rain the growth agency

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MEDIA IMPACT REPORT

Twitter Turmoil

Also in this issue:

Digiday Event Recap

Reaching Consumers During Economic Uncertainty

/NOTEPAD

The Changed Consumer: Highlights from Digiday's Fall Media Buying Summit

By Kendra Tang, Programmatic Supervisor

Digiday's annual fall Media Buying Summit took place this October, bringing together marketers, media agency professionals, and tech firm leaders in Palm Springs, California. The conference covered industry hot topics such as sustainability standards, economic uncertainty, and new forms of measurement.

The summit kicked off with professionals from all over the country talking through how the pandemic has influenced our attitudes, values, and behaviors. More specifically, post-pandemic changes in our spending, personal lives, and how we seek entertainment. Speakers at the conference suggested 3 out of 4 people achieved a life milestone (i.e., starting a family or buying a home) over the last two years. This also implies over 75% of people or consumers have shifted their mindset in the way they shop, live, and connect.

The pandemic gave most of us time to reflect on and refine the products and people in our lives. "Slapping a logo" on a cause or idea will no longer cut it with consumers. To show intent, brands will be challenged to drive longer-term relationships with whichever cause or idea they support.

From a Rain perspective, several of our clients have looked to support causes of importance to them through a partnerships platform. This allows brands to highlight the brands affiliation with specific causes in an authentic way.

Lastly, the conference wrapped up speaking to how data and technology like machine learning and artificial intelligence will help agencies invest more strategically at a time of disruption and ever-changing expectations from clients.

Some of the main topics discussed were:
When considering adtech don't just look for the shiny object, instead prioritize longevity.

- While serving both clients and consumers it's not just about getting as much data as you can, but about the value exchange.
- Many consumers not only want personalization, but they want it in a respectful manner and to be provided with value in return.

Our agency's POV is to continuously adopt a test and learn approach, and ensure a full funnel measurement approach is implemented for all tests, in alignment with our agency's Transactional Brand Building philosophy. Leveraging our client's customer data via ConsumerID also helps us to identify and prioritize how to integrate new tech into the test and learn roadmap.

Is Twitter Still a Viable Ad Platform under Musk Ownership?

By Shuree Jones, Group Director, Paid Social & Influencer Media

When Elon Musk took ownership of Twitter on October 27, advertising made up 92% of the platform's revenue in the first half of 2022. Since the takeover, Musk has done little to assure advertisers that the platform is still a brand-safe environment for ad dollars. Details of internal chaos at Twitter, and Musk's sometimes erratic public statements, have made advertisers nervous about the platform's commitment to brand safety. As ThreeSixtyEight's Chief Growth Officer, Adrian Owen Jones, told AdAge, "The volatile nature of Twitter right now gives companies and media managers every incentive to pull back and monitor how the dust settles in the long term."

A brief timeline of events since the Musk takeover:

October 27: Musk officially closes the purchase of Twitter for $44 billion

October 28: Musk promptly fires Twitter's CEO, CFO, and top executives including the head of legal policy, trust and safety, and general counsel

October 30: Reports of heightened racist comments, hate speech, and other reprehensible content flood Twitter as Musk talks of rethinking content moderation policies and pledges that the platform will hold tightly to "free speech"

October 31: Musk meets with advertisers in an attempt to save some ad revenue, ensuring them that content moderation and brand safe policies hadn't officially changed; advertising powerhouse IPG internally advised clients (including Coca Cola, Unilever, and more) to pause Twitter advertising for at least the following week and wait for clarity on the new platform direction

November 3: Twitter announces mass layoffs, totaling 3,700 employees across departments

November 4: Advertisers like General Mills, Pfizer, and United Airlines begin pulling back ad spend; Musk responds by tweeting that Twitter has seen a massive drop in ad revenue due to pressure from "activist groups"

November 14: Amid platform chaos, including some users being locked out of their accounts due to two-factor authorization code issues, Musk fires a group of Twitter engineers who posted critical comments about the handling of Twitter and Musk's involvement

