



# THE MARKET-CHANGER'S PLAYBOOK:

Why TV Is Where Disruptors Go To Grow Big

☰ 2017 REPORT

# Contents

<b>TV: Where Disruptors Go To Grow Big</b> .....	<b>3</b>
<b>Defining Disruptors</b> .....	<b>4-7</b>
<b>“Brand Building” Disruptors</b> .....	<b>8-13</b>
Summary.....	9
Website Traffic .....	10
Online Interactions.....	11-12
“Unicorn” Valuations.....	13
<b>“Brand Expanding” Disruptors</b> .....	<b>14-21</b>
Summary.....	15
Website Traffic .....	16-19
TV Spend vs. U.S. Revenues Trend .....	20-21
<b>“Established” Digital Disruptors</b> .....	<b>22-25</b>
2016 TV Spend .....	23
5-Year TV Spend Trend .....	24
TV Spend vs. U.S. Revenues Trend .....	25
<b>Contact Information</b> .....	<b>26</b>

# TV: Where Disruptors Go To Grow Big

Disruptor brands have the power to transform a category. These disruptors are generally new entries into an existing marketplace that significantly challenges, and subsequently changes, previously well-established consumer behaviors and norms.

Whether it's transportation, entertainment, food delivery or vacuums, many of these brands rise quickly, some quicker than others, to disrupt a specific ecosystem and permanently alter consumers' mindsets.

We all know the names – Uber, Airbnb, Dyson, Wayfair, Zillow – but do we know what drives these former start-ups to skyrocketing success with mainstream acceptance and utilization?

In this report, *The Market-Changer's Playbook*, we examine the TV spend of 35 category disruptors in relation to available brand metrics such as website traffic, online interactions and revenue/sales or valuations for private companies to determine what, if any, correlations exist.

Although disruptors cross many products and services, there is one thing they have in common – their recent TV investments have allowed them to really breakthrough by rapidly increasing consumer engagement and catapulting revenues.

As you'll see in this report, no other investment provides the proven sales successes like TV, and it truly is the place where disruptors go to grow big.

A blue-tinted photograph of a collaborative workspace. Several people are gathered around a table, working together. One person is pointing at a laptop screen, while others are looking at documents or writing. The scene is filled with office supplies like pens, pencils, and coffee cups. The overall atmosphere is one of focused teamwork and innovation.

# Defining Disruptors

# “Disruptor” Definitions

Overall, the idea of a “disruptor brand” is one that challenges existing markets with products or services that have the power to transform a category.

However, disruptors exist across a multitude of categories, serve a myriad of consumer purposes and can be at a different business lifecycle/maturity relative to other brands, which makes straightforward “like-for-like” analysis comparisons challenging.

For the purposes of this report, we separated the 35 disruptor brands we analyzed into one of three groups based on similar characteristics:

- **“Brand Building” Disruptors** – newer brands with an average age of 7 years old which have only been investing in TV since 2014 (two years on average)
- **“Brand Expanding” Disruptors** – brands with an average age of 15 years old which have been investing in TV for at least the last four years (six years on average)
- **“Established” Digital Disruptors** – large, well-known, digitally focused brands with an average age of 22 years old which have been investing in TV prior to 2010

# 35 Disruptors Analyzed Across A Large Swath Of Categories

We analyzed the TV spend and individual key metrics (where available) like website traffic, online interactions, revenue and valuations of these 35 brands across 31 categories

## "Brand Building" Disruptors

Transportation 	Lyft 	Lodging 
Beauty Supplies 	Classifieds 	Consumer Reviews 
Personal Finance 	Fitness Tracking 	Food Delivery 
Thermostats 	Home Security 	Mattresses 
Genealogy 	Internet TV 	

