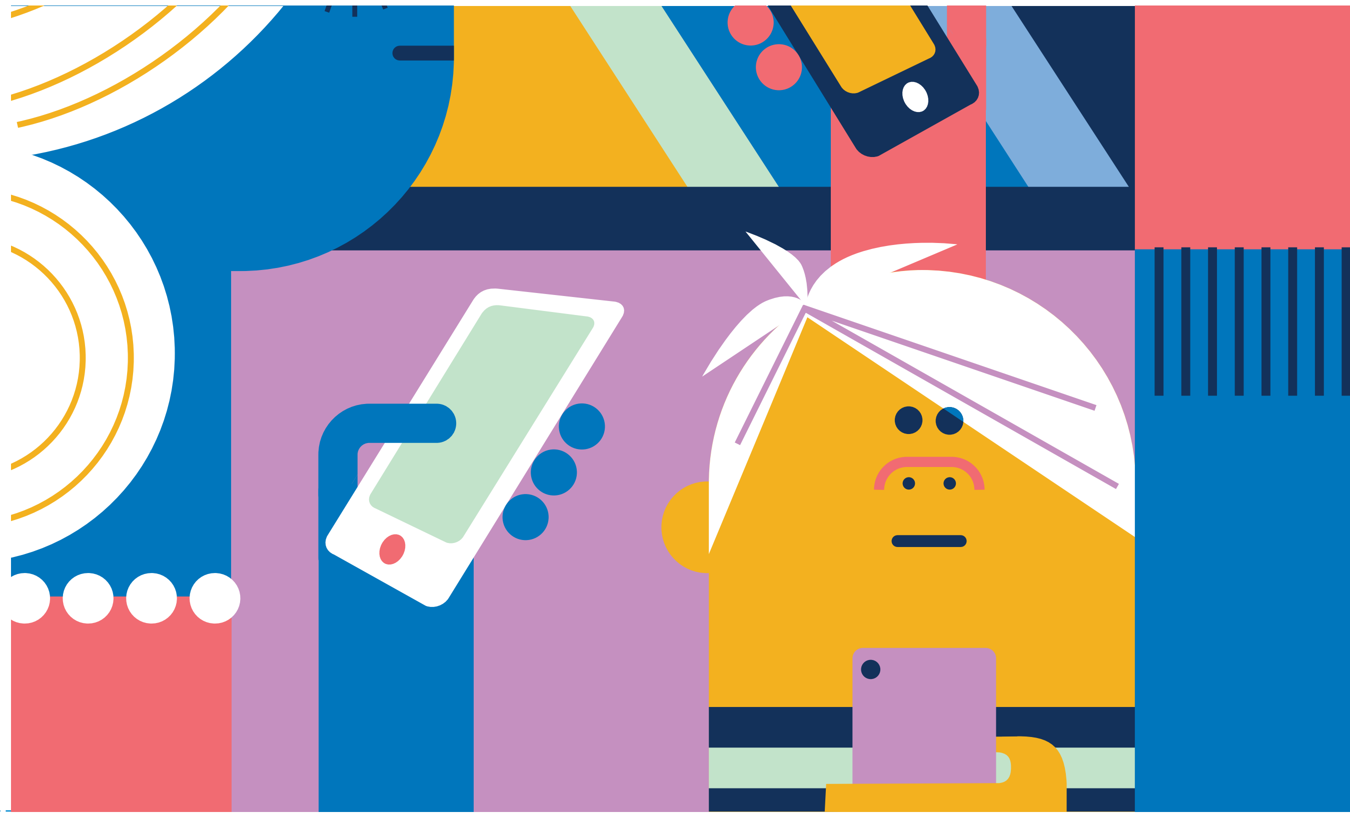
One opportunity lies in the explosion of 'fake news', which has dominated media headlines for the past 12 months. It has driven consumer distrust, particularly when considering news served to us online, but the international issue has the potential to be a good-news story for print.

Fake news is a major threat to us all, but can it potentially lead to the revival of our newspapers? We feel that an opportunity has been missed in news brands not clubbing together and taking advantage of the opportunity to broadcast this in their favour, and to give themselves a new lease of life.

> 'Fake news is a major threat to us all'

Do they feel it is contradictory to their digital platform and, therefore, makes them apprehensive of rebranding themselves in that direction? Newspapers, some would say, are 'stale, old-fashioned and awkward' but why do we feel so safe and comfortable when we pick one up? There is no danger of privacy threats or the annoyance of accepting GDPR Ts&Cs! We can sit back, relax and consume the medium without being chased by a trail of online ads, desperately seeking a click-through, or of an article being interrupted by a pop-up.

Traditional journalism is more valuable than ever and publishers have the power to showcase that the people's trusted medium is ready, now more than ever before, to deliver quality, investigative hard-facts journalism to their readers. This should be their unique selling point as they head into 2019.



'Studies have shown a faith in traditional media'

'The print advertising model is broken'

'Media agencies are crying out for increased data'

Whether or not online platforms deliver news live by the minute, how can we be sure that the content is accurate? Therefore, an increased investment is vital. Print titles have an opportunity to tell an entire story, so investing time in well-researched, accurate and credible stories, that the people of Ireland are crying out for, is the direction that they need to go in.

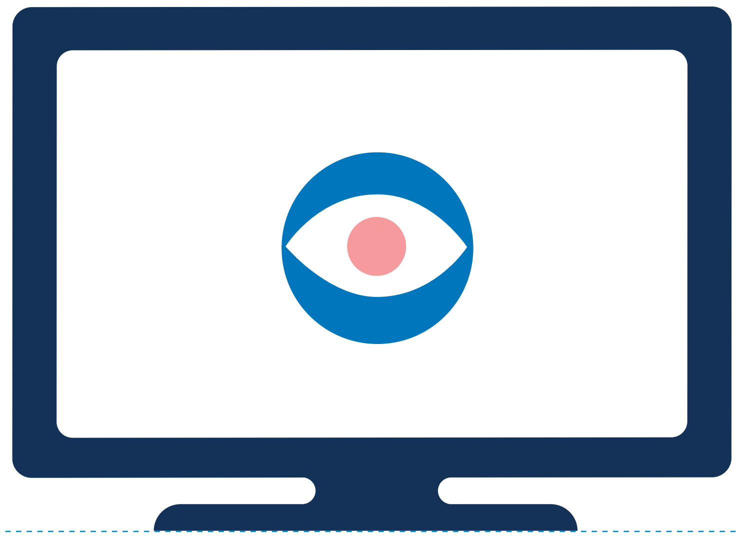
Studies have shown a faith in traditional media is growing once again, while trust in social media content dwindles. Facebook has turned to newspaper ads to try and combat fake news and this reiterates how even the social media platforms are turning back to traditional methods, by putting their privacy issues in the hands of the newspaper industry.

