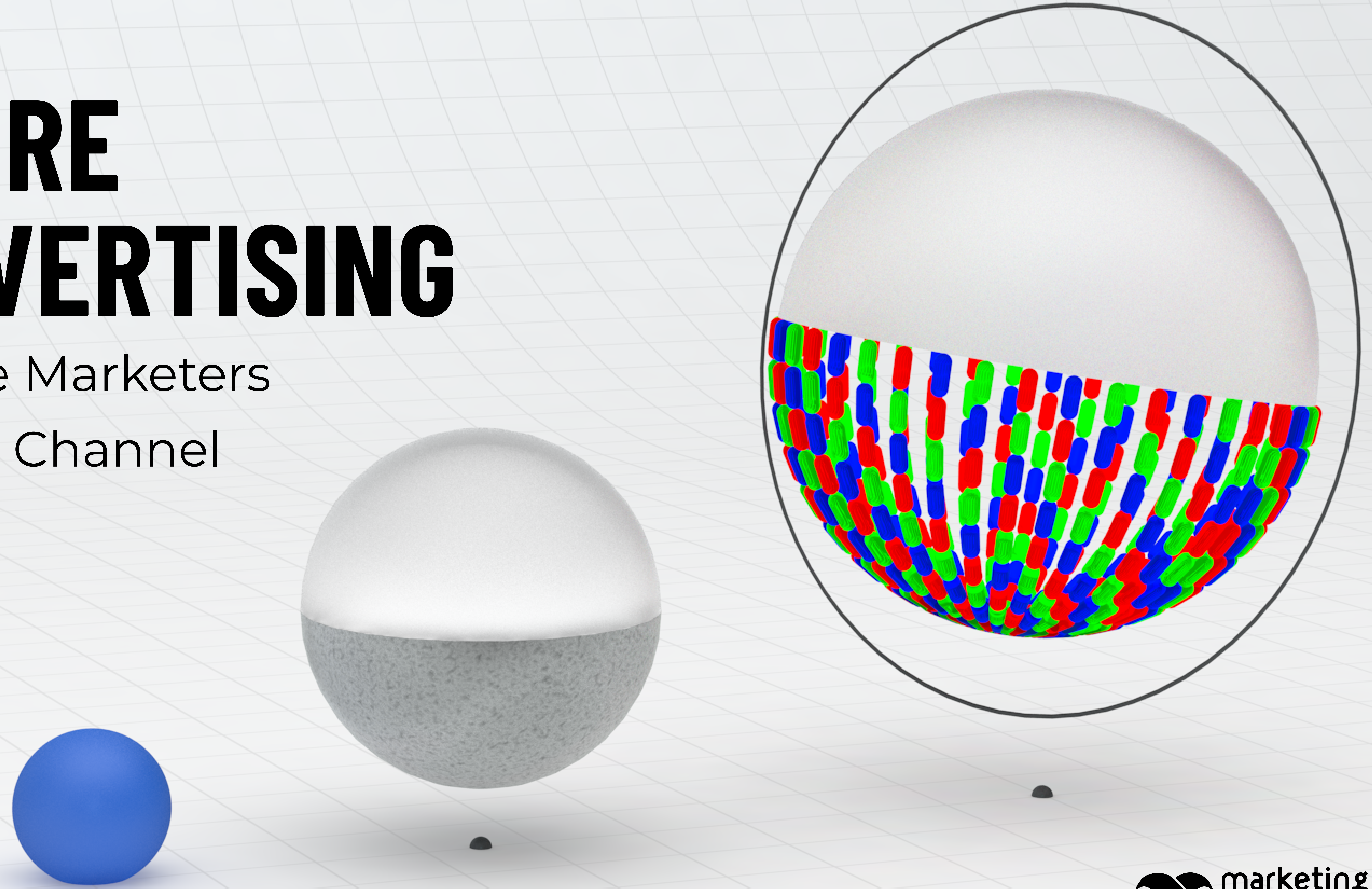
WHITEPAPER

THE FUTURE OF TV ADVERTISING

How Performance Marketers Are Changing the Channel



marketing architects

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INTRODUCTION

The Performance Marketer's dilemma

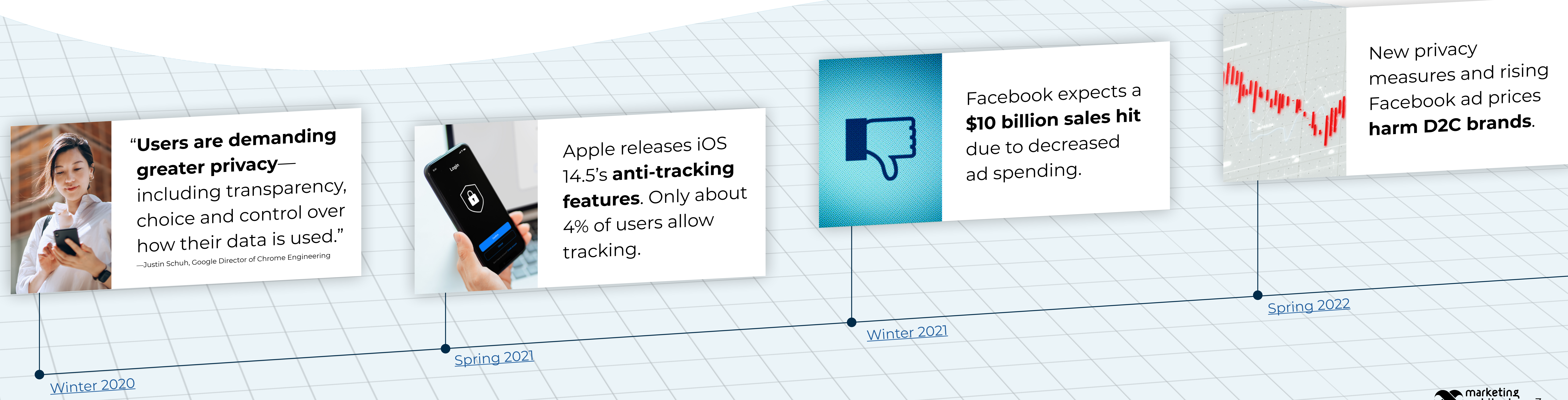
We're just going to go ahead and say it—marketing is hard. And performance marketing's unique challenges are now made even more complicated by an evolving digital landscape.

Despite a 2020 announcement, Google's Privacy Sandbox initiative to phase-out third-party cookies was delayed to 2023. But changing consumer expectations around online privacy mean the industry hasn't waited for Google to make the first move.

Browsers like Firefox and Safari have blocked third-party cookies for years. And in 2021, Apple began requiring users to opt-in to allow cross-app tracking. In the US, only about 4% of users have done so, leaving advertisers struggling to target customers and accurately measure campaign results.

Thanks to a reliance on tightly targeted digital campaigns across the industry, DTC brands are collectively facing their worst performance in years while the increasing costs of online advertising chip away at their profit margins. Even tech giants like Meta feel the impact of new regulations. Facebook expects a $10 billion sales hit in 2022 due to advertisers spending less on the platform.

As a result, 41% of US data leaders report prioritizing first-party data in 2022. 34% say they're reevaluating their approach to campaign measurement.



But actual change is more gradual than many would like to think.

An Adobe study found 80% of marketers are still moderately or very reliant on third-party tracking. And this year, spending on third-party data has only grown—despite its undeniable deprecation.