## "Brand Expanding" Disruptors

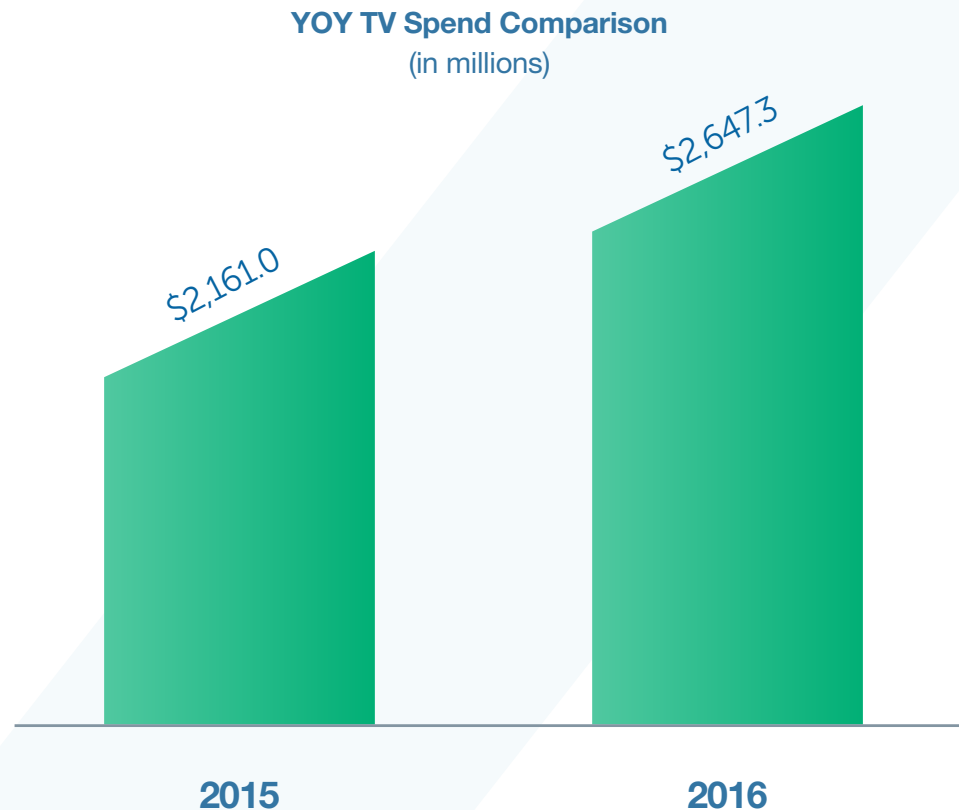
Audio Equipment 	Vacuums 	Razors 
Music 	Footwear 	Books 
Real Estate 	Apparel 	QSR 
Printing 	Personal Finance 	Food Delivery 
Fantasy Sports 	Childcare 	Home Goods 

## "Established" Digital Disruptors

Social Networking 
Retail 
Consumer Electronics 
OTT Video 
Search 

# These 35 Disruptors Collectively Spent Over \$2.6 Billion On TV In 2016, A 23% Increase YOY

“Disruptor” brands have accelerated spending recently in this very competitive environment, having invested almost \$500MM more in TV over the last year



Source: Nielsen Ad Intel. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Reflects the cume TV spend of the 35 category disruptors identified in this report.



“Brand Building” Disruptors

# “Brand Building” Disruptors

These 14 “disruptor” brands are an average age of 7 years old and have been investing in TV only since 2014 (two years on average)

- Every “brand building” disruptor saw their online traffic explode as soon as they launched an initial TV campaign
- For these newer disruptors, TV jumpstarts online conversation, exploration and viewing centered around the brands themselves
- Most brands in this group are private companies, with several labeled as “unicorns,” which have recently begun to utilize TV as a key part of their media mix

## “Brand Building” Disruptors



# Every “Brand Building” Disruptor Saw Their Website Traffic Skyrocket As Soon As They Launched A TV Campaign

Each company below saw an immediate double-digit lift in website visits once their TV campaign launched

## Monthly Website Unique Visitors Comparison

Based Within A Three-Year Time Period (Mar '14 – Feb '17)