However, this will not be enough on its own to ensure the survival of the print industry. In Ireland, the industry needs advertising revenue, but how can the print sector attract increased investment to stem its declines in advertising revenues?

The print advertising model is broken, make no mistake. For too long, media agencies have waited for a new JNRS survey to attribute the consumers and audiences that we are well aware are consuming print media, but a new study has still not been released, and the other measurement – ABC circulation – has begun to lose members from the magazine industry.

One could anticipate the discontent may soon begin to spread to news publishers. It is important to consider that publishers pay large sums of money to be included in these studies, so if there is not a ROI on this, publishers will begin to pull out.

Ultimately, this is the issue: media agencies are crying out for increased data on the print market and publishers are unable to provide it, or to at least provide an answer that covers all of the media agencies' requirements.



Newsbrands Ireland, which is the representative body for a number of newspapers in the Irish market, states that 4 out of 5 adults in Ireland read a newspaper regularly, and 1 in 2 read a newspaper every day. These are all great soundbites, but it tells us nothing about how the Irish reader is consuming newsprint, and we as agencies are looking for more in-depth research of how those '1 in 2' are consuming their news.

Are they buying a paper in the morning to subsequently log on to the website that evening to receive an update on the news story they consumed that morning? We can make inferences that this is indeed the case, but why are print publishers not screaming from the rooftops about this consumption process?

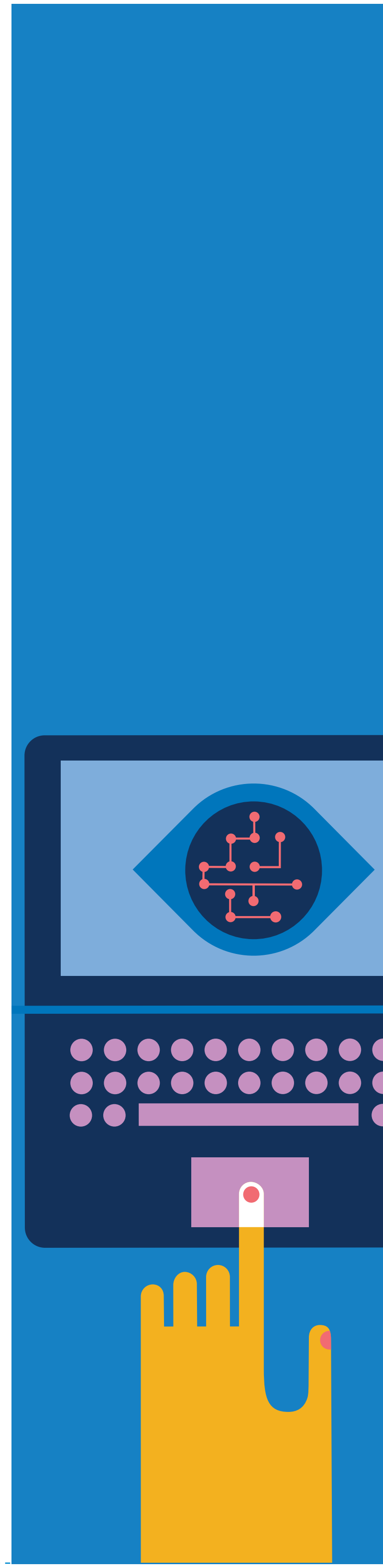
The reason is simple: 'print' and 'digital' formats, when it comes to the standard run of press advertising and online display, are kept separate. The buying metrics are vastly different; one is bought on a discount off rate-card, whilst the other is bought on a CPM basis.

The accountability of each are vastly different; print, as we discussed, has not released updated readership numbers in several years, while digital, on the other hand, is releasing its audience numbers on a daily basis. The one similarity is that they are from the same publisher brand, so there needs to be consistency to ensure a reciprocal growth of revenue.

Within GroupM, we recognise this need and our publishing deals are all-encompassing, to include digital and print. There is no separation; each work in tandem. This is due to the fact that we recognise that we are buying a particular publisher's audience, regardless of the platform our advertiser runs on.

We work very closely with our digital teams to ensure we are optimising the campaign correctly, ensuring we are obtaining the optimal reach by running the correct rotation of digital and traditional with a publisher across a campaign. For clients, this ensures that we are correctly positioned to embrace the evolution to publishers taking on a multi-platform buy as opposed to a line-by-line one.

For publishers, 2019 brings a need for the industry to self-promote whilst also examining whether their current transaction model for advertising revenue encourages this self-promotion. This, alongside the inevitable consolidation, will make for a very interesting year indeed.



RICKY JOYCE
Director of Digital Services

In our piece on Radio in last year's handbook, we outlined the challenges being faced by the channel. In the piece, we also charted the changes we felt Radio had to make to keep pace with other channels in terms of trading, tracking and accountability. Over the course of 2018 we saw very little movement in these areas. Therefore, in 2019, we are calling for a full-on repositioning of the channel.

Brands are successfully repositioned every day. Lucozade repositioned itself from a hospital recuperative medicine to high-energy performance fluid for athletic excellence. Bulmers acted in this space by bringing their brand – which was synonymous with binge drinking among teens – to a highly-consumed, socially acceptable beverage amongst a new target audience, following a long repositioning campaign.

Brands can reposition, so why can't a media channel? It is no secret that Radio is facing challenges in the ever-changing environment in which we find ourselves working. Radio is often deemed as a support medium – a tag-on, if you will, rather than a standalone medium that can tick the box on creativity and accountability, in addition to what we know it is successful at: driving national reach.

'Radio is facing challenges'

If Radio as we traditionally know it was repositioned as part of a broader audio offering, it would stand a far better chance of keeping pace with channels which are winning out on a media plan.

As with TV stations before them, radio stations must embrace the changing consumption patterns of audio. TV stations now offer on-demand player experiences to help combat the reduction in minutes with linear TV (Nielsen reports a 34% drop from 2015 to 2017 amongst 15-34 year olds).

Newstalk has already been dabbling in the digital audio space successfully. They deliver each show as a podcast via their app and recently have even started to produce content that is delivered as only a podcast via their app and social channels.

These alterations to a station's content offering may seem obvious but, unfortunately, some other stations are suffering at the wrath of this new way to listen. They continue to fall behind and are failing to use the credibility of the station to branch out into new areas where consumers are migrating to.

The opportunities are there, but it is key for Newstalk and other stations who are dipping their toe into podcasts and digital audio to move faster, so they can show the commercial benefits that can be achieved.

'Placing adverts within standalone podcasts'

Digital has disrupted how people consume audio content. This development has created two distinct advertising opportunities for marketers to reach their target audience.

Firstly, as radio content is now being accessed increasingly via a smart device (85% of people listen to audio content via a smart phone – iBelieve 2018), this offers radio stations the ability to commercialise the growing volume of streams. This product is called radio extend.