And there's an even bigger issue. Even if all businesses actively rework their data strategy, it won't fully solve the core challenges facing marketers today. For brands to ensure long-term success, they must reevaluate the overall balance of their marketing mix.

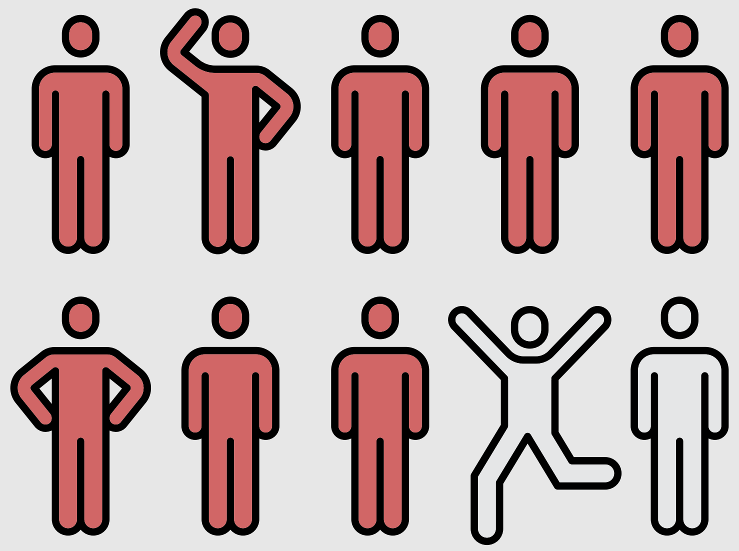
Achieving long-term growth remains fundamentally tied to reach, brand-building, and expanding your share of voice. Les Binet and Peter Field's 60/40 rule recommends investing 60% of your marketing budget in brand-building and 40% in sales activation for a reason. Prioritizing reach and branding paves the way for future sales. It drives consumers to seek your brand out, rather than having to connect with them individually for each and every action. Even B2B companies, a category that often claims especially niche audiences, achieve the best results when applying a 50/50 split between brand and sales.

The problem? Most businesses designate far less than half their marketing budget to brand-building. Digital's short-term results have made that possible—for a time. But a changing industry landscape means this approach is unsustainable.

It's clear the clock is ticking. But as a marketing leader, how do you bring brand and reach to the forefront of your strategy without sacrificing the performance the C-suite has come to expect?

Here's the thing. Thinking long-term doesn't mean giving up digital. It certainly doesn't mean giving up marketing accountability. But it might mean reevaluating your marketing mix and the value of channels beyond digital. Channels with the power to drive both sales and brand. Channels like TV.

