

# A Fresh Take On



Staying ahead of evolving dynamics in the marketplace and our culture

## Beyond the Headlines: The State of TV Today and the Opportunities of Tomorrow



Often it seems our industry headlines are dominated by the growth in streaming, OTT and cord cutting.

As a result, the health and efficacy of TV as an advertising platform is sometimes called into question. With marketers placing billions in the TV ad market annually, it is essential that we pause and examine the **facts** as it relates to the impact of TV:

- What is the current state of TV as a reach vehicle? An engagement driver? A catalyst for business outcomes?

At the same time, video viewing behaviors – and new viewing options – are constantly evolving. To help marketers tasked with putting together holistic video campaigns, it's also critical that we look at the future:

- How can marketers best prepare for the future of TV? Where will the future ad opportunities be?

Although the pay-TV universe is declining, the **scale** and **engagement** of TV exceeds other video platforms

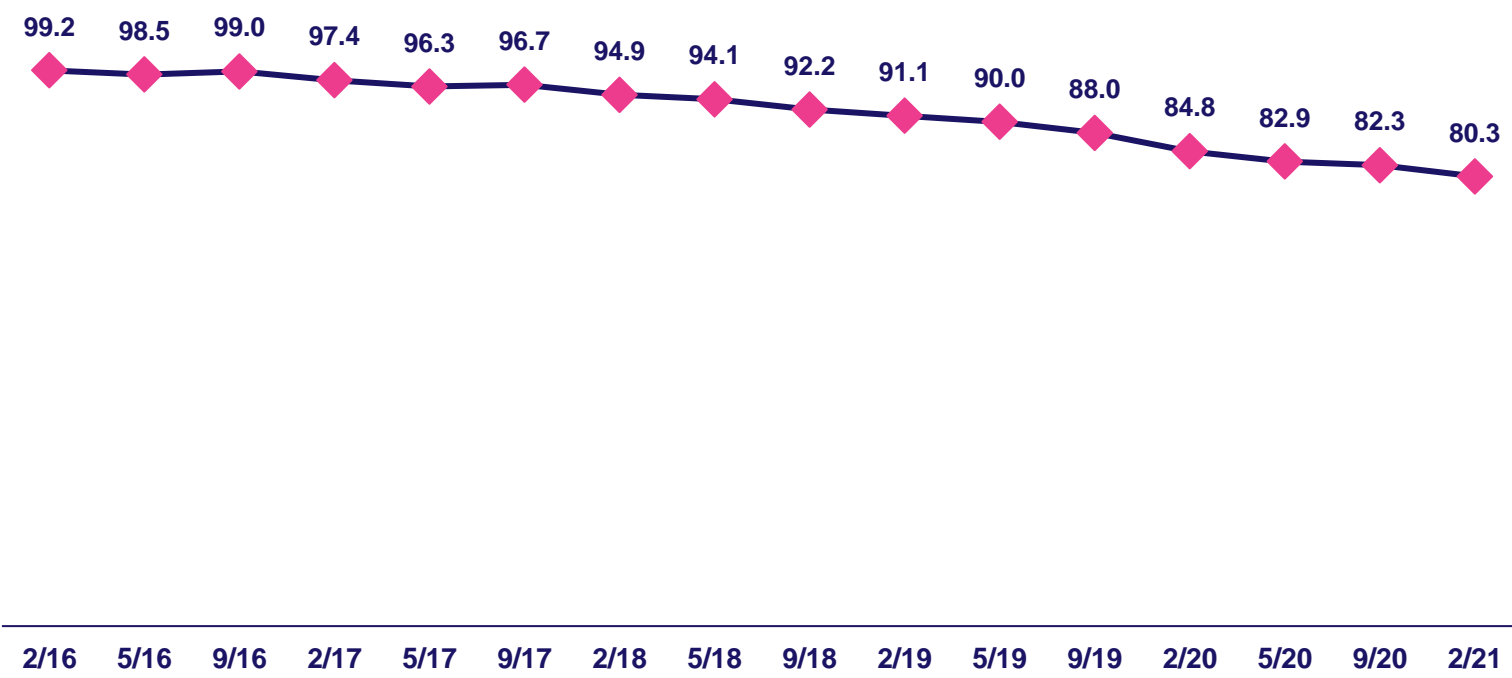




Over the last five years, as streaming viewership soared, almost 19 million homes shifted from pay-TV providers, according to Nielsen estimates

As more consumers transition to a hybrid live and on-demand world in the next four years, the pay-TV household universe is expected to decline by over 10 million, according to eMarketer projections