The second product is digital audio which involves placing adverts within standalone podcasts; 'The Blindboy' podcast, for example, and streaming platforms such as Spotify and TuneIn.

Both audio advertising products offer the ability to continue to reach a new wave of listeners, and if both were planned and bought in tandem with traditional radio, it would increase total reach achieved from audio campaigns.

'Radio will still deliver national coverage'

Communicorp have had first-mover advantage in this space, recently launching AudioXi. According to Communicorp, the Irish digital audio market is estimated to grow to €6m over the next three years and will provide advertisers with new and innovative ways to access previously fragmented audiences.

AudioXi offers advertisers access to 20m monthly impressions, from more than 20 independent publishers, ranging from podcast aggregators to music and radio streams. Advertisers will now be able to access these audiences either directly or programmatically.

There is no arguing that radio in its current form boasts many positive traits, which has seen it become the iconic medium it is in Ireland today. Everyone knows that the 'listened to yesterday' figure usually remains at around 80% of adults according to JNLR figures, resulting in little argument that we are an aural nation.

DIGITAL SAVED THE RADIO STAR

‘Strong and engaging radio copy generally has suffered’

Although an impressive figure on paper, this is not enough for marketers that are presented with channels that can offer results spanning from clicks, shares, engagement, views and sales. When it comes to more in-depth accountability, radio currently shies away into a corner.

In its current guise, radio will still deliver national coverage, but by running in tandem with digital audio formats the reporting limitations can be alleviated. By diversifying your audio formats into digital, it will offer the same reporting capabilities as other digital channels and will provide sceptics with results, spanning from basic impressions to listen-through rates and even on and offline sales data.

In addition to being a tried and tested reach builder, another clear strength of radio is its ability to cut through like no other medium, once creativity is not left on the sidelines.

Last year, FM104’s Strawberry Alarm clock engaged with its loyal listeners, asking them to send in text messages of their GAA match-day memories, traditions and best moments. It then selected the best and got Love/Hate actor Peter Coonan to read them out. The audio gave listeners chills, even if you were not a Dubs fan. Why? It was a well-loved Dublin station doing what it does best: talking on a local level about something its listeners love.

Currently there is a consensus in the industry that strong and engaging radio copy generally has suffered at the hands of competing channels such as digital OOH, VOD and social which have more scope to be creative, meaning it is often bullied off a media plan. It is time that the industry rethinks its stance on such limitations and instead gets excited about the possibilities to really engage on a personal level with consumers, via clever audio, housed in new and improved audio formats.

‘This on-demand generation is challenging traditional media channels to adapt’

A notable creative and innovative example that can be used in the form of inspiration is O2 in the UK. Last year, they ran a very successful audio campaign in London using dynamic audio creative which adapted based on your location and the smartphone you were listening on. The audio ad told you where the nearest O2 store was to you and suggested you dropped by to check out the latest version of the phone you were currently listening on.

Even though the most recent JNLR figures show the 15-34 year old audience has grown from 75%-76% ‘listened yesterday’, we cannot – and should not – ignore the growing trend of this audience sitting in their parents’ cars being taxied around with their earphones in.

According to Spotify, they are the second-largest station for 15-24 year olds nationally, with a weekly reach of 34%. These technologically savvy younger audiences are open to consuming audio in new ways, on their terms. How do we ensure we keep them engaged with audio? Adopt new formats in this space as part of our wider offering to compliment the traditional radio they are already listening to.

These ‘new’ formats should stem from podcasts to streaming platforms for the moment, but with the internet of things (IoT) on the horizon, the possibilities for audio advertising are endless, via platforms like Amazon’s Echo, Google Cars/Home and Siri.

Audio advertising is at a crossroads and it must evolve its offering and diversify its revenue streams if it is to survive as a mainstay on media plans. This can be done by leveraging the many benefits of Digital.

Just as the TV stations have done before them, radio stations must embrace the digital revolution which is disrupting the channel. This disruption is being caused by greater numbers of consumers accessing radio via connected devices (smart phones) and more and more people listening to podcasts and streaming services rather than linear radio.

These trends of audio consumption are both a threat and an opportunity for the radio industry. There are signs amongst the radio stations that they are aware of this trend and some have started to offer products to match the changing demand in the market. Newstalk, for example, now delivers a morning podcast of its hugely popular Off The Ball sports show for its audience that don’t like to wait until 7pm to get the latest sports news. This is a great example of how this on-demand generation is challenging traditional media channels to adapt.

The radio stations which embrace the digital wave currently rocking their ship, and which can mobilise their content production teams and adapt their offering, will be the ones that prevail. Consumer demand is changing, so how we use audio advertising must change too.

Campaign.co.uk covered a story in 2018 detailing how Volkswagen has announced a 15-year marketing plan to reposition itself as ‘less German’ and do a marketing overhaul following the 2015 diesel emissions scandal.

Parallels can be drawn between Volkswagen’s task and that of radio. The common ground they share is that sales are declining, consumer needs are changing, and its competitors have evolved significantly.

The blinding difference is that radio doesn’t have 15 years to reposition itself and it should not need that timescale if the industry accepts and adopts the benefits that audio, in its entirety, can bring to a campaign.

VLADIMIRS RIMSA
PAID SEARCH
ACCOUNT MANAGER

We measure the success of a marketing campaign based on whether campaign goals are fulfilled or not. Quite often, marketing campaign goals are expressed in terms of sales, conversions, customer acquisition or an increase in awareness. All these goals are relatively easily measured and reported on in the 'Digital' domain.

However, the problem of fair campaign delivery measurement and conversion credit assignment becomes apparent as we move up the conversion funnel and evaluate the contribution of traditional media.

The main limitation with traditional media, and key difference versus digital channels, is an absence of user-level data that makes traditional media less appealing for performance-focused advertisers who utilise the benefits of attributing sales and revenue based on the last-click model.

The poor correlation of tracked and measured metrics for traditional media, compared to digital media, affects the desire of some advertisers to invest into top funnel media, while looking at the benefits of enhanced measurement and reporting capabilities available in the digital domain.

From an attribution point of view, it's easy to overvalue digital while planning a campaign; Digital is easy to measure, easy to set up, and on top of that, it is considered to be relatively cheap compared to traditional media. However, this is a distorted view of the marketing landscape that omits crucial opportunities which might be generated by the usage of data sets garnered by traditional media.

OLD AND NEW IN HARMONY

How can we use the wealth of data that digital and traditional media generates to better inform marketing decisions?

The first step towards linking the traditional and digital worlds is the introduction of a data platform that collects, normalises, stores, and provides the data layer. This would allow us to track engagements with consumers, measure the performance of our services and the impact of different media types on consumers and households, and serve as the centralised data integration and ingestion point.