80% of marketers are still moderately or very reliant on third-party tracking



Les Binet and Peter Field's 60/40 rule

THE TELEVISION EVOLUTION

Merging Traditional and Digital

Traditionally, TV advertising has been expensive, difficult to measure, and accessible only to the largest brands with the biggest budgets. But the modernization of marketing has affected more than paid search or social. It's also deeply impacted traditional channels, including TV.

TV's change is clear in the growing popularity of streaming and Connected TV. Today, more than 80% of US households have at least one CTV. And the average time a viewer spends watching subscription streaming services has grown to 86.7 minutes in 2022, compared to just 53.7 minutes in 2019. That's more than 150% growth in three years.

The advertising industry has certainly taken notice. News of recent streaming partnerships and platform updates dominate headlines. And CTV ad spending will surpass $20 billion next year. CTV spend in 2019 was a mere $6.4 billion.

However, the reason for this shift is due to more than changing consumer behavior. Streaming promises the benefits of both TV and digital—high visibility with the flexibility and accountability marketers crave. It's the most obvious sign of TV's move toward a digital-like future.

But it'd be a mistake to think linear TV hasn't also evolved.

For instance, ACR technology built into smart TVs can track whatever is playing on the screen—whether that's a streaming show or a commercial airing on ESPN during a live basketball game. The data collected from these TVs helps measure viewership and ad performance while offering targeting insights. And while people must opt-in to allow ACR tracking on their TV, the numbers are promising. Smart TV manufacturer Vizio reported 90% of users opted in.

Programmatic linear is another example of the shift toward greater flexibility and control for advertisers. This method for ad buying relies on digital tools to purchase specific inventory most likely to appeal to your audience.

Measurement, too, is seeing a revolution. Cross-platform measurement continues to evolve, providing continually clearer insights about who is watching what, when they're watching, and where. Granted, there's significant work to be done. But organizations like Nielsen are developing tools to resolve viewer identities across linear, addressable, streaming, and digital video.

The proof of linear's continued relevance is in the numbers. In the first half of 2021 alone, a VAB study found 162 brands across 52 categories launched their first television campaigns, all on national TV. And brands continue to spend millions on advertising during major events like the Superbowl or the Oscars. Live sports broadcast on linear still draws audiences of a size simply not found on any other channel, yet. And while CTV ad spend has grown dramatically over a short time, it remains dwarfed by linear's nearly $70 billion.

So the idea that performance brands can't find success on TV? It's a myth. Both linear and streaming can offer incredible value if approached correctly.

That doesn't mean TV success is easily achieved. There's a reason digital's been the go-to channel for results for years now. While streaming is certainly exciting, its status as an emerging marketplace with yet-to-be-developed technology and constantly changing regulations presents its own set of challenges, which actually run parallel to those in digital. Ad fraud, a lack of standardization around attribution best practices, and high pricing remain issues. And although linear boasts many exciting new developments, it's easy to get caught in past methods for media buying and campaign planning.

TV's ongoing evolution coupled with the double-edged expectations performance marketers must place on TV campaigns to drive brand and sales means achieving success requires getting every piece of your campaign right. TV advertising that drives short-term sales activation without sacrificing brand-building only happens when you flip the standard approach to TV on its head.

When you decide to change the channel.

The evolution of television

- 1920s — Philo Farnsworth invents the first electronic television
- 1940s — NBC airs the first broadcast commercial
- 1950s — Nielsen begins measuring TV viewers
- 1970s — Cable transforms how people watch television
- 2010s — Programmatic linear expands targeting options
- ACR technology is embedded in smart TVs
- Cross-platform measurement improves attribution
- 2020s — CTV viewership grows; 80% of homes own a CTV
- Linear remains dominant with nearly $70B in ad spend

DESIGNING YOUR PERFORMANCE CAMPAIGN

How Brands Are Rethinking TV Advertising

As TV has evolved, so have the principles for success on the channel. Despite growing accessibility, TV advertising that genuinely makes a difference for your brand requires bold action and strong commitment. Choosing creative messaging, targeting a profitable audience, and accurately measuring the impact of your campaign means gaining alignment and expertise from every level of your company.

A common trap for performance brands looking to diversify their marketing mix is thinking that because TV has evolved, they can treat it like digital. But that approach won't drive the type of game-changing results TV promises. It won't build the brand fame needed for long-term success.

Doing TV half-way—testing too small to get measurable results, leaning so far into targeting that you lose the benefits of TV's potential for reach, or not taking the time to research and produce compelling creative—will get you half the results at best. Investing in a mass-reach channel like TV is hardly a small task, so make the most of that investment.

It's clear TV is worth exploring. Looking at ad spend across all channels, digital leads the way in the US. But TV is right behind it. And nothing else even comes close. So how do you get TV right as a performance marketer?

To drive meaningful results without overtaxing your budget, carefully optimize five key areas of your campaign: strategy, creative, media, conversion, and analytics.