**Nielsen Media Universe Estimates: Wired Cable + DBS TV HHs**  
in Millions

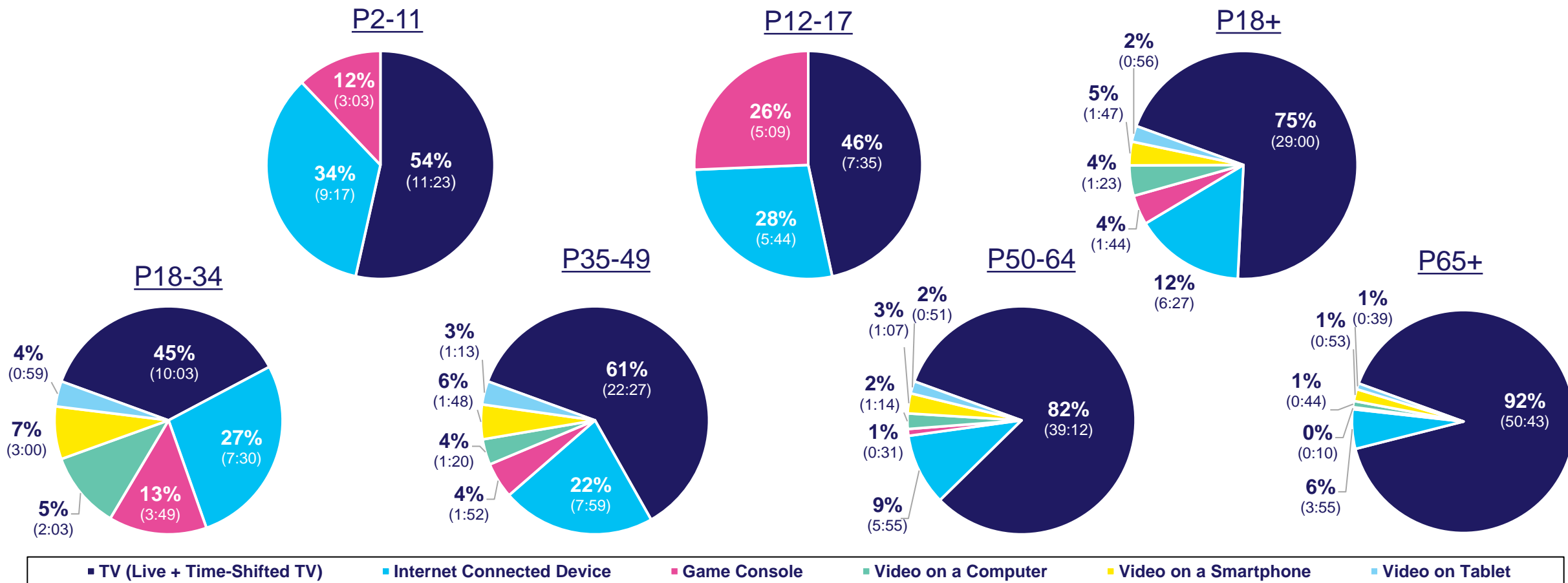


Source: VAB analysis of Nielsen's National Media Related Universe Estimates With Penetration of Total U.S. TV HHs data; February 2015 – February 2021. Pay-TV includes wired cable + DBS. The horizontal axis reflects month/year (i.e., 2/16 = February 2016). VAB analysis of eMarketer Pay-TV only HHs projections based on September 2020 estimates.

# Yet, currently, even amidst declines, **regardless of age**, more time is spent with linear TV than any other video platform



**% Share Of Weekly "Time Spent" By Video Device – Q2 '20**  
(Hrs:Mins Among U.S. Population)



Source: VAB analysis of 2Q '20 data from the Nielsen Total Audience Report, as reported in their November 2020 issuance; based on hours:minutes among population; time spent based on video-focused app/web use for Smartphone, Computer and Tablet. Mobile and computer-related data is not available for P2-11 or P12-17. Only includes video capable platforms. Internet-Connected Device = devices connected to the TV that are used to stream content such as Apple TV, Roku, Google Chromecast, Amazon Fire TV, Smartphone, Computer/Laptops, etc. (inclusive of smart TV app usage). Charts exclude time spent with DVD/Blue-ray devices.

TV as an ad platform has shown great **resilience** during the economic challenges and uncertainty posed by the pandemic