Company	Month Prior To TV Launch	Monthly Average: TV Launch – Feb '17	% Difference
23andMe	421	968	+130%
Airbnb	1,442	5,872	+307%
Birchbox	1,122	2,221	+98%
Blue Apron	159	1,872	+1,075%
Casper	131	512	+292%
Fitbit	4,598	14,247	+210%
Letgo	N/A	10,201	↑
Lyft	7,920	13,048	+65%
Nest	N/A	1,576	↑
Simplisafe	145	557	+284%
Sling	2,143	3,842	+79%
SoFi	248	593	+139%
Uber	N/A	30,955	↑
Yelp	77,900	86,755	+11%

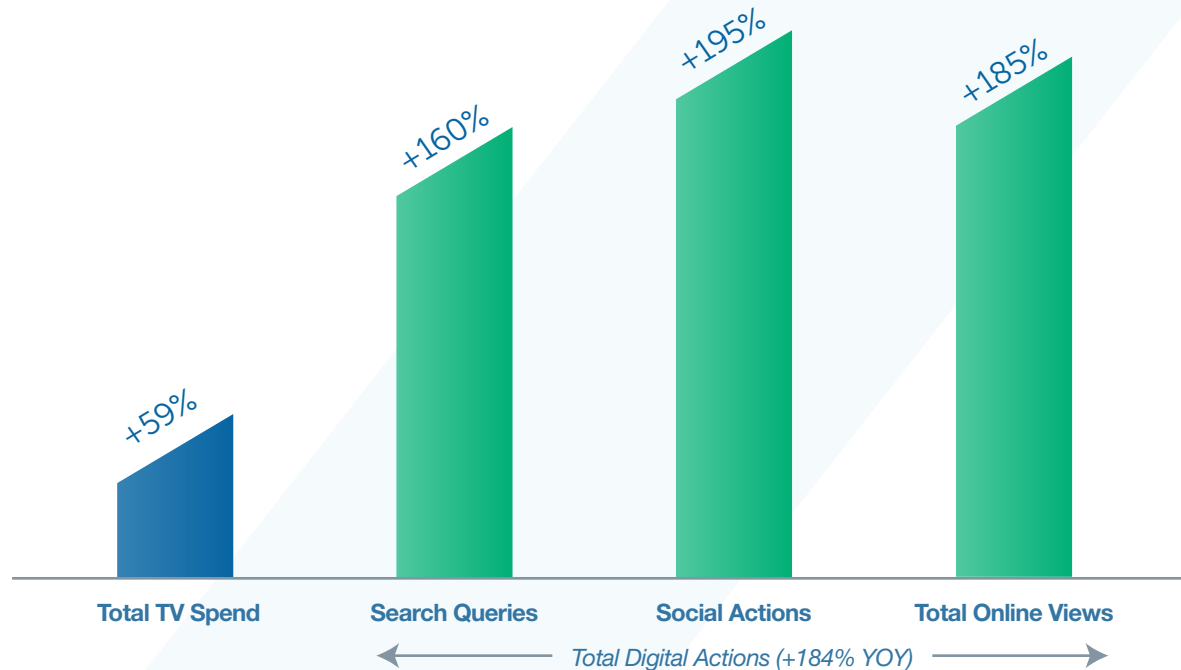
Source: comScore Media Metrix Multi-Platform media trend; Total audience (P2+), March '14 – February '17. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '14 – February '17. N/A = not enough traffic for comScore to measure.

# TV Is The Catalyst That Jumpstarts Greater Conversation, Exploration & Viewing Of Their Advertising Online

TV leads to increased searches, social actions and non-paid online video views of a brand's TV ad. In fact, these digital actions in total far outpace the collective increase in TV spend across the 14 disruptors.

**14 “Brand Building” Disruptors: TV Spend vs. “Digital Actions” YOY % Increase**

2015 vs. 2016



Source: TV spending based on Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), CY 2015-2016. Digital actions based on iSpot.tv and reflects TV commercial-related searches (Google, Bing, Yahoo!), social actions (posts, likes, shares and comments related to TV ads on Facebook, Twitter, YouTube, iSpot.tv) and earned, not promoted, online video views of TV ads (YouTube, iSpot.tv). Digital actions are correlated to TV ad airing data.