November 18: Robin Wheeler, Twitter's then Head of Sales and a widely respected person in ad circles, is fired by Musk after persuading her to stay when she tried to resign the week prior; it is reported that Wheeler was let go for refusing to cut more of the ad sales team

Rain the Growth Agency POV

While more news comes out of the situation almost daily, we encourage advertisers to look at their brand communications strategy to assess whether advertising on Twitter is best, given its current state of array. Media dollars can be reallocated to best performing platforms, or platforms well positioned for growth, and reassessed when (if?) Twitter defines their roadmap for advertisers under this new ownership.

Volatility in social media isn't new, and other platform-led brand risks will likely pop up again in the years to come. Advertisers who solidify their brand communications platform and diversify their paid social dollars will be in the best position to weather the storm while still meeting business objectives.

/UPDATES

Uncertain Times: The Impact and Implications for DTC Marketers

By Mark Brown, Chief Investment Officer, and Kathleen Donahue, Associate Director of Communication Strategy

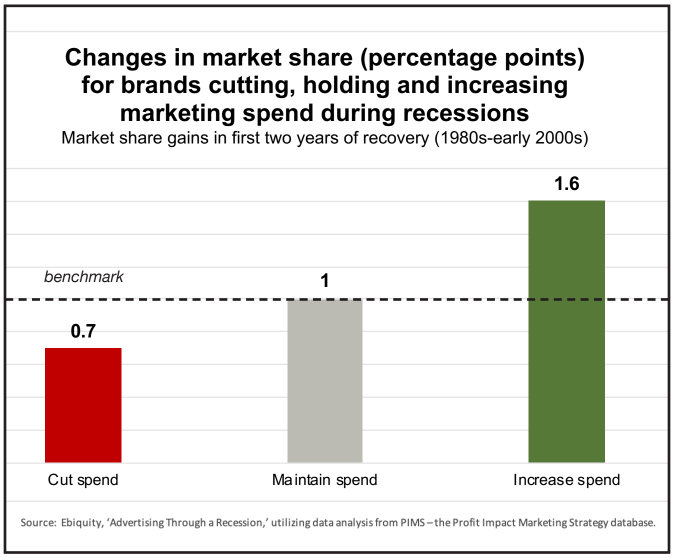
A quick scan of the headlines confirms that the country is going through some challenging and uncertain times. What at first looked like a speedy economic recovery from the pandemic was stifled by ongoing supply chain and labor supply issues. The war in Europe is having a direct impact on food and energy supplies. Lingering concerns about COVID coexist with consumer's desires and efforts to "return to normal." These factors have led to record inflation, an erosion of consumer confidence, and a general sense of uncertainty about the road ahead. Our goal is to help understand how this uncertainty is influencing consumer attitudes and behaviors and to offer some tips to help navigate marketing in uncertain times.

Let's begin by looking at consumer attitudes. Their concerns are real: consumer prices have experienced their highest rates on inflation in over 40 years. While the rate of inflation eased from the record setting 9.1% increase in June, consumer prices were still up 7.7% year-over-year in October, a level that is hard to ignore. In a study recently conducted by IPSO, 88% of Americans say they are very or somewhat concerned about inflation. Moreover, there is an erosion of consumer trust in companies: 60% feel companies are taking advantage of current crises to raise prices. Inflation concerns are also affected by economic status. While lower- and middle-income households are cutting back spending, inflation is the number one fear of millionaires because they're concerned about their declining investment portfolios.

What influence do these uncertain attitudes have on consumer behavior? Inflation is causing many households to cut discretionary spending as they focus on essentials. They are delaying major purchases and cutting back in areas that grew during the pandemic shelter-in-place. Of consumers who use subscription services, 22% say they will cancel at least one service this year. Food app deliveries fell to their lowest level since 2020, a sign of both the desire to reduce non-essential spending and a return to dining out.