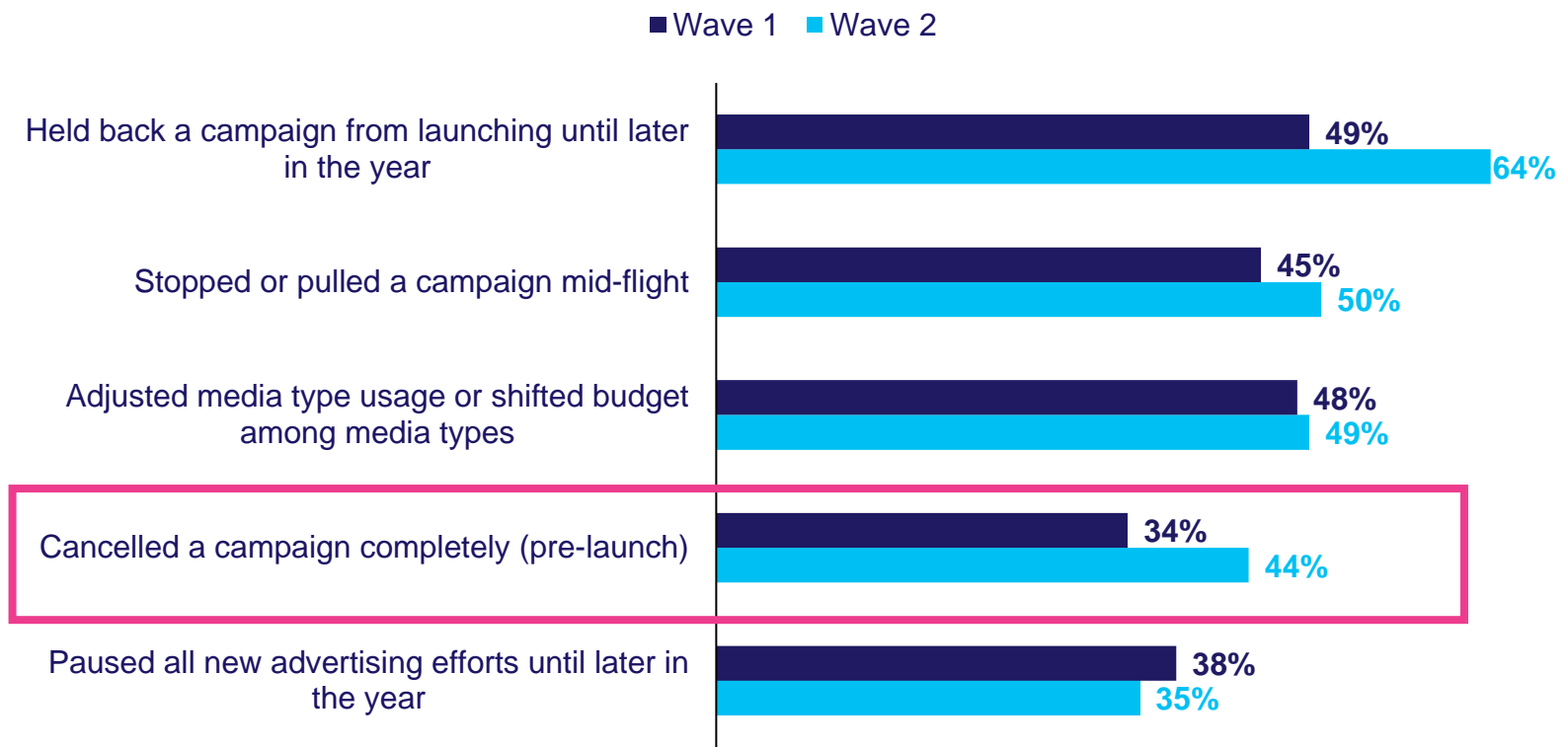


At the beginning of the pandemic, 44% of advertisers said that they canceled an upcoming campaign before launch

Furthermore, more than half of all brands said they planned to reduce their media spend by over 20% for the rest of the year

Source: Ebiquity, 'COVID-19 & Media: Ebiquity Client Survey Results.' March 2020.

### How has Coronavirus impacted your advertising efforts?



Source: Advertiser Perceptions, "Coronavirus Effect on Advertising" Report. Q12: In which of the following ways has the Coronavirus (COVID-19) outbreak impact your recent or ongoing advertising efforts? Base: Total Respondents. Wave 1 = survey fielded March 17-20, 2020, 203 interviews conducted. Wave 2 = survey fielded April 1-4, 2020, 152 interviews conducted.

