

Misplaced media spend in a booming identity economy: a brand opportunity

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7 November 2018

In partnership with Magnetic Media

Most UK consumer spending, and the vast majority of its growth, is in categories which reflect who we are and where we feel we belong: lifestyle signifiers, passions, and social activities

Communities are at the heart of this growing economy, but ad spend on media which visibly targets us as members of a group in a relevant context has on average lagged behind in these categories

Advertisers recognising the power of emotionally and culturally relevant context in media, sponsorships or events, are finding an opportunity for building brands for the identity economy

Executive summary

- We identified 14 consumer categories¹ as the UK **identity economy**. In all of them, products and services have meaning as status symbols or means of self-expression. Purchases in them can channel our enthusiasms, or bond groups. Many have low frequency of purchases, and consumer choices are made not just with consideration, but sometimes even with deep emotions – in contrast to categories like fast-moving consumer goods.
- These categories made up 52% of discretionary household spending last year, and captured 79% of the growth in spend in the last five years.
- This economy presents a marketing opportunity which is underutilised by advertisers. In many of the categories, ad expenditure growth has not kept pace with the growth of passion pounds and expressive consumer spend.
- For example, the average household spent £125 more on fashion in 2017 than they did in 2015, while over the same period advertising spend in the category, as recorded by Nielsen, dropped 11%. Other categories, like Fitness & Sports, had a similar pattern. (In some, like Travel, advertising media did clearly benefit from consumer spend growth.)
- Across our categories, ad spend grew just 1.7% in two years, much lower than overall ad growth, with brand display budgets shifting to online performance channels like search and in-feed social media.
- We see a link to the broader issue of finance-driven marketing short-termism, which has severed links between creative and media planning and incentivised context-independent audience buying based on narrow metrics.

¹ Fashion, Home & DIY, Travel, Cars, Hobbies, Charities, Computers and gaming, Fitness and sports, Eating out, Arts & Entertainment, Music & audio equipment, Gardening, Pets

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- This kind of marketing often targets consumers not as members of the group, in a context relevant to their identity, but as individuals targeted in neutral media based on demographic data or behavioural factors.
- Academic research suggests that our identity (who we are and what we feel a connection with), and how present-to-mind a given part of it is, influence decision-making, including purchases – *particularly in the identity economy*.
- Even if you reach the right people with the right message, they can be more or less receptive to it based on how salient the right parts of their identity are at the time – a factor affected by media context.
- This is what we mean by emotionally and culturally relevant media, sponsorships and events: deep-rooted contexts for marketing which further strengthens brand memory structures built by ad creative and marketing.
- For example, a travel documentary, cycling magazine, or YouTube channel about fashion will surface people's self-identification as travel-lovers, cyclists or fashionistas. Audience-based targeting may reach these people, but not as members of those communities.
- With the right contextual targeting, one-to-many communications has an advantage over hypertargeted, one-to-one marketing: the advertising is experienced as 'overheard' by the whole interest community, a source of legitimacy and potential generator of positive word of mouth.
- The exact mechanisms of how the emotional relevance of media context and creative work together in advertising are still not fully understood, but the campaign case studies in this report illustrate just how powerful the right combinations can be, and how targeting the right identities can even expand the addressable market of an entire category.
- To capitalise on the identity economy, advertisers seeking to grow brands in it should consider how the media they advertise against, not just the creative, is relevant to their target audience.

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