Strategy **BRANDS AREN'T BUILT BY AGENCIES. THEY'RE BUILT BY CUSTOMERS.**

Skipping the strategy stage of campaign development can easily doom a campaign before it even launches.

The strategy phase of campaign planning does not mean crafting a message based on your agency's gut instinct. It's not deciding your target audience based on who you've always targeted. Strategy involves digging deep into customer research and uncovering insights to shape messaging that will resonate with viewers. It means listening to your customers and applying what they tell you.

Here's where data strategy becomes incredibly important. How are you leveraging first-party data? Are you collecting information from existing customers across your marketing channels? If so, there are likely insights that can inform your TV campaign.

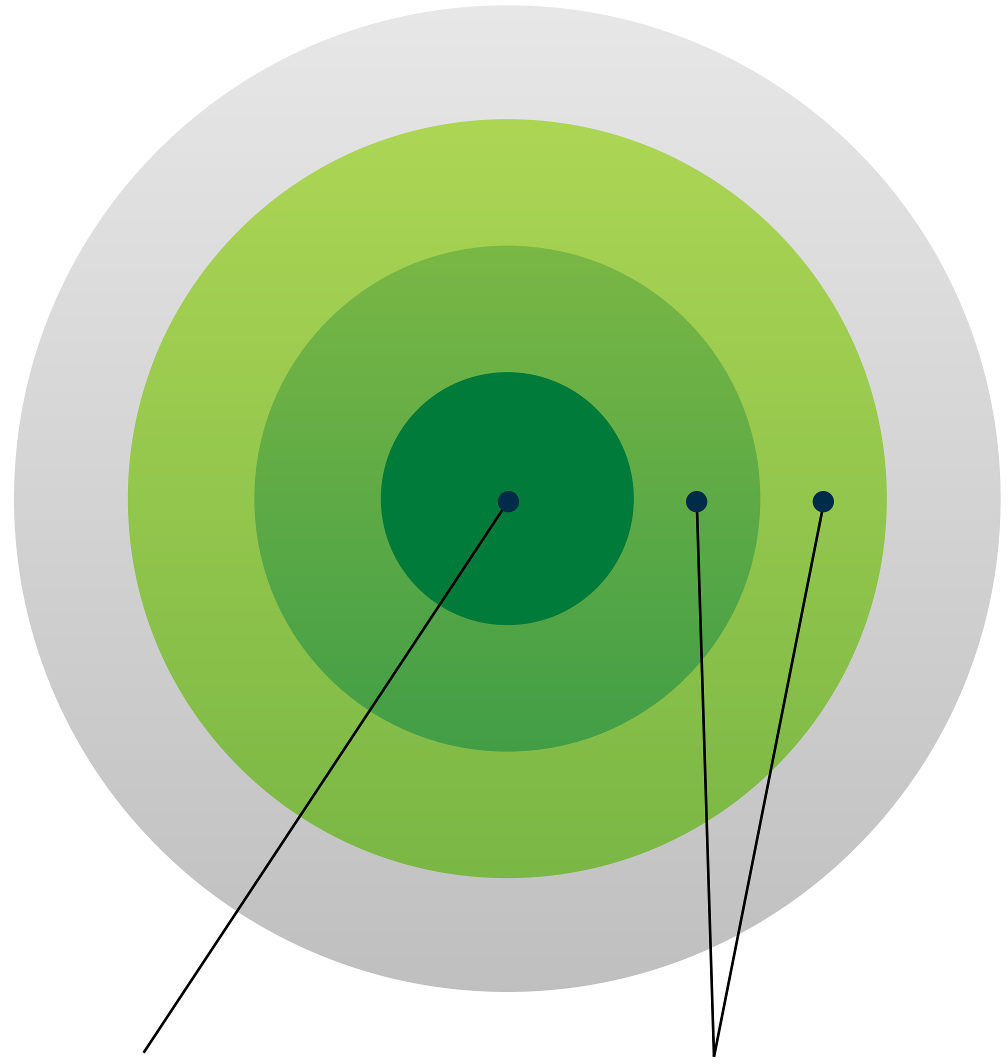
Have you confirmed where and how your customers watch TV? Many brands have a broader audience than they think—allowing them to benefit from both streaming and linear. But finding the right balance between the two can require research. Even if you claim a niche customer type, ask whether there are audiences beyond your existing target worth connecting with via linear's mass reach. What are the benefits of reaching friends, family, or coworkers of your target audience?

After all, word-of-mouth marketing is extremely powerful. 88% of people trust a brand most when someone they know recommends it. Regardless, a clearly defined target will help you better evaluate performance across audience segments after the campaign launches.

Finding the right message is also vital. Conduct a brand study to understand how customers already view your brand and to establish a baseline for comparison after your campaign airs. This will provide insight into TV's effects on metrics like brand awareness and perception while informing how creative messaging can be optimized.

Whatever you do, don't skip the strategy stage. Because guess what? You aren't the primary builder of your brand. Your agency isn't either. That job belongs to your customers.