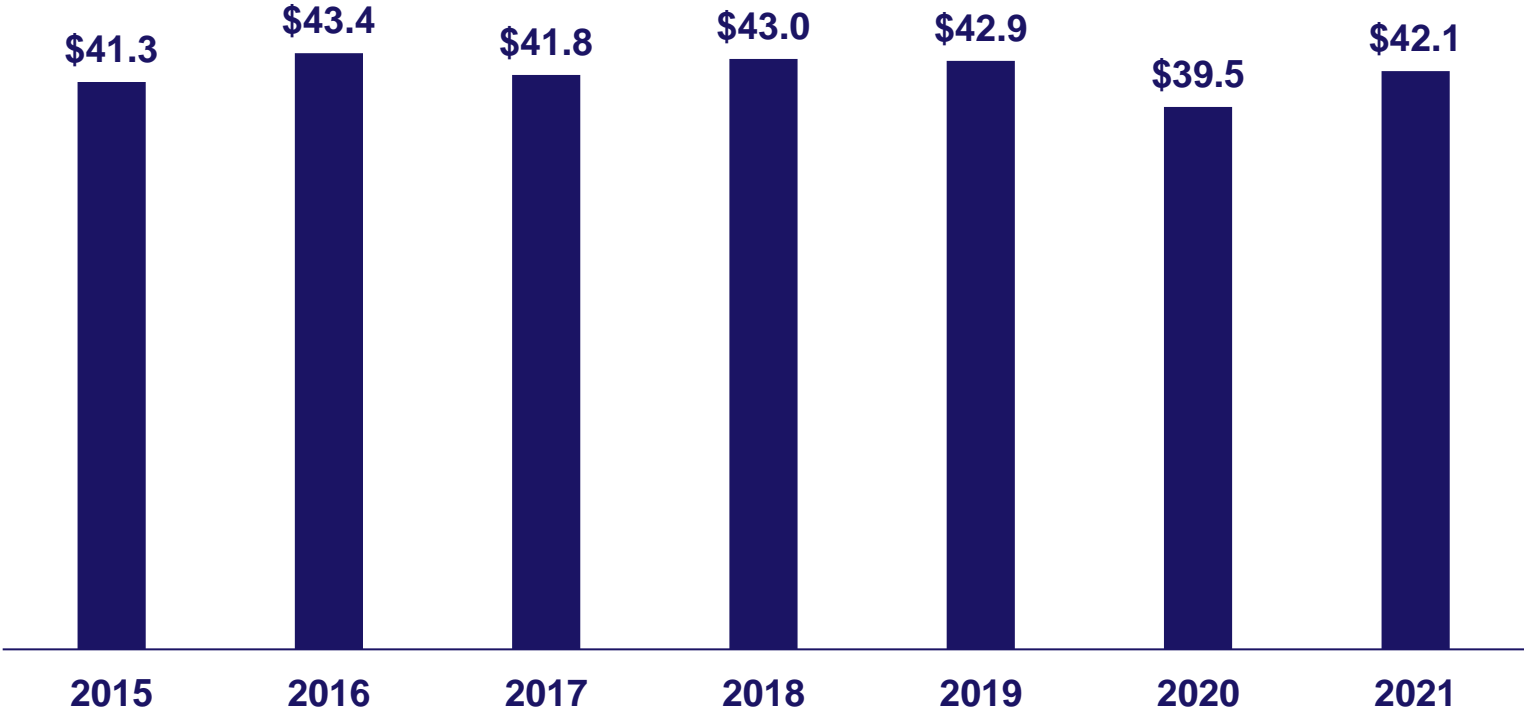


### GroupM Projections: U.S. Nat'l TV Ad Revenue

Includes digital extensions in TV, excludes political (in billions)

In reality, marketers turned to linear TV to weather the crippling pandemic and deep recession

After only a slight -8% dip in 2020, national TV is expected to rebound to pre-COVID levels this year



Source: GroupM, 'This Year, Next Year: U.S. End-Of-Year Forecast,' December 2020.

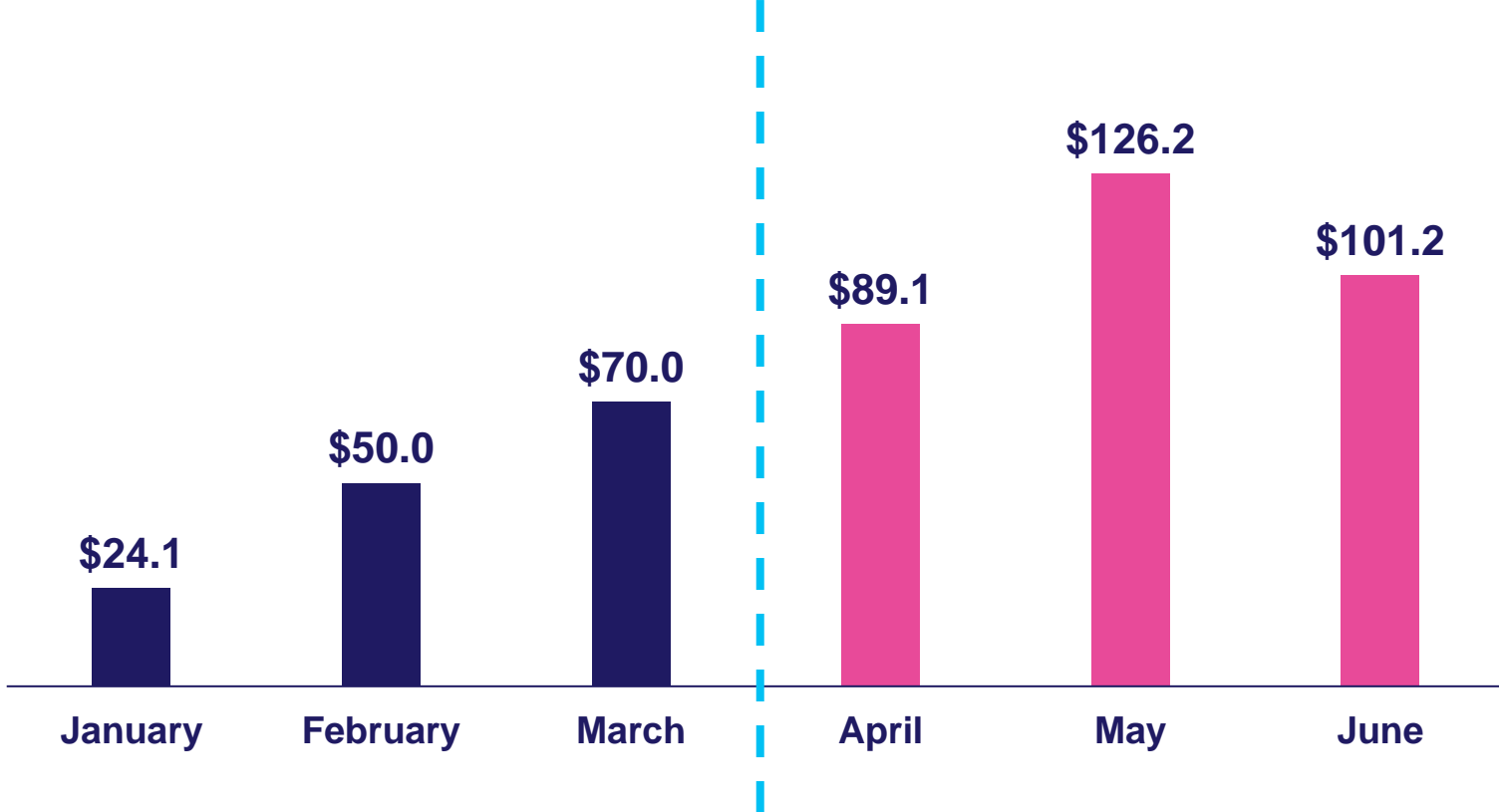


## 1H 2020 New National TV Advertisers' Monthly Spend

in Millions

60 brands launched their **first** national TV campaign during the heart of the pandemic in 2Q '20