'Track engagements with consumers'

Having data ingested and harmonised unlocks unprecedented opportunities. One such opportunity is data visualisation and the production of interactive digital dashboards for our clients. Having access to digital dashboards enables both clients and analysts to drive internal efficiency and gain an insight into the performance of campaigns across channels.

Furthermore, as data is ingested and harmonised, there is an opportunity to utilise AI analysis techniques to uncover insights and optimisation opportunities that might be otherwise overlooked.

Another opportunity that a data platform creates is the ability to implement Multi-touch Attribution, where the relative contribution of individual campaign exposure is determined for the purpose of performance measurement and optimisation.

'No multi-touch attribution model is perfect'

It's important to understand that no multi-touch attribution model is perfect; all attribution tools, especially those measuring an impact of traditional media, rely on some element of data modelling.

Nevertheless, algorithms relying on both probabilistic and deterministic data sources are far superior than alternatives (such as last-touch attribution) in uncovering opportunities and gaining insights that will allow the better allocation of advertising investment and improvement of marketing campaign performance, while helping our clients growing their business.

As an example, GroupM's technology stack [m]Platform can join Television viewership and ad exposure with digital ad exposure and advertiser sales data to understand how upper funnel activity and frequency may impact conversion rates.

Multi-touch attribution models benefit from a wealth of data and in this way ensures that the whole is better than the sum of its parts. Our ultimate goal is to have the capability to apply all of the data to all of the inventory, all of the time, and in real time.

Multi-touch attribution, including non-digital channels, is the cornerstone to achieving this goal, given the intrinsically high efficiency and consistently better results.

Looking forward to 2019, we see the increasing importance of harnessing marketing data, be it user level data, CRM data, conversion data or media touchpoint data.

Fundamentally, the lack of access to one type of data, generated either by traditional or digital activity, acts detrimentally on the precision of the model and the level of insight it can provide. Having access to both traditional and digital data and a healthy technology stack creates an advantage for our clients against exclusively digital offerings.

Armed with an insight based on expansive sets of data, our clients can make informed and data-backed strategic and tactical decisions.

> 'How upper funnel activity and frequency may impact conversion rates'

> 'Our clients can make informed and data-backed strategic and tactical decisions'

NAVIGATING THE AMAZON

PATRICIA JESUS
SENIOR PAID SEARCH ACCOUNT MANAGER

PADDY CONCANNON
SENIOR PROGRAMMATIC SOLUTIONS MANAGER

'To engage with the consumer and make brand champions'

Competitive advantage as we know it has changed. To stay relevant and ahead in today's marketplace, companies need to focus on two key things: learning and adaptability.

Competitive advantage in the digital landscape isn't a matter of simply lowering prices, it's about being smart, promoting value, being seen and being relevant at every stage of the consumer journey.

Amazon has always been known as an e-commerce site, but it is also being utilised as a product search engine, competing directly with Google. Half of the online growth and 21% of retail growth in the US in 2016 could be attributed to Amazon. While they have been putting pressure on the Irish retail market, we predict this will become even more intense with the launch of the Irish website in early 2019.

So, the question is, how do we compete with Amazon? The reality of Amazon is, its greatness is also its weakness. It is so massive that it fails when it comes to specialisation.

Netflix's Reed Hastings offered an interesting point of view when quizzed about Netflix's relationship to Amazon, saying: "We're not trying to meet all needs. So, Amazon's business strategy is super broad: 'meet all needs'.

"I mean, the stuff that will be in [Amazon] Prime in five or ten years will be amazing, right? And so, we can't try to be that – we'll never be as good as them at what they're trying to be.

"What we can be is the emotional connection brand, like HBO or Netflix. So, think of it as they're trying to be Walmart, we're trying to be Starbucks. So, [we're] super focused on one thing that people are very passionate about."

Now, how do we change or improve our business models to compete with Amazon?

1. NARROW YOUR FOCUS

Amazon's competitive advantage is in the way that it offers anything and everything on one platform. Where it falls by the wayside is in customer service – we know that people may love Amazon´s selections, prices, and the convenience of buying online, but the number-one influencer on consumer decisions is still the store, for now. But this learning can be employed for online offerings.

This includes "How To" videos, product forums and live chat. Use your web presence to engage with the consumer and make brand champions. Amazon's most loyal customers are also incredibly brand-loyal. Prime customers routinely spend twice as much as non-Prime ones.

2. SUBSCRIPTIONS

The subscription service is one of the smartest ways to sell a product. You don't just get a one-and-done transactional experience with your customer – instead, you get a relationship, and revenue every month or year. Any form of recurring deliverables warrants recurring payments.

'Instead, you get a relationship'

3. BE INNOVATIVE WITH DELIVERY

Neil Patel offers a really interesting point of view on this topic: "A company doesn't win by offering something, they win by giving it without being asked". He is referring to Zappo's rapid rise to prominence, by delivering customers' packages before they anticipated them, once again emphasising the power of giving the consumer a positive consumer experience at every point possible.

4. MOBILE WEBSITE

Mobile websites are specifically designed for handheld devices and nobody wants to browse a desktop website on their smartphone. Research on mobile website usability shows that mobile-optimised websites significantly improve user experience and satisfaction, which makes a positive impression when it counts. It is imperative that all our clients push their focus towards establishing their mobile-optimised sites.

'Mobile-optimised websites significantly improve user experience and satisfaction'

M-Commerce (mobile) sales in the UK are quickly approaching half of the country's retail e-commerce market. By 2021, online purchases via mobile devices will account for 51.7% of total retail ecommerce sales, up from 43.3% in 2017. Even more than half of overall web traffic comes from mobile; mobile conversion rates are lower than desktop, but as statistics are showing, in three years half of those sales will happen on a mobile device.

Only half of the web users actually wait a maximum of 15 seconds for a website to load. According to a recent study, more than 44% of users navigate away from a website if it takes more than 3 seconds to load. Site speed and ease of use will improve the customer journey; in a world of choice, users tend to positively respond to brands/sites that make their research or purchase journey easier. In short, speed equals revenue.

5. GET AN APP! AND UTILISE DATA!

Why try to compete with Amazon? Why not just push your offers directly to your customer base? Take Dominos, for example – do they want their potential customers going to Just Eat and hope they have an urge for pizza? No – they have their own app and send meal deal reminders frequently.

We've discussed the power and importance of building customer relationships. Offer incentives with an app and you've got a direct line to your customer base.