# Several Disruptors Saw Across-The-Board Lifts In Online Metrics Related To Their Ads As They Increased Their TV Investment

**Sampling of Brands: TV Spend vs. “Digital Actions” YOY % Increase**  
2015 vs. 2016

Brand	TV Spend	Search Queries	Social Actions	Total Online Views
Uber	+271%	+1,566%	+1,904%	+28,485%
Airbnb	+16%	+60%	+235%	+150%
FitBit	+10%	+67%	+17%	+17%
Letgo	+499%	+531%	+310%	+277%
Blue Apron	+57%	+412%	+52%	+159%
23andMe	+77%	+512%	+228%	+3,259%

Source: TV spending based on Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), CY 2015-2016. Digital actions based on iSpot.tv and reflects TV commercial-related searches (Google, Bing, Yahoo!), social actions (posts, likes, shares and comments related to TV ads on Facebook, Twitter, YouTube, iSpot.tv) and earned, not promoted, online video views of TV ads (YouTube, iSpot.tv). Digital actions are correlated to TV ad airing data

# TV Is Heavily Utilized By The Largest Disruptive "Unicorns" To Drive Greater Growth

The two largest U.S.-based "Unicorns" - Uber & Airbnb - along with several others employ TV as a significant part of their media mix to aggressively build their user bases which, in turn, helps drive their valuations up

"Unicorn"	Valuation	Company Launch	TV Launch	Cume TV Spend	2016 TV Spend
Uber	\$62.5B	2009	2015	\$57.1 MM	\$44.9 MM
Airbnb	\$31.0B	2008	2014	\$40.2 MM	\$19.3 MM
Lyft	\$5.5B	2012	2016	\$12.6 MM*	\$12.6 MM
SoFi	\$4.3B	2011	2016	\$30.1 MM	\$30.1MM
Blue Apron	\$2.14B	2012	2014	\$75.7 MM	\$46.1 MM
23andMe	\$1.1B	2006	2015	\$62.8 MM	\$37.8 MM

\*almost \$10MM of the cume TV spend occurred in Nov-Dec '16

Source: Nielsen Ad Intel. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. "Cume TV spend" represents the total TV spend between first campaign launch through 2016. "Unicorn" = private companies valued at \$1 billion+. "Unicorn" identification based on TechCrunch Unicorn leaderboard as of April 5th, 2017. "B" = billions; "MM" = millions