With a collective investment of over \$316 million, these advertisers represented nearly **70%** of national TV spending by new advertisers in 1<sup>st</sup> half 2020



Source: VAB's 'Welcome To TV: Introducing The 'New Kids On The Block'', October 2020. VAB analysis of Nielsen Ad Intel data, Q1'20-Q2'20. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV. Brands reflect those with national TV spend over \$100K.

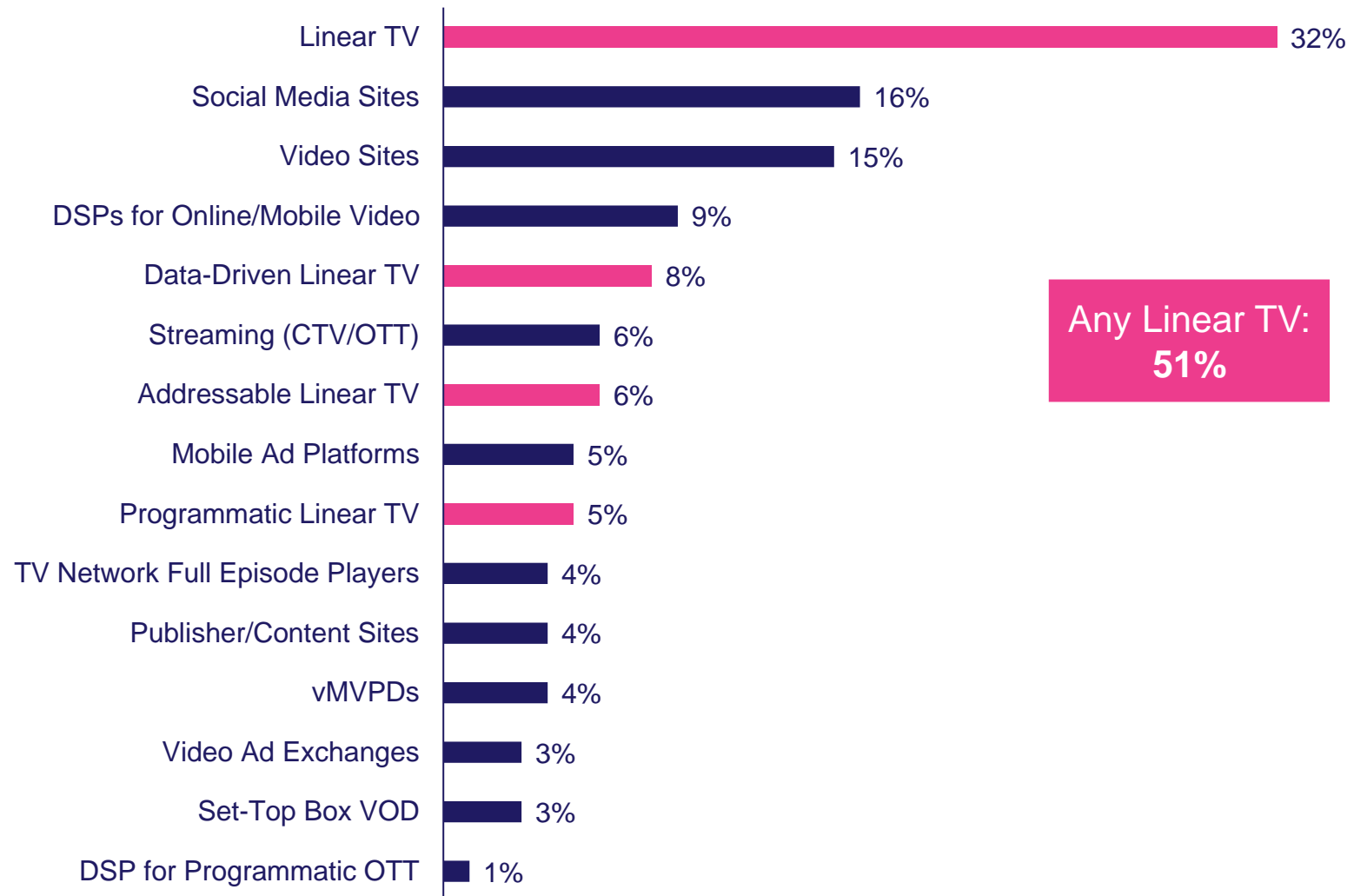
**TV is proven to be a  
marketer's best bet for  
selling today**



Today, more than half of advertisers identify linear TV as their single most valuable video tactic