'The power and importance of building customer relationships'

‘Consumers increasingly prefer a channel-agnostic experience’

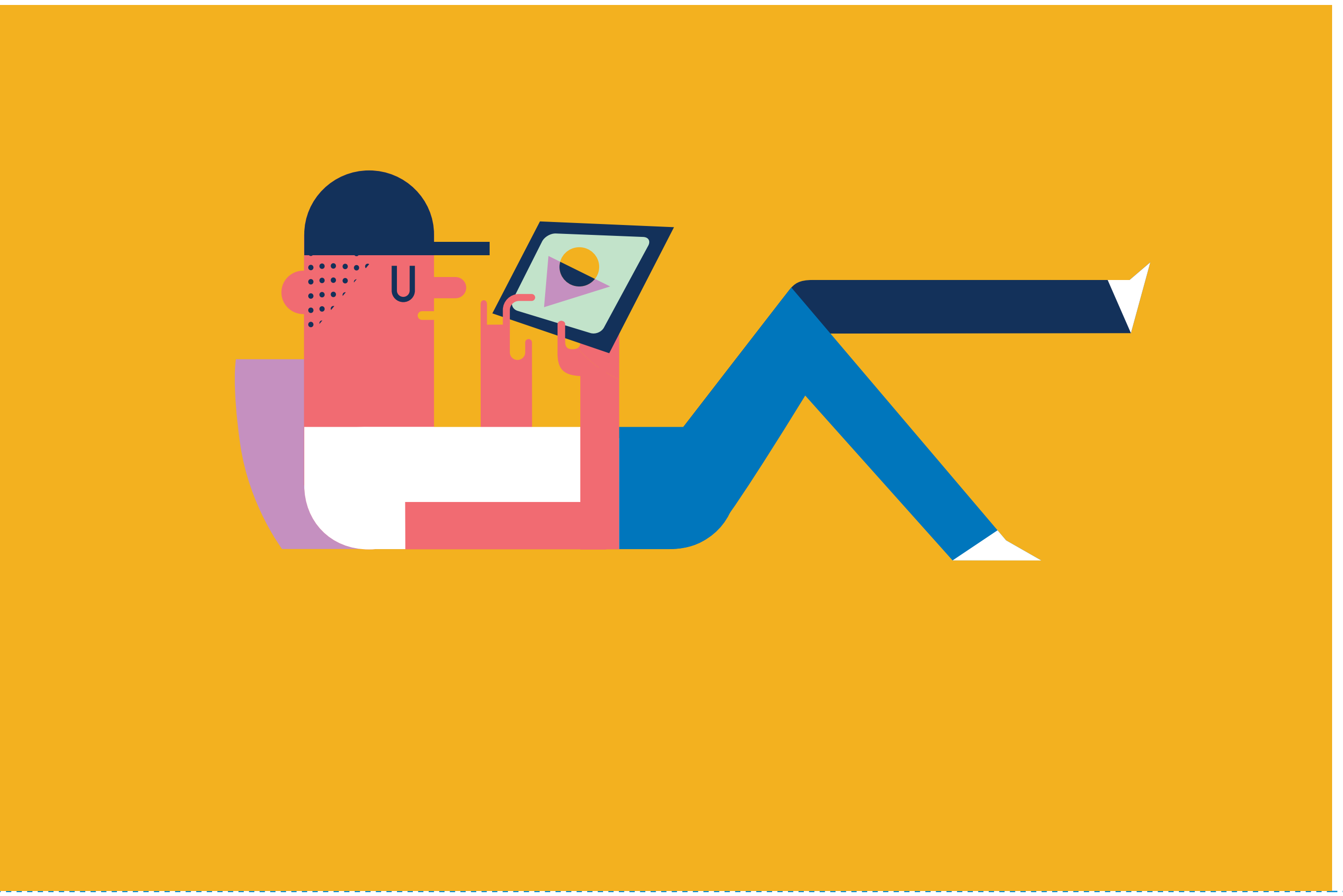
The real winners will be the retailers who understand how to integrate stores and e-commerce together. We live in the multichannel time when integration across web, social, and stores is crucial to succeed. Key to success in the multichannel era is knowing which channel to optimise and how to appeal to our hunter-gatherer instincts.

6. STORES

Consumers increasingly prefer a channel-agnostic experience, where digital serves as a link between consumer, store and site. The ability to reserve something on their phone, pay later on mobile or desktop, pick it up in store, and not have to wait in a checkout line is almost unbeatable.

Fewer and fewer searches contain a brand name. Consumers are willing to price-compare several brands, and Amazon gives them that opportunity. People may love Amazon´s selections, prices, and the convenience of buying online, but the number-one influencer on consumer decisions is still the store.

Consumers no longer go to stores for products, which are easier to get from Amazon. They go to stores to get a one-to-one service from an expert.



NAVIGATING THE AMAZON

7. GOOGLE SHOPPING

Amazon might be the first place many customers go when looking for a product, but there is still a lot of research that takes place on the Google search engine, which accounts for nearly 75% worldwide. By creating a strong strategy across Google Shopping, you increase your chance to appear in front of customers when they are ready to make their purchase decision.

‘It’s imperative to have a well-built product feed’

When you consider that, in the USA, 56% of Google PPC budget is spent on Shopping, it’s imperative to have a well-built product feed. With Google Shopping, advertisers don’t choose the keywords their ads appear for. Instead, the system automatically matches titles with user searches to show your ads. If your feed doesn’t contain relevant information, you can lose your opportunity to create awareness of your brand early in their decision-making process. Even if essential to learn, adapt and act, they will be exposed to your brand early on, so it will be familiar to them as they evaluate options and make their purchase decisions.

In this way, detail and product segmentation are key to standing out from the competition on Google Shopping. If you get your Shopping feed refined, you will be able to use it across the entire Google network (Search, Display, YouTube), Facebook and Instagram.

‘essential to learn, adapt and act’

As Walter Frick said (HBR, April 2018): “Amazon doesn’t just want to be the place where you do your online shopping. It wants to be where you watch TV, how you interact with your home, the infrastructure behind your favourite websites – even the place that you do whatever offline shopping is left after the e-commerce behemoth is done gobbling up brick-and-mortar retail.”

It really doesn’t matter which of these you employ, all or none, but the important message to take from this, with regards to Amazon, is that it is essential to learn, adapt and act.

JOHNATHAN MANLEY
DIGITAL AD OPS & PROGRAMMATIC ACCOUNT MANAGER

RICKY JOYCE
DIRECTOR OF DIGITAL SERVICES

How many times have we boarded a plane and seen the cabin crew demonstrate the safety routines and the correct procedure for putting on a safety jacket? Obviously, it's brilliant that we know these routines and procedures are in place, but we never imagine having to use a safety jacket, and we never want to be in a situation where we have to.

Our approach to brand safety is similar to that of the airlines; the on-flight safety demonstration is akin to them saying: "Sit back and enjoy the flight, we've got you covered," and this is the message we try and portray to our digital clients regarding brand safety.