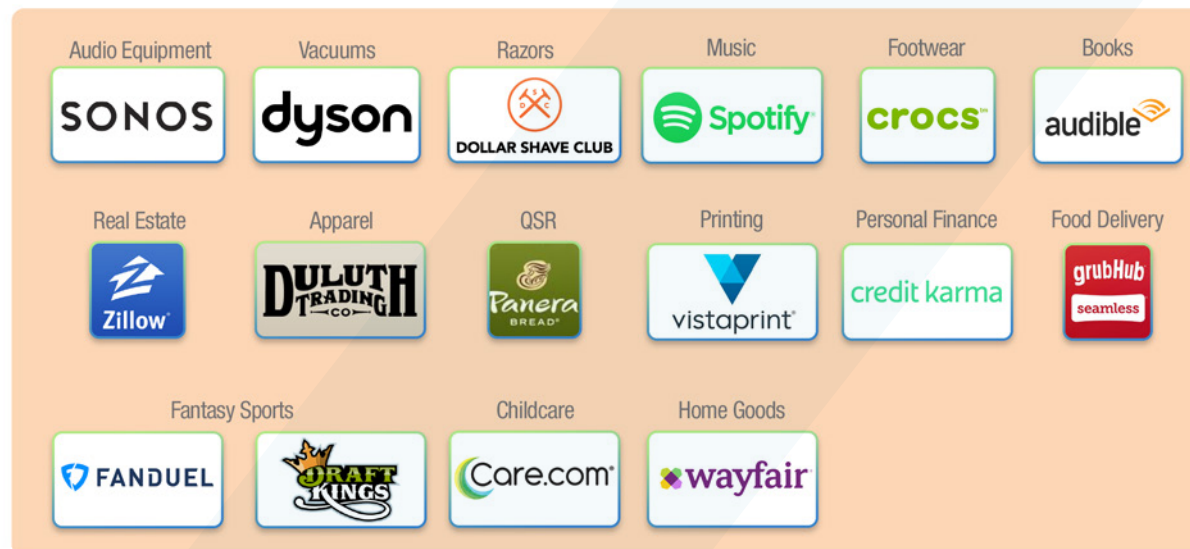
# “Brand Expanding” Disruptors

# “Brand Expanding” Disruptors

These 16 “disruptor” brands are an average age of 15 years old and have been investing in TV for at least the last four years (six years on average)

- Whether they pulse their TV activity or run continuously, there is a strong correlation between TV spend and website traffic
- Correlations also exist between TV spend and increased revenues for public companies

## “Brand Expanding” Disruptors



# There Is A Definitive Correlation Between TV Spend & Website Traffic For These “Brand Expanding” Disruptors

**13 of the 16 Disruptors (81%) Analyzed Exhibited a Direct Correlation Between TV Spend & Website Traffic**

## 13 Brands

Correlation between TV Spend & Monthly Unique Visitors



## 3 Brands




Lack of correlation between TV Spend & Monthly Unique Visitors





Source: comScore Media Metrix Multi-Platform media trend; Total audience (P2+), March '15 – February '17. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 – February '17.

# Disruptors Who've Been Pulsing Their Activity See A Boost In Their Website Traffic When They're On TV

## "When On" / "When Off" Comparison (Two-Year Period: March '15 – February '17)

Avg Monthly Unique Website Visitors (000):			
"When On" TV:	1,951	6,108	1,355
"When Off" TV:	1,112	1,694	901
<b>% Difference:</b>	<b>+39%</b>	<b>+260%</b>	<b>+50%</b>
Avg Monthly TV Spend "When On" (000)	+\$1,951	+\$10,623	\$1,263

Avg Monthly Unique Website Visitors (000):		
"When On" TV:	53,333	7,347
"When Off" TV:	47,488	5,749
<b>% Difference:</b>	<b>+12%</b>	<b>+28%</b>
Avg Monthly TV Spend "When On" (000)	+\$1,192	+\$580

Source: comScore Media Metrix Multi-Platform media trend; Total audience (P2+), March '15 – February '17. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 – February '17.

# TV Also Continues To Drive Online Traffic For Disruptors With Advertising Continuity

The below chart reflects the shifts in spend and online traffic for brands that were active on TV nearly every month for the last two years

## TV Spend Up, Website Traffic Up

(Year-Over-Year Comparison: Mar '15 – Feb '16 vs. Mar '16 – Feb '17)

Avg Monthly TV Spend (000):



Mar. '15 - Feb. '16:	\$3,032	\$2,907	\$1,774	\$16,680
Mar. '16 – Feb. '17:	\$4,263	\$3,390	\$2,260	\$19,664
<b>% Difference:</b>	<b>+41%</b>	<b>+17%</b>	<b>+27%</b>	<b>+18%</b>

Avg Monthly Unique Visitors (000):

Mar. '15 - Feb. '16:	318	58,079	767	7,422
Mar. '16 – Feb. '17:	639	70,751	1,004	8,424
<b>% Difference:</b>	<b>+101%</b>	<b>+22%</b>	<b>+31%</b>	<b>+13%</b>

Source: comScore Media Metrix Multi-Platform media trend; Total audience (P2+), March '15 – February '17. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 – February '17.