## All Video Advertising Tactics Used

Summary of Top Rank



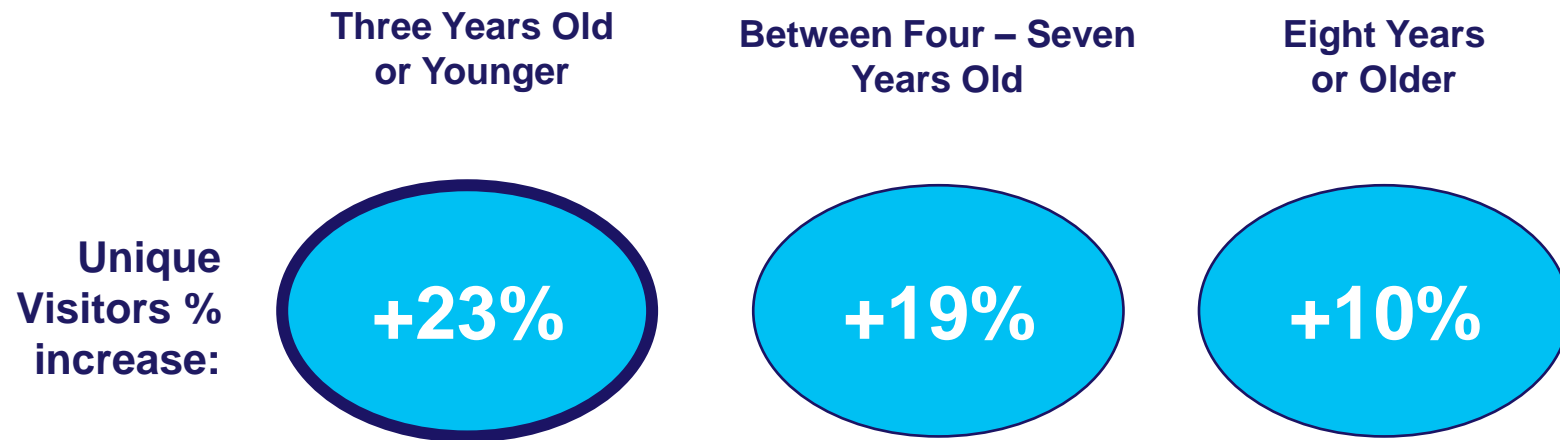
Source: Advertiser Perceptions, Video Advertising Convergence Report, Wave 9, 2H 2020, released February 2021.



**Direct-to-Consumer Brands:**  
**TV Launch Month\* vs. Three-Month Average Prior To TV**  
 Average Website Unique Visitors

Television results in an **immediate lift** in website traffic for all brands, regardless of life stage

**Young, DTC** brands saw the greatest lift following their campaign launch as their awareness skyrocketed



*Keep in mind, by the nature of their business model, DTC brands have had a digital media presence since near inception, so these increases are in the context of existing digital advertising pre-TV launch*

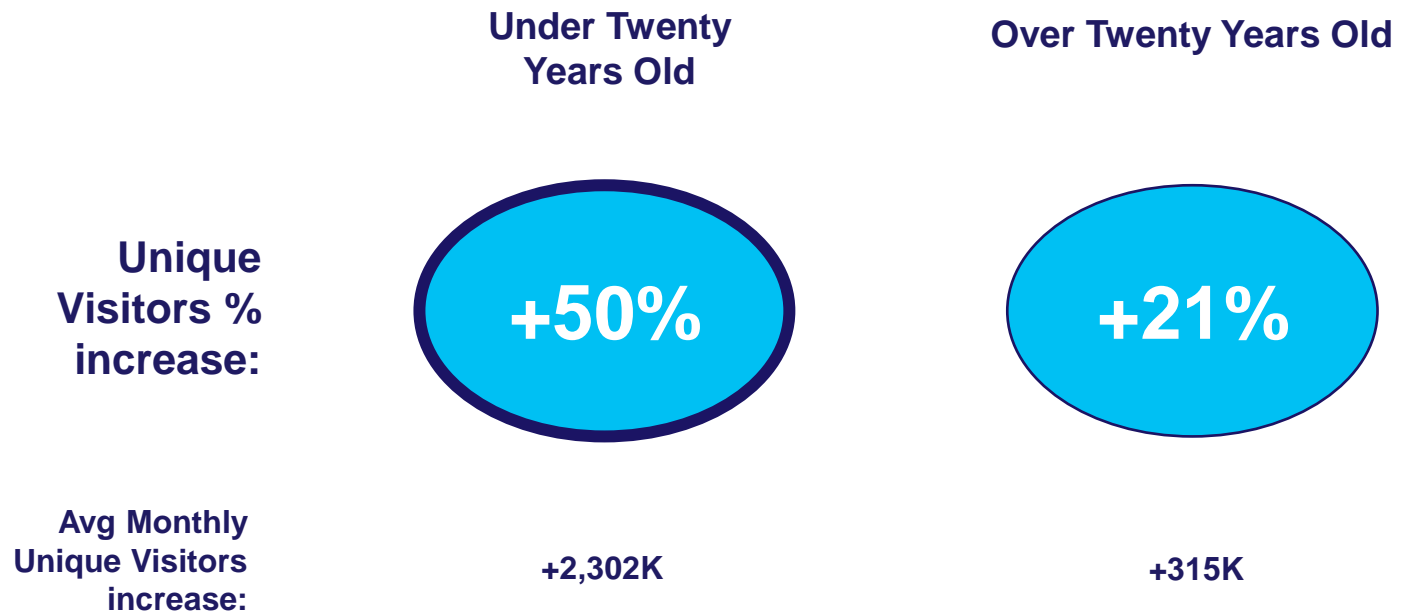
**How to Read:** DTC brands that are three years old or younger saw a +23% lift in their website traffic during their TV launch month vs. their three-month average website traffic prior to TV

Source: VAB's 'The Halo Effect: TV as a Growth Engine', November 2020. VAB analysis of Nielsen Ad Intel data, all measured TV spend, and Comscore mediamatrix multiplatform (desktop + mobile) media trend data; P18+. Measurement Time Period: June 2016 – June 2020. \*Reflects the TV launch month of each brand's first TV campaign. Analysis includes 140 DTC brands.