What is 'brand safety'? It is a broad term that we at GroupM use to define all areas of risk in the digital inventory supply chain. Brand safety broadly defines the duty to protect brand reputation by ensuring advertising placement is next to appropriate editorial content, in a viewable and fraud-free environment, and by being mindful of user experience and privacy.

Dissecting this definition leaves us with five key areas to our brand safety offering:

1. VIEWABILITY
2. CONTEXTUAL BRAND SAFETY
3. AD FRAUD
4. USER EXPERIENCE
5. PRIVACY

Why is brand safety important? Brand reputation is our clients' most important asset and it is our duty to build brands, not endanger them. Brands living in a non-brand-safe environment are walking on a tightrope and have a high chance of landing into the press spotlight, inducing negative media attention.

We all saw the negative attention the digital space received following the publication of The Times article, "Big brands fund terror through online adverts" in February 2017. The article showcased an investigation into how some of the world's biggest brands were unwittingly funding Islamic extremists, white supremacists and pornographers by advertising on their websites.

For this reason, brand safety has always been a top priority within GroupM and remains an integral part of every new business pitch. It represents an opportunity for us to take a unique and ambitious point of view and drive the industry agenda.

Not only do we see brand safety as a 'hygiene' factor, but it has been proven that viewable and brand-safe impressions drive better campaign results too.

'Brand safety has always been a top priority within GroupM'

SAFETY CATCH STILL ON

Let's explore the five key brand safety areas in greater detail...

1. VIEWABILITY

At GroupM, we believe that if a consumer has no opportunity to view an ad, there is no value to it. Our viewability standard requires 100% of the pixels of a digital ad being visible, as opposed to just 50% of pixels being visible for one second, as per the MRC (Media Ratings Council) standard.

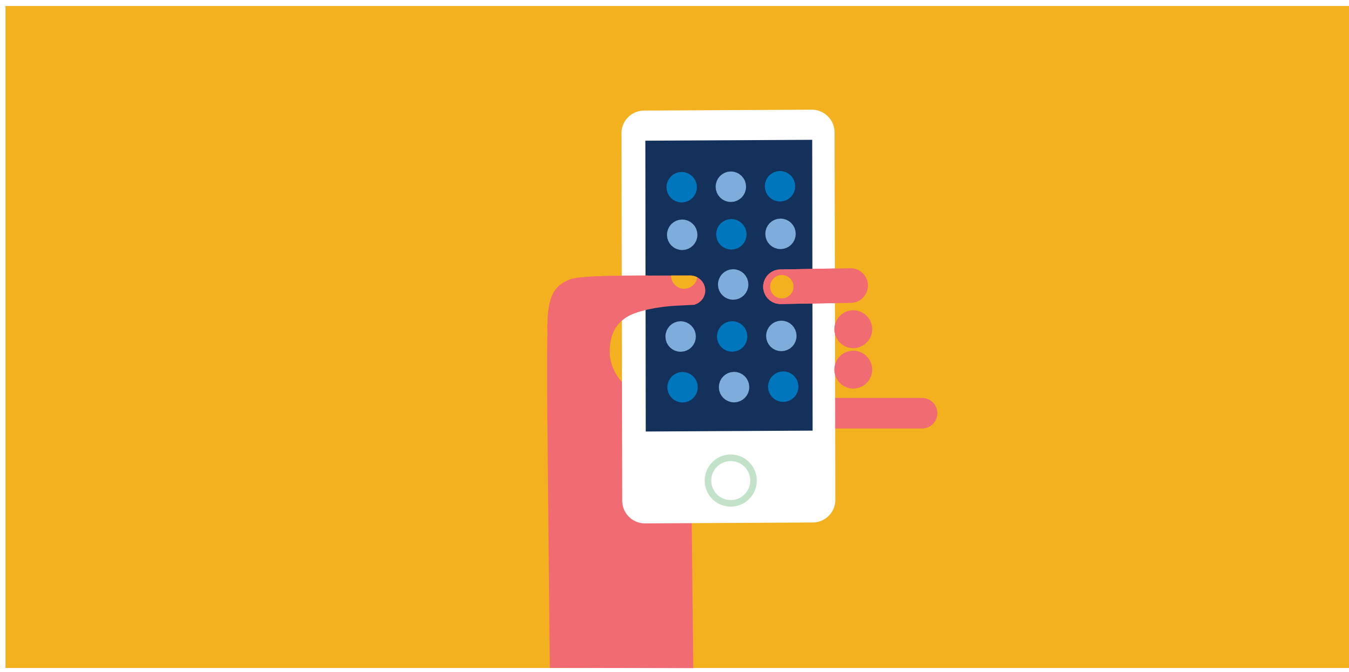
An Australian case study conducted by research firm Kantar Millward Brown and the analytics and measurement company MOAT, across the Jaguar F-Pace SUV campaign, showed that when the target audience viewed 50% of the Jaguar ads on screen for one second, brand awareness increased by 5.1%. In comparison, brand awareness doubled among the target audience which saw the ads 100% in view, with a 10.3% increase in brand awareness, showcasing the importance of our viewability standards.

Like MOAT, there are several third-party verification technologies that can measure viewability, including IAS and DoubleVerify. All three have received the MRC Viewability Accreditation across all display and video environments on desktop, mobile and in-app.

Working with our third-party measurement partners, GroupM is committed to measuring our performance against our standard and pushing our supply partners to improve viewability levels. As a result, we secure the highest-quality, measurable and human-viewable media at the best possible price.

'If a consumer has no opportunity to view an ad, there is no value to it'

'GroupM is committed to measuring our performance'



‘We buy inventory directly from high-quality and trusted media owners’

‘At GroupM, we have a zero tolerance to ad fraud’

2. CONTEXTUAL BRAND SAFETY

Contextual brand safety is the placement of ads in a context that is legal and appropriate, therefore, will not damage the advertiser’s brand.

We achieve contextual brand safety by avoiding the placement of ads next to three types of content: unlawful content, illicit content and unsuitable content, as follows.

Unlawful content is content that offends European and National laws; for example, websites selling counterfeit goods or streaming illegal, copyrighted material.

Illicit content includes content that is inappropriate for association with any clients’ brand, including nudity, pornographic content, political or religious content.

Unsuitable content is flexible from brand to brand, and describes content that is misaligned with the brand values of a client.

Like viewability, we use IAS and DoubleVerify, which are MRC-accredited to measure contextual brand safety. However, as a group, we also undertake some practices to ensure contextual brand safety.

For example, when trading, we buy inventory directly from high-quality and trusted media owners and we enter contractual protection, agreeing contractual brand safety trading terms that protect the interest of our clients.

We use IAS and DoubleVerify to inform our GroupM Global Blacklist as well as bespoke client and campaign whitelists, and we negatively target avoidance categories and keywords, and, lastly, we have processes in place to monitor and manually check media owner inventory to ensure brand safety standards are being met.