Many brands have a broader audience than they think



Bullseye Target

Media Target and Positive Spill: Ask whether there are broader audiences worth connecting with via linear's mass reach.

Highlights

1. Leverage **first-party data** to get key insights
2. Consider broadening your **target**
3. Understand customers by conducting a **brand study**

Case Study: Nuts.com

Family-owned business Nuts.com was founded as the Newark Nut Company all the way back in 1929. Today, Nuts.com is a thriving ecommerce retailer that still prioritizes its founding values of quality and service, plus boasts a wide selection of products you won't find at your local grocery.

After launching their first national TV campaign in 2020, Nuts.com watched their national **aided brand awareness grow more than 150%**. The brand also recognized TV's potential to reach even more new customers. With this goal in mind, Nuts.com pivoted messaging to **appeal to a broader audience**. They quickly produced and launched a new commercial that highlighted real customer testimonials and the variety of products available on their site.

By the end of the year, new customers increased so much they set a **company growth record**. Expanding the brand's customer base had proved even more rewarding than anticipated.

Read more and watch the spots:

Creative REMARKABLE WORK SHOULD WORK REMARKABLY.

What's your favorite commercial?

You can probably think of at least a few memorable ads. Maybe that's a Super Bowl commercial that leaned into humor and celebrity influence. Or perhaps your mind goes to campaigns featuring characters like Progressive's Flo or the Geico Gecko.

TV is well-known for its storytelling capabilities. Big brands have capitalized on this power for years, developing beautiful, highly produced creative designed to instill memory structures in consumers' minds.

But not every brand has millions to spend on creative production. And frankly, a large price tag doesn't ensure creative will be effective.

For performance brands that demand tangible, immediate results from their marketing, a brand-building campaign that costs millions just to develop makes little sense. Many brands need to drive sales now—whether to prove marketing's value to the C-suite or even to stay afloat as a business. Immediate results are achievable on TV. But creative must be designed with this goal in mind.

Does your creative have a strong call-to-action? If you present a beautiful commercial to a potential customer but don't ask them to do anything about it, you're missing opportunities to drive response.

Does your creative make the most of audio by using a clear, informative voice-over? More than half of commercials are heard but not seen, and if you're relying on visuals alone to communicate your message, you'll fail to connect with many potential customers.

Are you pretesting your creative? Brands often produce multiple creatives to test in-market. But the more fully produced spots you make, the more you spend on upfront creative costs. And putting a less effective creative in-market means poorer connections with consumers. Which equals missed opportunities. Instead of in-market testing, pretest to determine which creative route will drive the best performance.

Finally, remember that designing your campaign to drive short-term results doesn't mean sacrificing long-term benefits like brand-awareness. Your creative can (and should) be both effective and beautiful.

More than half of commercials are heard but not seen

Listeners could miss important information if it isn't included in voiceover.

Highlights

1 Drive response with **voiceover** and a **call-to-action**

2 **Pretest** creative before going in-market

3 **Balance** sales activation and brand-building

Case Study: Touch of Modern

San Francisco-based ecommerce app Touch of Modern caters to male trendsetters with curated collections of unique products. You can find one-of-a-kind watches, a portable tree house, or a coffee alarm clock all on their site.

The savvy DTC brand had previously tested TV, but not seen the results they knew were possible with such a large channel. They began work on **new creative to try a different approach on TV**. This creative focused on positioning the startup as a lifestyle brand. They highlighted the beauty, qualityv and exclusivity of their products. The ads were memorable and aspirational.

But Touch of Modern didn't lose sight of their performance goals. Ads always **included a CTA**—whether that was to visit TouchofModern.com or scan a QR code that would open their app. And it worked. Growth went from stalled to soaring. **Sales lifted, the average order value increased, and cost per customer decreased.**

Read more and watch the spots:

Media **PEOPLE ARE THE PROBLEM. AUTOMATION IS THE ANSWER.**

There are more ways to watch TV than ever. Audience fragmentation is at an all-time high. In a single household, five people can all watch different content on different devices at the same time.

As a result, the media marketplace is intensely complicated. Let's say you're a home goods brand. You want to advertise on HGTV. You can participate in traditional media-buying opportunities like the upfronts, purchasing media directly from HGTV. It'll likely mean overpaying. The upfronts prove worthwhile for large brands requiring certainty and advance notice. But for performance brands with a bit more flexibility, the upfronts simply haven't kept up with what the industry has to offer.

Your second option is to look at the dozens of alternative ways to get in front of that HGTV audience—allowing you to get the outcome you want at a lower price. Given these options, most would immediately pick the second route. After all, lower prices for the same result mean greater campaign effectiveness. But here's where advertisers face a new problem.