**Brands in Traditional Categories (non-DTC)\*:**  
**'When On TV' Monthly Average vs. Three-Month Average Prior To TV**  
Average Website Unique Visitors

The earlier that **'traditional brands'** begin advertising on TV, the greater the digital results, as TV drives awareness, recall and action which leads new customers to enter a brand's digital storefront



**How to Read:** 'Traditional' brands that are three years old or younger saw a +50% lift in their average monthly website traffic when they were airing on TV vs. their three-month average website traffic prior to TV

Source: VAB's 'The Halo Effect: TV as a Growth Engine', November 2020. VAB analysis of Nielsen Ad Intel data, all measured TV spend, and Comscore mediametrix multiplatform (desktop + mobile) media trend data; P18+. Measurement Time Period: June 2016 – June 2020. \*Reflects new TV advertisers in traditional categories such as health/wellness, telco, home, pet care, beverages, CPG, B2B, etc. TV launch month is based on each brand's first TV campaign. Analysis includes 50 brands.

Marketers are **increasingly**  
investing in streaming  
platforms



To offer viewers the best experience, and advertisers a data-driven ad product, many programmers have proactively evolved their offerings and organizations to primarily focus on streaming

**Forbes**

Disney, NBCUniversal, ViacomCBS Announcements Push Into Streaming Future

 **CNBC**

Disney says its 'primary focus' for entertainment is streaming — announces a major reorg

 **adexchanger**

NBCU Sees Advertisers Returning, Will Restructure For Streaming

**TV [R]EV**

Disney, NBCU, Warner, ViacomCBS Pivot Into Whole New (Streaming) World

 **MARKETING BREW**

Disney and NBCUniversal Both Consolidate Advertising Arms to Prioritize Streaming

*The New York Times*

*Disney Reorganization Puts a Sharper Focus on Streaming*

**THE VERGE**

WarnerMedia undergoes major reorganization as HBO Max gets higher priority










**THE VERGE**

ViacomCBS announces major streaming reorganization just days after Disney did the same

**THE WALL STREET JOURNAL.**

NBCUniversal to Combine TV, Streaming Operations in Broad Restructuring

By 1Q 2021, many major TV network groups had launched their streaming services and several offer, or will soon offer, multiple tiering options which include a subscription / commercial hybrid plan at a lower price point

Service	Streaming Model	Ad-Free Monthly Pricing	Ad-Supported Monthly Pricing
 HBOmax	Hybrid AVOD/SVOD*	\$14.99	N/A*
 hulu	Hybrid AVOD/SVOD	\$11.99	\$5.99
 Paramount+	Hybrid AVOD/SVOD	\$9.99	\$4.99**
 peacock	Hybrid AVOD/SVOD	\$9.99	Free*** or \$4.99
 discovery+	Hybrid AVOD/SVOD	\$6.99	\$4.99
 NETFLIX	SVOD	\$8.99-17.99	N/A
 amc+	SVOD	\$8.99	N/A
 Disney+	SVOD	\$7.99	N/A
 apple tv+	SVOD	\$8.99-17.99	N/A

Notes: \*Ad-supported tier of HBOMax is coming Q2 2021; \*\*'Base Tier' Ad-Supported Paramount+ launches in June 2021; \*\*\*Peacock offers a free tier that is ad-supported with limited content library. Chart reflects costs as of 3/1/21. AVOD = Ad-Supported Video-on-Demand; SVOD = Subscription Video-on-Demand