3. AD FRAUD

Ad fraud is the practice of creating fictitious activity that leads to inflated counts against impressions, clicks or actions. It is invalid and non-human traffic that can be caused by robotic software running automated tasks or caused by site fraud practices such as ad stacking.

At GroupM, we have a zero tolerance to ad fraud, and we place the responsibility on ourselves to undertake a thorough and serious approach towards it. Our trading team are the guardians of clients’ budgets and we ensure that we don’t lose a percentage of budget to ad fraud or criminal groups.

SAFETY CATCH STILL ON

MOAT, IAS and DoubleVerify are deployed to combat ad fraud by monitoring and blocking suspicious activity and also to provide post-delivery analysis across display and video programmatic media. This allows us to have trust in the inventory we buy for our clients and offers us with a unique selling point and a competitive advantage over other agencies.

4. USER EXPERIENCE

User experience is the interplay of ads to avoid intrusiveness and interference with content which the user is trying to access; for example, the ads are interruptive, too frequent and slow.

The reason user experience is part of our brand safety criteria is because a bad user experience can hurt relationships with consumers and drive ad blocking. At GroupM, we actively monitor for ads falling below standard and work with supply sources to optimise away from these formats.

Our position is to educate and encourage our clients to avoid all formats deemed to be negatively impacting on the user experience.

5. PRIVACY

In 2018, we saw the introduction of GDPR (General Data Protection Regulation) into EU Law. In the context of advertising, GDPR refers to our protection of client and consumer personal data, specifically for digital and our ability to use online data, including cookies.

Personal data includes location data, cookies and other online identifiers. According to IAB Europe, 2017, 80% of Europeans take issue with their data being shared with third parties for advertising purposes.

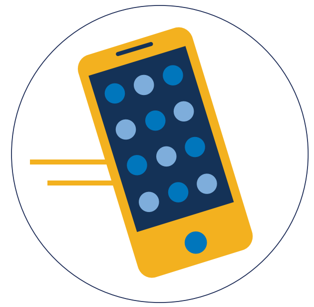
To tackle GDPR, GroupM has set up a process for all its businesses to be compliant with GDPR. This process involves reviewing all vendor contracts and setting up a framework to be able to obtain user consent for online behavioural advertising.

So, just like when you board a plane and are taken through the safety routines, GroupM has industry-leading safety procedures when it comes to keeping our brands safe online.

Our key five brand safety elements have your brand protected from the second you become digitally active, and brand safety remains a top priority and is the bedrock for everything we do digitally.

Although we never want to have to put on that safety jacket in case of emergency, it should be comforting for your brand knowing that it is there.

‘A bad user experience can hurt relationships with consumers and drive ad blocking’



DATA-DAY-DATA

DAVID MACKEN
HEAD OF [M]PLATFORM, IRELAND

TO OWN YOUR BUSINESS FUTURE, YOU NEED TO OWN YOUR MARKETING DATA

A total of 2.5 quintillion bytes of data is what we generate online every day (Forbes, 2018); more than one quarter of the world's population is using Facebook, and by 2020, it is projected that 200 billion internet-connected devices will be in use globally (Inter, 2017).

All this, coupled with existing consumer points of interaction, means the consumer is constantly connected. We are now always within an ear, eye or finger's reach of the internet. This means brands consistently have the opportunity to engage with this connected consumer. As a result, many of today's largest companies (the FAANGs) are all largely built on revenue from advertising.

Never has the marketing world been so vibrant and disruptive – however, it has also never been more opaque and complex.

'Never has the marketing world been so vibrant and disruptive'

We can rudimentally break the business data conundrum into two core facets, with growing complexity: rapidly changing customer consumption habits, and the broadening complexity of the purchases.

These facets are becoming more complicated as the walled gardens of Google, Apple and Amazon control the devices and a large volume of the consumption data. The marketing community needs to also focus on unlocking data to harness its power.

THE DEVICE BOOM

The growth of connected devices is driving forward new advertising channels and disrupting mature, established media such as TV and Out of Home.

'The growth of connected devices is driving forward new advertising channels'

The coming of voice to navigate the web and the creation of new realities (virtual and augmented), mean we are going to be generating new types of data to mine, thus increasing the current complexity of the marketing measurement conundrum.

For example, if I ask Siri to order me a pizza, or turn to Alexa for information on wooden floors, I am now sending signals to brands. These signals, coupled with those we already attempt to process, mean we need new methods of thinking to generate actionable insight.

In 2019, this shift will become more prominent in Europe. The volume of overall searches is set to accelerate, driven predominantly by voice.

Comscore have predicted that 50% of all searches will be done via voice by 2020, with the growth being outside of the platforms we know and use today – Google, for example.

Further compounding this challenge, it is estimated that 30% of these searches will happen on devices that do not possess a screen.

This fundamentally changes how we engage with consumers through advertising, and they engage with products and content.

'30% of these searches will happen on devices that do not possess a screen'

The coming shift presents some key challenges for marketers in 2019; namely, how we engage with consumers via new touch points and what the advertising potential is.

UNPACKING THE SIGNALS

The signals consumers provide through a combination of behaviour and purchases provide marketers with incredibly valuable insights. Fundamentally, these signals allow brands to build on consumers' intention to purchase, their brand love and other preference metrics, to become more relevant to consumers and increase the chance that a sale or action will happen.

However, as is often the case, opportunity in marketing creates complexity. To take advantage of these signals in 2019, we need to have some key infrastructural elements within a focussed data strategy:

'Opportunity in marketing creates complexity'

1. Ensure the systems are in place to capture and measure signals from the consumers you already engage with. This means on site tracking (analytics) is configured and setup correctly, both to measure successful events and capture audience data at a basic level. We find that most analytics platforms are not optimally setup and utilised to drive value.
2. Connecting media platforms, covering video, search and display to ensure a consistent targeting strategy and optimised learnings is critical. Connecting channels, like display and search targeting – ensuring signals are being shared – will leading to higher conversion rates.
3. People, often the most overlooked aspect, are critical to unpack these consumer signals. Platforms like AWS and Google BigQuery have provided marketers with the ability to analyse huge market datasets. Extracting data from ads platforms at a per-consumer interaction level allows for advanced modelling and powerful insights to be derived. However, this requires skills and knowledge of languages like SQL and Python. Adding these skills to a marketing function will help drive greater actionable insight from the marketing data at our hands.
4. Bringing all this together is the message. We may be able to derive the best insight and targeting strategy; however, if we cannot provide the consumer with a relevant and timely message, then the investment in an overall data strategy becomes wasted. Making the purchase journey more straight forward for the consumer will drive more return.