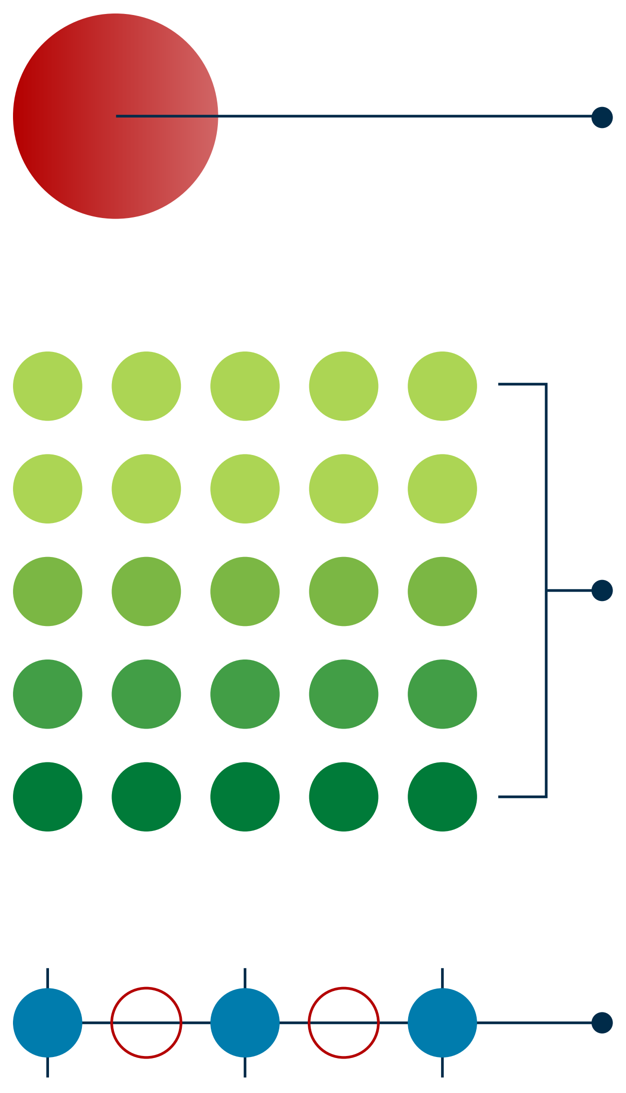
Finding these alternative opportunities, weighing all your options, and deciding in time to capitalize on the best choice is practically impossible for any one person. Only slightly less impossible for an entire team of media buyers.

Plus, streaming's new options only further complicate the marketplace. Because not everything comes down to price. You also have to think about the audiences you're reaching. While streaming inventory is often more expensive than what can be found on linear, the additional cost may be worth gaining incremental reach with cord-cutter audiences or to use streaming's targeting capabilities for a retargeting campaign.

The many variables in media buying mean it's not humanly possible to fully evaluate everything in a constantly changing media marketplace. Which is why a non-human approach will provide the best results. When you have the power of automation and artificial intelligence on your side, you can feel far more confident that your media buys are making the most of your TV investment.

The media marketplace is complex

Upfronts are more expensive than alternates, but finding the right media buy is time-consuming. Automation can increase effectiveness and ROI.



Upfronts
Purchase directly from station
Expensive media

Alternates
Dozens of distribution channels
Less expensive media cost
More human time

Automation
Finds most profitable media buys
Can increase effectiveness and ROI

Highlights

1 Introduce **automation** to your ad buying to increase effectiveness and ROI

2 Consider streaming for **incremental reach** or **retargeting**

Case Study: Joybird

Ecommerce furniture retailer and manufacturer Joybird was founded on the idea that people's homes should match their unique styles. The brand's one-of-a-kind, customizable products provide personalized environments for those seeking boldly original designs.

Bold styles deserve bold marketing. Joybird saw TV as an opportunity to reach new audiences and continue driving business growth. They planned and launched a campaign with a **diverse media plan** that included both linear and streaming. The goal was to introduce the brand's bold fabrics and customizable products to a **broader audience**.

TV's impact was visible within weeks of the launch, supporting key sales during Black Friday and Cyber Monday, and **the campaign drove a positive return on ad spend.**

Read more and watch the spots:

Conversion THE CONSUMER IS IN CONTROL.

Let's say you just developed an incredible performance TV campaign. You researched to find messaging that appeals to your audience, invested in creative that's beautiful and pushes viewers to act, and delivered that creative to the right people at the right time. You've driven a record number of leads.

But are those leads converting? How many actually become customers?

Conversion is not addressed enough in TV advertising. But for performance campaigns, conversion is essential. You could have a fantastic commercial seen by millions and still not have the sales results you need.

The creative section discussed the importance of a call-to-action to drive immediate results with your commercial. But how do you choose the right CTA? How do you know you're asking consumers to respond the way they want to? How are you reducing friction along the path to purchase?

Your work to achieve a successful campaign doesn't end when the TV turns off. The rise of ecommerce means consumers now have more options than ever—and more control over their interactions with businesses. Which means any reason to look elsewhere will result in exactly that.

