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VERTICAL

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GROUP

On Our Radar: Weekly Recap of Key Media Developments

Twitter Notches Up Video Ad Viewing Standard

TWTR

Twitter this week introduced a new video advertising bidding option, enabling advertisers to bid for six second video view. Previously, advertisers only had options to pay for every view regardless of duration, for a two second minimum view with at least 50% on screen viewability, or to pay a three second 100% viewability minimum.

Implications?

Digital video metrics remain rather raw, work in progress. Nonetheless, though, with many competing measurements and definitions of what precisely constitutes a view, raising the standard of payment to six seconds (increasingly the template for a full advertisement) is a sign of confidence that engagement with Twitter content continues to improve.

<https://adage.com/article/digital/twitters-6-second-rule-means-advertisers-can-pay-completed-ad-views/2192391>

Apple Escalates Streaming Content Ambitions

AAPL, DIS

The Financial Times on Monday reported Apple was committing over \$6 billion toward original content for its new subscription OTT platform launch, expected in November. If accurate, this marks a radical expansion of spending commitment on Apple's part. Earlier, Jamie Erlicht and Zack Van Amburg, hired by Apple from Sony Pictures Television to head up its streaming efforts, had been earmarked about \$1 billion, Financial Times said. The article notes that Apple has already spent hundreds of millions of dollars on a series called The Morning Show, featuring stars Jennifer Aniston, Reese Witherspoon and Steve Carrell, at a higher price per episode than HBO's final season of Game of Thrones.

Implications?

Considering how long Apple has been publicly discussing potential moves in streaming, it's easy enough to hear this news as anticlimactic. At the very least, though, coming shortly on the heels of Disney's Disney + announcement, it's a sign that there's no turning back in the competitive arms race for OTT content dominance, and that the table

stakes for any players who seriously hope to compete for the first tier of streaming have been further and radically raised.

<https://www.ft.com/content/4f7f4326-c2bf-11e9-a8e9-296ca66511c9>

Twitter Tests Spam, Abuse Filter

TWTR

Twitter has announced a beta program that will filter Direct Messages for unwanted content, both spam and offensive or abusive messages. The test expands on the “Messages requests” pane in Twitter’s DM window, and Twitter will block offensive content automatically in DMs that appear in the Messages requests pane.

Implications?

Twitter has been experimenting with several tweaks to its UI to make offensive and antagonistic interactions less commonplace on the platform, whose notoriety for flame wars and trolls has grown over the years. If Twitter can successfully retool its platform to include more high-quality interactions, brand advertisers should have renewed confidence in investing more aggressively on the platform, while greater engagement will also result in more ad impression availability and higher ad ROI.

<https://techcrunch.com/2019/08/16/twitter-to-test-a-new-filter-for-spam-and-abuse-in-the-direct-message-inbox/>

Brands Balk at News Advertising

GOOG, GOOGL

More brands are steering clear of advertising on so-called hard news items, as a trend towards blacklisting controversial terms from “immigration” to “Trump” to “racism” increases across formats, from programmatic advertising to television. While blacklisting terms has been popular with brands for many years, the breadth of terms blacklisted by advertisers has grown significantly in recent months, and the number of advertisers adopting the approach is also on the rise.

Implications?

As advertising drives content, the larger blacklists may ultimately shape the type of content that is made available online—while also privileging particular outlets and formats. If hard news is increasingly unfriendly to monetization, publishers will be incentivized to push more soft news items that could create competition for particular keywords. Ultimately, Google’s DV360 and Adwords are the ultimate tools in determining current prices and values for keywords, so crowding out of certain keywords may likely push advertisers to test and spend more aggressively on Google’s platforms in the future.