'People, often the most overlooked aspect, are critical to unpack these consumer signals'

To drive a data strategy in the long-term, marketers will need to have an exit strategy to break free of the ecosystem silos. Already this is happening with the influx of new data platforms like consumer data platforms (CPS).

Providing the ability for markets to bridge the big three ecosystems and own their data will be the next big marketing technology battleground.

THE MULTIPLE IDENTITIES

While not a new problem in marketing, the device boom, coupled with the inevitable death of the cookie, means a method of consumer identification is needed (not that the cookie was a good method, by any means).

Solving the cross-device conundrum delivers substantial benefits to the consumer, ensuring the frequency and relevancy of advertising is controlled.

In solving this problem, it is vitally important we deliver an industry solution as opposed to proprietary platform solutions controlled by the various walled gardens in marketing. If we are confined to these ecosystems, the ability to prosper with an independent marketing ecosystem is diminished.

> ‘GroupM has developed an open ID called mpID’

While we are still some distance from solving this problem, meaningful steps are happening in 2018.

GroupM has developed an open ID called mpID, designed to solve this specific problem. Building on this, many independent bodies are aligning to push a single, unified consumer ID across their platforms. This is seen by the efforts of The Trade Desk rolling out a unified user ID with the support of many adverting supply sources in September 2018.

In the absence of a full industry solution (like the GDPR consent mechanism), it is probable we will need to work through combining solutions, particularly as consumers integrate with more unique platforms.

> ‘Consumers in Ireland like to research online’

MERGING CLICKS AND MORTAR

For many businesses, the total cost of online commerce infrastructure is substantial and where a strong retail network exists, the sales revenue can be in single figures as a percentage of the overall business.

Thus, it can be difficult based on direct sales revenue to justify a lot of the investment needed to drive an ecommerce business into 2019.

However, what we all know is that consumers in Ireland like to research online, and then purchase in-store across many verticles. This is a well-known data gap in the industry; one so prominent that it has even made the abbreviation stage (ROPO).

Various studies have quantified the amount of in-store purchases that are actually driven online; these range from 20% to 55%. Closing this loop fully requires an infrastructural project of a size that only large global retailers such as Tesco or Boots have. Having a loyalty programme is one thing, having one that consumers use regardless of the size of the transaction is the ‘Golden Hen’.

To begin to close the loop, basic integrations with point-of-sale systems are delivering initial insights that can help with building a case for capital expenditure on more complex schemes.

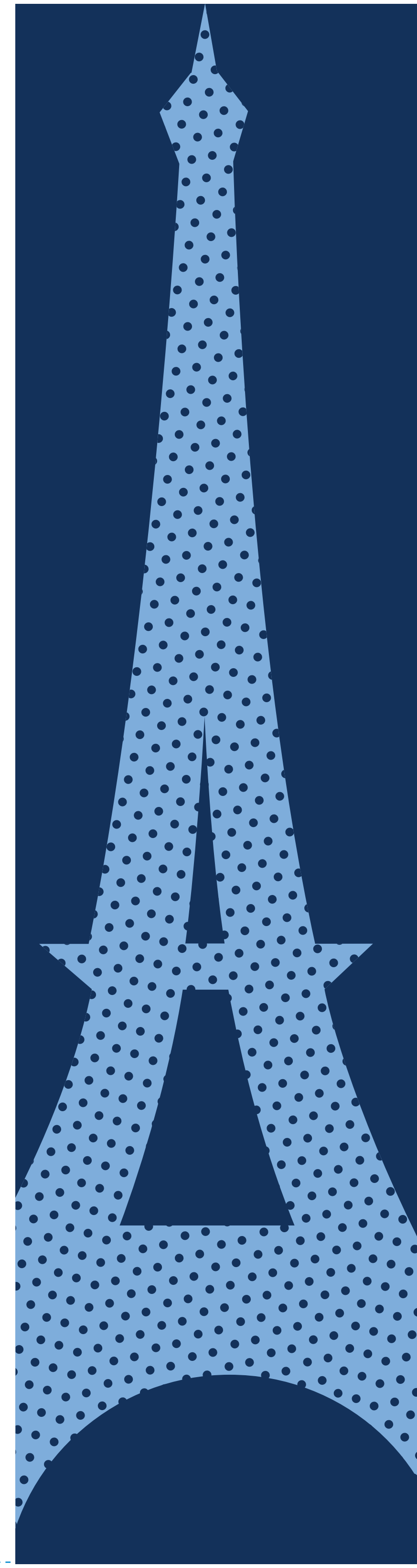
In Ireland, ad platforms such as Google Ads are beta-testing the ability to use email addresses or phone numbers collected at the point of sale to then correlate this against advertising engagement data. Offering a customer the option of an emailed or SMS-based receipt provides a utility to the consumer, but also creates the ability to gain more insight, unlocking a valuable dataset. Building on this, footfall data is being tested through a combination of maps and social data by both Facebook and Google.

The changing battleground will be amongst the online commerce platforms. With Adobe’s recent acquisition of Magento and their push into the point-of-sale area, working into one common retail infrastructure will offer those who can deliver a one-system approach here a clear advantage in closing the ROPO gap.

The marketing community needs to push forward to utilise the data at our disposal. However, we can only do this with a clear vision that connects media, websites and where the point of sale is.

With more and more consumers connecting to new devices, the industry needs to push forward with a method of identifying who is using these devices. An understanding of basic programming will become more important in marketing.

Underpinning all this must be an open democratic approach to data that is not confined by the walled gardens of the ‘Big 4’ ecosystems.



As we said at the very start, our intention in putting this booklet together was to give our clients and the wider market stakeholders a more granular look at the marketplace in 2019.Our objective is to provide some analysis into the movements that we are likely to see in the coming year and the impact that these will have on all our businesses. It is a hugely exciting and challenging time to be in the media business and we believe 2019 will be a year filled with challenges and opportunities in equal measure.

We hope that in providing some context around the changes that we are likely to see, it will enable you to navigate the 2019 media marketplace more cleverly and extract maximum value for your business. Our booklet sets out to inform, to educate and to challenge and we think that it does all of these while also being a very interesting and insightful read. Whether you have read it cover to cover or simply skimmed through the parts that are of most relevance to you and your business, we hope that you found it helpful and useful.

We realise that there is a lot of information contained in this years' publication and we acknowledge that we have very purposefully gone into a lot of detail to explain the rationale behind the forecasts, but we feel this is very important because context, particularly in the current media marketplace, is crucial.

As there is extensive coverage of the chosen subject matter within each article, you may wish to contact the specific author to ask a question or to find out more about the potential effect it will have on your business. If you do, please feel free to contact myself or any of the contributors to our 2019 booklet by email. The consistent email for all contributors is firstname.lastname@groupm.com

Thank you for your time and your attention and we look forward to working with you to bring further knowledge, insight and business solutions throughout 2019 and beyond.

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