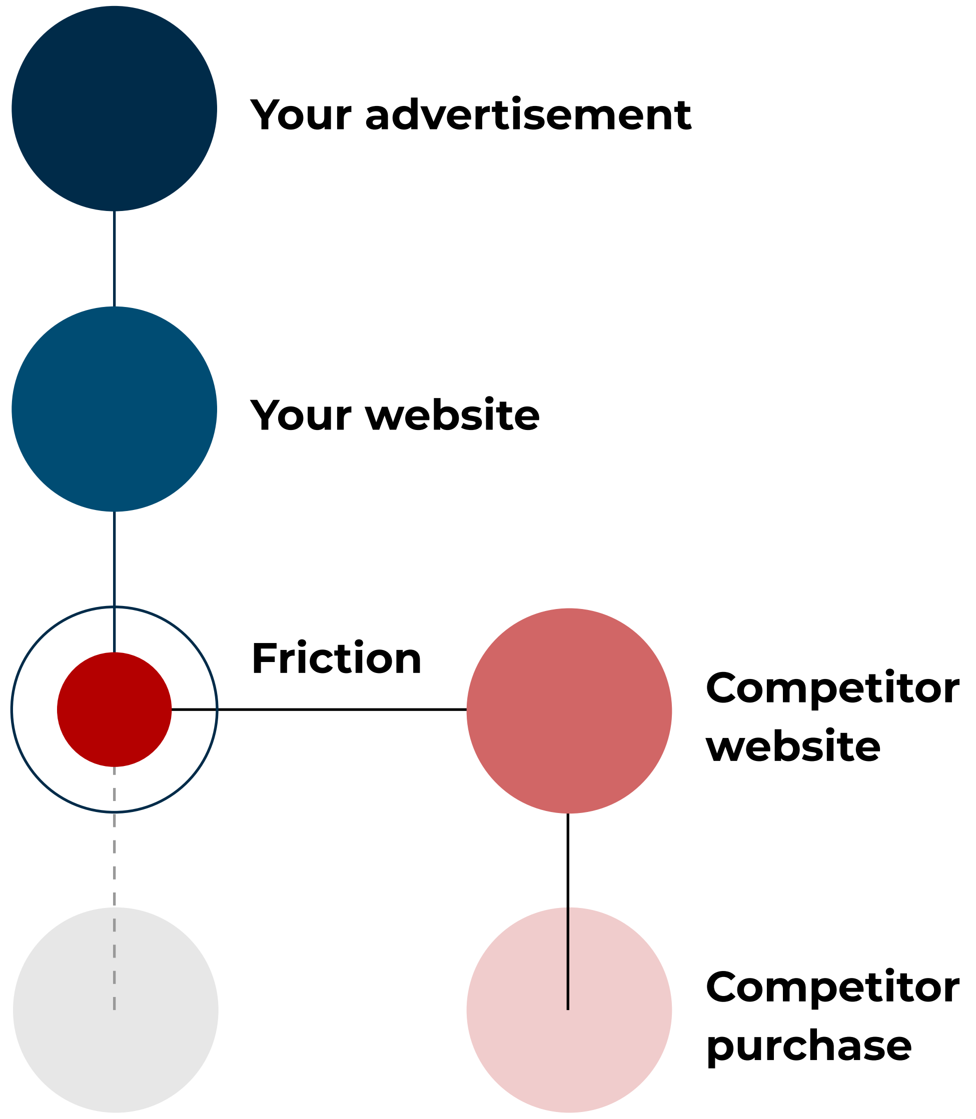
Let's return to your incredible campaign. Suppose it drives users to visit your website. But your commercial highlighted a specific set of kitchenware. The user gets to your website and doesn't see that product anywhere on the page. They're confused by the inconsistency and decide to search for similar items on Amazon instead.

Or perhaps your campaign asks viewers to call a 1-800 number to schedule an appointment. But what you didn't realize is many consumers would prefer to schedule the appointment using a calendar tool on your site. They're interested, but they don't make the call.

Remove barriers preventing leads from becoming customers by A/B testing different CTAs, conducting research to understand the user experience, and leaning into new technology to improve that experience when necessary.

Wasted leads are expensive. In fact, not optimizing conversion can mean the difference between a successful campaign and a failure.

Are your leads converting?



Reduce purchase friction to prevent leads from going to a competitor brand.

Highlights

1 Reduce purchase **friction**

2 **A/B test** calls-to-action

3 Conduct **user experience** research

4 Understand and match **user intent**

Analytics DATA GETS TWISTED EVERY DAY.

If there's one long-accepted challenge about TV that remains true today, it's that TV is hard to measure. TV has become more like digital recently, and we have more data around campaigns because of that. But more data doesn't mean TV's attribution woes are solved. Because with a channel as complicated as TV, data is easily twisted.

Think back to the conversion example. Suppose you're measuring campaign success based on sales impact alone. Results show sales have barely budged in response to your TV campaign. But what you fail to notice is that web traffic increased significantly. TV drove viewers to your website, but a confusing user experience online meant they left without buying. If you only looked at one piece of data, it'd be easy to assume TV doesn't work for your brand when it's your site that needs to change in order to gain new customers.

There's no single perfect solution to understanding TV's impact. For every brand and every campaign, the metrics that matter will depend on your specific campaign objectives. But regardless of your goals, always use multiple models when analyzing results.