<https://www.wsj.com/articles/advertisers-blacklist-hard-news-including-trump-fearing-backlash-11565879086>

Addressable TV Green Fields for Broadcasters

CBS, CMCSA, DIS, T, VZ

More broadcasters are reportedly working on addressable TV infrastructure as an opportunity for better and more expensive advertisements, but advertisers are already concerned that the California Consumer Protection Act (CCPA) could hinder those ambitions by limiting the use of audience data to target ad units.

Implications?

Addressable TV in theory provides tracking data from Smart TVs to identify households and viewers to better target ads on platforms, resulting in a “cookie in the living room” targeting capability that has been in the work for several years. While addressable TV has not made significant strides due to technological hurdles, many of those have disappeared thanks to faster processing power and data management tools. If regulation replaces technology as a new hurdle for the targeting capability, addressable TV may find itself delayed yet again for several years.

<https://adexchanger.com/tv-2/tv-broadcasters-are-hot-on-addressable-but-ccpa-might-hamper-their-plans/>

OpenX, SSPs Seek Advertiser Partnerships

GOOG, GOOGL, RUBI, TTD

Supply-side platforms (SSPs) have historically had a model in which they amalgamate a variety of inventory from various publishers to sell to DSPs and other programmatic buyers through real-time bidding technology. That separation of buy and sell-side may be vanishing, as OpenX is reportedly looking to create connections to advertisers directly. The means by which OpenX would do this is by moving its exchange to the Google Cloud to lower internal costs and seeking commitments from advertisers, which could help cut opex to offset ever-declining take rates.

Implications?

The commoditization of third-party programmatic players has been a central part of VMI research for a very long time. While this effort could help shore up the profitability of SSPs, it also means the interests of SSPs will not be as aligned with publishers as in the past, which could cause publishers to demand even lower take rates. A similar phenomenon among DSPs, notably AppNexus and Rocketfuel, has been a contributing factor in declining take rates for years.

<https://digiday.com/marketing/ssps-like-openx-eyeing-direct-ties-advertisers/>

Airbnb Continues to See Strong Domestic Growth

BKNG, EXPE, TRIP

Airbnb has reportedly seen double-digit growth across many mid-sized cities in the U.S., with cost per stay exceeding Hilton and IHG and coming close to Marriott in some locations, while being more expensive than all brands in New York, Los Angeles, and Chicago.

In separate news, Airbnb has expanded in its alternative accommodation focus with the recent acquisition of Urbandoor, which offers extended-term stays in 1,500 cities in 60 countries.

Implications?

Airbnb's strong growth ahead of a possible IPO in the medium term would benefit its initial valuation, which could encourage the company to tolerate lower margins in the short term to get more hotel partners on board, further pressuring traditional OTAs. At the same time, recent attempts in this direction have seen limited success, according to VMI sources, who say that brand association with Airbnb has largely fixed it in the alternative accommodation niche.

<https://trends.edison.tech/research/airbnb-vs-hotels.html>

https://www.4hoteliers.com/news/story/19602?awsb_c=rss&awsb_k=xfeed

YouTube to End Ad Targeting for Kids

GOOG, GOOGL

Advertisers hoping to target minors on YouTube will soon be out of luck, if Bloomberg's reports are right. The news service reported last week that the platform plans to end targeted ads for kids following a reported investigation by the FTC as to whether YouTube has violated the Children's Online Privacy Act (COPPA).

Implications?

The significance of this move is easy to underestimate. YouTube's popularity with children and teenagers is staggering, and a number of content creators with multi-million follower counts target specifically to children. The most followed content creator on the platform, PewDiePie, is known for being popular with pre-teens and teenagers, while several toy unboxing and surreal videos for kids (the center of the Elsatgate scandal, which termed such content "creepy kid videos") produce a significant portion of YouTube revenue. While removing ad targeting for kids would monetize the vast majority of this content, it would also improve YouTube's public image, which has suffered from a variety of controversies regarding content by, for, or about children.

<https://www.bloomberg.com/news/articles/2019-08-20/youtube-plans-to-end-targeted-ads-to-kids-to-comply-with-ftc>

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