Economic uncertainty is also having an impact on consumer loyalty. While marketers should never take their customers for granted, consumer loyalty is at an all-time low. Some of this is driven by factors beyond a marketer's control. Store closures and product shortages have forced consumers to switch brands or retailers—but much of it lies in the basics of customer service. Eighty percent of consumers say they changed brands or stores due to poor customer service. And be wary of getting on a customer's bad side—70% will proactively share their negative brand experience with others.

Now for the good news! There are things that smart marketers can do to help mitigate the downside of economic uncertainty and even win more customers in the face of these headwinds. The first step is to remember that marketing is an investment and making investments during a down market delivers even greater return in the future. A century of research on the impact of marketing during recessions has shown that marketers who maintain or increase their marketing investment during recessions see the greatest gains in market share during the ensuing recovery.



Why? There are two contributing factors: share of voice (SOV) and media efficiencies. Despite strong evidence to the contrary, most marketers respond to tough times by reducing their advertising spend. A marketer that maintains or increases their ad investment when their competitors are cutting will naturally grow their share of voice by owning a larger slice of a shrinking pie. Research has consistently shown a direct correlation between share of voice and share of market, with "excess" SOV contributing directly to market share gains. If enough marketers begin pulling back spend—as they typically do—demand on ad inventory declines and media prices quickly follow. This is already occurring in the 2022-2023 media marketplace. David Zaslav, CEO of Warner Bros. Discovery, told investors that the ad market is "very weak…weaker than it was during COVID." The conditions are right for bold marketers to take advantage of low CPMs and fire sale deals to grow their business.

If you take the first step of investing in advertising to grow share, make sure that your message is on point. Study your customer data and be sure to tailor your creative to address their needs. For lower and middle-income consumers, that means value. Value doesn't have to mean discounts, but consumers do need to perceive your product or service as essential and priced fairly. Look for ways to reduce friction in the purchase, with offers like free home delivery or flexible payment options like "buy now, pay later." The growth of services like Klarna, Zip, Afterpay and Affirm, point to consumer demand for these options, so consider making them part of your ecommerce experience.

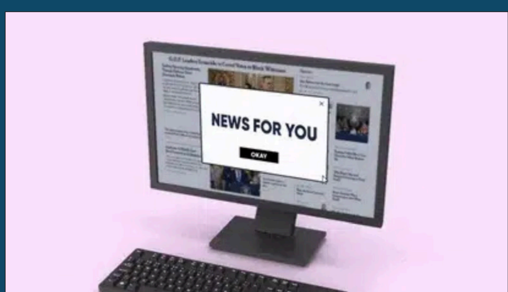
Finally, it is always sound advice for marketers to remain nimble. Be prepared to adapt quickly to shifting habits in media usage. Digital media usage—particularly streaming audio and video—spiked during the pandemic and have not declined since. Take advantage of the flexibility and precise targeting of these channels to find your audience and tailor messaging directly to them. Keep an opportunistic budget available at all times so you can easily take advantage of fire sale media pricing and last-minute opportunities.

In uncertain times, the future favors the bold. View marketing as an investment in short-term and long-term growth and you can pave a path to success. View it as an expense to be cut in hard times—and you risk watching your competitors pass you by.

/QUICK HITS

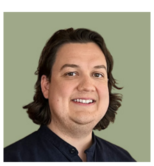
Nielsen Accreditation Status to Remain Suspended
[AdAge]

Mix, Message and Measure to Start Thinking Like a 'Big Brand'
[AdWeek]

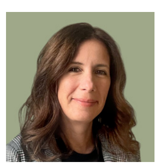


Audiences say advertisers shouldn't avoid hard news, like war or Covid
[Marketing Brew]

Need More Guidance?



Steve Miller
Client Development Director
steve.miller@rainforgrowth.com



Robin Cohen
EVP, Integrated Media Investment & Planning
robin.cohen@rainforgrowth.com

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