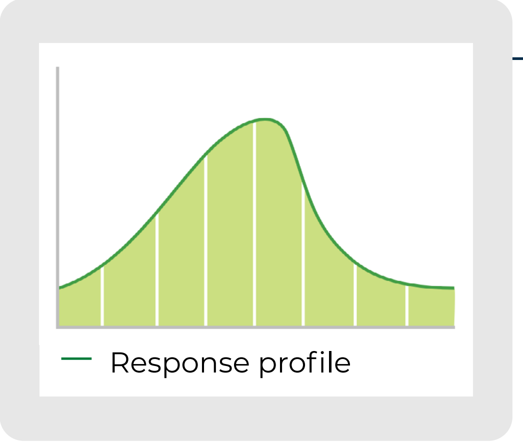
Start by looking at the micro effects of your campaign. This might be an increase in web traffic, calls or texts in the minutes following each airing. Compare spend for each airing to its corresponding response. Then optimize your media buy accordingly.

But the micro effects alone don't tell you everything TV is doing, especially since not everyone responds to a campaign immediately. Over the next few months, look for changes in your web traffic composition, new customer growth, improved conversion rates, or higher order value.

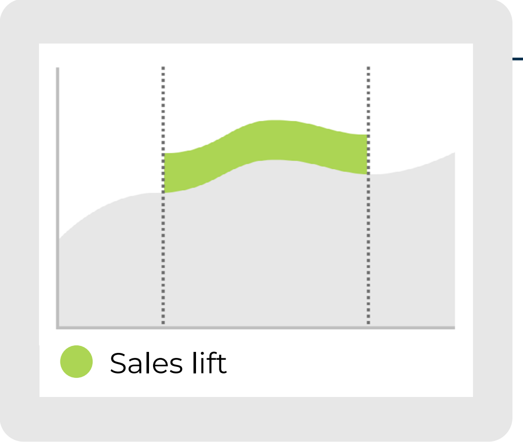
The most exciting results of TV are perhaps also the most difficult to track. Because TV grows brand familiarity and memorability over time, you'll find TV can positively impact areas like stock price, pricing power, brand partnership opportunities, and of course, profits.

Don't simplify TV attribution down to a single data point. It'll easily tell you the wrong story. Zoom out to better understand the full picture—and to make smarter business and marketing decisions.

Understanding the whole picture of TV attribution



Micro measurement
Short-term
Consider measuring web traffic, calls or texts in the minutes following each airing.



Macro measurement
Medium-term
Consider measuring changes in web traffic composition, new customer growth, improved conversion rates, or higher order value.

Business measurement
Long-term
Search for positive impact in stock price, pricing power, brand partnership opportunities, and profits.

Highlights

1 Use multiple measurement models

2 Introduce new measurement tactics as your advertisement matures

Case Study: 1-800-HANSONS

Detroit-based home improvement remodeler 1-800-HANSONS was an experienced TV advertiser. But as they expanded into new markets, they knew they needed TV to drive new customers and promote brand awareness.

The brand launched TV in their new markets directing people to call a 1-800 number. But they knew not everyone would respond by calling. Many people would see the ad and go to their website instead. To track these customers, they **added a survey to their online form** asking how leads had found the brand.

Survey data showed TV's effect was five times greater than could be measured by phone calls alone—reducing the cost of each TV-driven lead to a fifth its originally calculated cost. 1-800-HANSONS was thrilled by the **low cost-per-lead**, which was only discovered because of using multiple data points to determine TV's impact. As a bonus, **brand awareness grew** more than 20%.

Read more and watch the spots:

CONCLUSION

More Than a Marketing Tactic

TV advertising done right can become an essential growth driver for your business. The change TV is undergoing (and will continue to undergo) opens doors to new opportunities for brands across all categories. TV should be considered a strategic way to diversify your marketing mix as digital marketing becomes less effective at driving short-term response. However, TV's potential for building brand awareness and fame should not be overlooked even within performance campaigns, as it is those qualities that will set your business up for long-term success.

But TV's evolution also presents new challenges. The right approach is essential across five areas:

1. **Strategy** Invest in consumer research to find your audience and tailor relevant messaging.
2. **Creative** Consider brand and performance elements when producing your commercial.
3. **Media** Rely on automation and technology to find the best media buys for your campaign across linear and streaming.
4. **Conversion** Think about the user experience beyond your commercial. Make it simple for viewers to convert into customers.
5. **Analytics** Use multiple models to understand TV's full impact on your business.

This may mean rethinking how you've done TV advertising in the past. Or even how you've approached marketing for your brand. But the results will be more than worth a little change.

Because TV is more than a marketing tactic. It unites teams of experts in marketing research, copywriting, creative production, technology, and data science. It promotes excitement and pride from your own team. And it introduces your brand to potential customers in the comfort of their homes, sharing messages that can inspire nostalgia, laughter, and even tears. TV transforms businesses—we've seen it happen.

TV advertising is an incredibly powerful channel. It'd be a shame not to make the most of it.

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