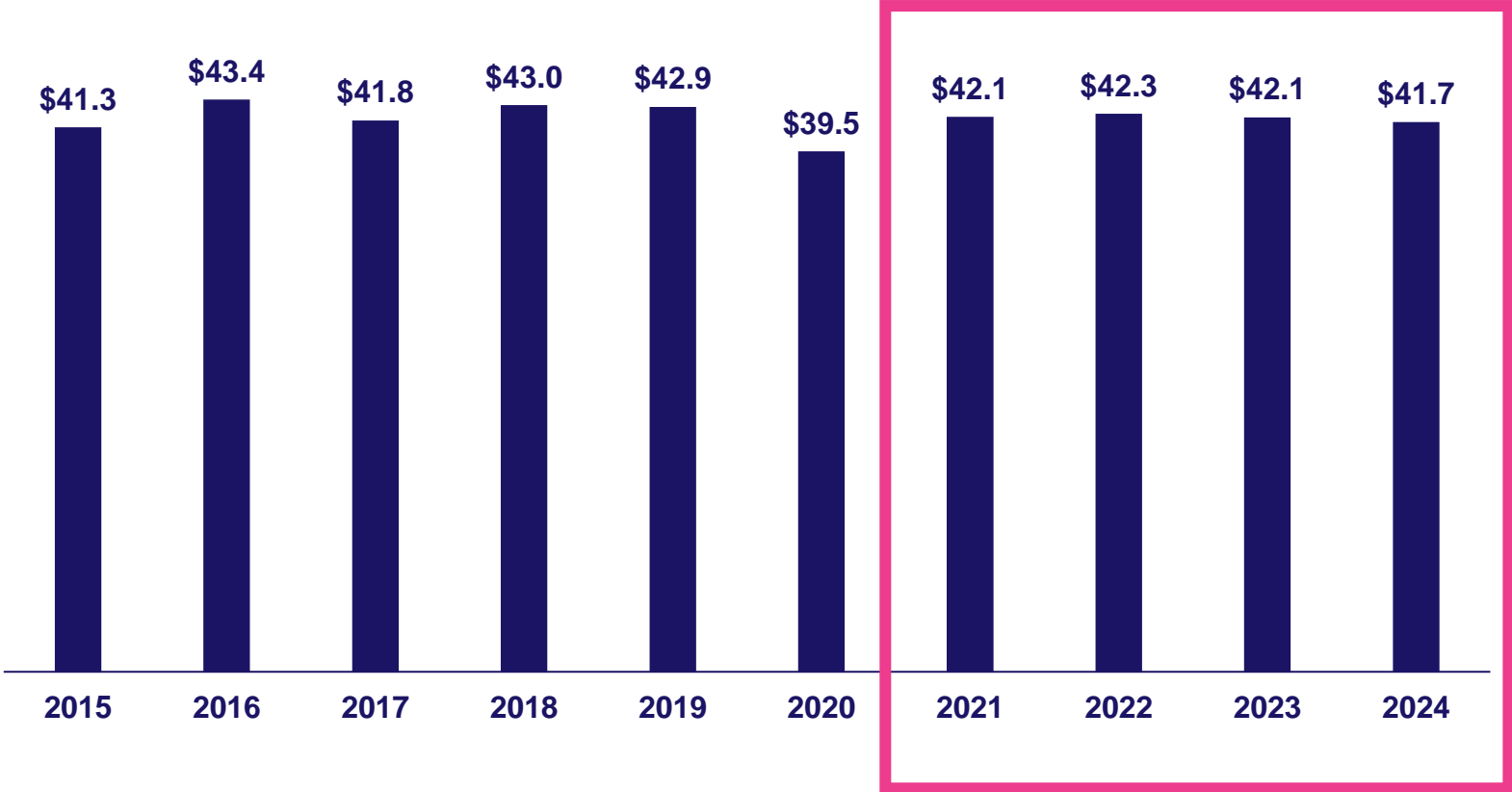
### GroupM Projections: U.S. Nat'l TV Ad Revenue

Includes digital extensions in TV, excludes political (in billions)

In the next 4 years, national TV advertising revenue is projected to remain stable as ad dollars follow the viewer and shift seamlessly from linear to alternative platforms

By 2024, Connected TV ad spend is forecasted to grow by over \$10B

Source: eMarketer, October 2020



Source: GroupM, 'This Year, Next Year: U.S. End-Of-Year Forecast,' December 2020.

# What's important for marketers to know?



## TV drives business outcomes now.

Although the pay-TV universe is declining, TV's scale, engagement and ability to impact your bottom-line exceeds that of other video platforms.



## The TV industry is embracing the future.

TV programmers and distributors recognize the consumer's desire for on-demand video viewing options. They are embracing it by creating original premium streaming platforms and services.



## Test and learn now for future success.

Video viewing will continue to expand across platforms and devices. Marketers can set themselves up for future success by testing and learning now with opportunities like AVOD and audience-based buying.

# Discover more

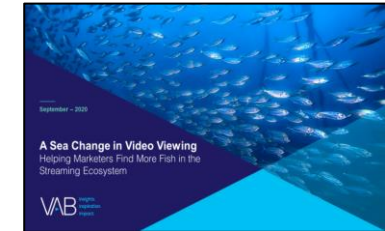
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Check out this related VAB content



**Weathering The Storm**  
TV's Resilience Amid A  
Pandemic & Economic  
Uncertainty



**The Halo Effect**  
TV as a Growth Engine



**A Sea Change in Video Viewing**  
Helping Marketers Find More Fish  
in the Streaming Ecosystem



**Audience Migration In Context**  
Leveraging Population Shifts To  
Unlock \$4 Trillion In Buying Power



**Left To Your Own Devices**  
The Latest on Multiplatform  
Video Consumption Habits



**Five Fast Facts on  
Paramount+**

**VAB Members, brand marketers and agencies get free and immediate access to VAB's content library. Get access at [theVAB.com](https://theVAB.com)**

# About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.

## Simplify

We save you time by bringing you the latest data & actionable takeaways you can use to inform your marketing plans.

## Discover

We keep you one step ahead with the latest thinking so you can create innovative, forward-looking strategies.

## Transform

We help you build your brand by focusing on core marketing principles that will help drive tangible business outcomes.

We are committed to your business growth and proud to offer VAB members, brand marketers and agencies **complimentary access** to our continuously-growing Insights library. **Get immediate access** at [theVAB.com](https://theVAB.com).