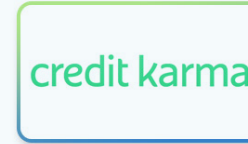
# In Fact, Many Disruptive Companies Show A Definitive Correlation Between TV Spend & Online Traffic

The below chart reflects the shifts in spend and online traffic for brands that were active on TV nearly every month for the last two years

## TV Spend Up, Traffic Up / TV Spend Down, Traffic Down Correlations

(Year-Over-Year Comparison: Mar '15 – Feb '16 vs. Mar '16 – Feb '17)

Avg Monthly TV Spend (000):



Mar. '15 - Feb. '16:

\$12,200

\$3,773

\$5,696

\$14,035

Mar. '16 – Feb. '17:

\$15,257

\$4,708

\$9,420

\$1,034

% Difference:

+25%

+25%

+65%

-93%

Avg Monthly Unique Visitors (000):

Mar. '15 - Feb. '16:

17,580

4,764

21,780

5,584

Mar. '16 – Feb. '17:

19,316

5,480

27,353

2,328

% Difference:

+10%





+15%

+26%

-58%

Source: comScore Media Metrix Multi-Platform media trend; Total audience (P2+), March '15 – February '17. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 – February '17.

# “Brand Expanding” Disruptors Often See Their Revenues Take Off When They Launch A TV Campaign

Company			Year Prior to TV Launch	1st Year with TV	2016
 (5 Year TV Advertiser) Founded in 2005	TV Spend (000):	---	\$1,608	\$37,749	
	Revenue (000):	\$66,053	\$116,850 <b>+77%</b>	\$846,589 <b>13x</b>	
 (7 Year TV Advertiser) Founded in 1999	TV Spend (000):	---	\$5,712	\$245,439	
	Revenue (000):	\$313,621	\$370,137 <b>+18%</b>	\$781,335 <b>2.5x</b>	
 (4 Year TV Advertiser) Founded in 2011	TV Spend (000):	---	\$11,551	\$70,446	
	Revenue (000):	\$4,000	\$19,000 <b>+375%</b>	\$200,000 <b>50x</b>	
 (5 Year TV Advertiser) Founded in 1999	TV Spend (000):	---	\$526	\$1,963	
	Revenue (000):	\$60,611	\$82,299 <b>+36%</b>	\$493,331 <b>8x</b>	

% = revenue increase between 1st year on TV and year prior     
 x = revenue increase between 2016 and year prior to TV launch

Source: Revenues reflect U.S. only and are based on company filings (10-K, etc) via SEC.gov (except for Dollar Shave Club which is based on market analyst projections and company guidance). Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), CY 2010-CY 2016. All brands reflected had to have a continuous annual TV investment from Year 1 of TV through 2016.

# Revenues Also Spike When “Brand Expanding” Disruptors Heavy-Up Their TV Investment As Well

Company		Year Prior to TV Heavy-Up	TV Heavy-Up Year	2016
 (TV Heavy-Up in 2013) Founded in 2002	TV Spend (000):	\$1,961	\$44,314	\$177,955
	Revenue (000):	\$542,736	\$857,001 <b>+58%</b>	\$3,110,497 <b>5.7x</b>
 (TV Heavy-Up in 2014) Founded in 1989	TV Spend (000):	\$8,261	\$15,354	\$26,446
	Revenue (000):	\$163,089	\$231,867 <b>+42%</b>	\$376,116 <b>2.3x</b>
 (TV Heavy-Up in 2012) Founded in 2007	TV Spend (000):	\$6,888	\$14,647	\$24,824
	Revenue (000):	\$22,000	\$45,514 <b>+106%</b>	\$147,830 <b>8x</b>
 (TV Heavy-Up in 2011) Founded in 1987	TV Spend (000):	\$7,685	\$12,444	\$53,545
	Revenue (000):	\$1,542,489	\$1,822,032 <b>+18%</b>	\$2,795,365 <b>1.8x</b>

**%** = revenue increase between 1st year on TV and year prior

**x** = revenue increase between 2016 and year prior to TV launch

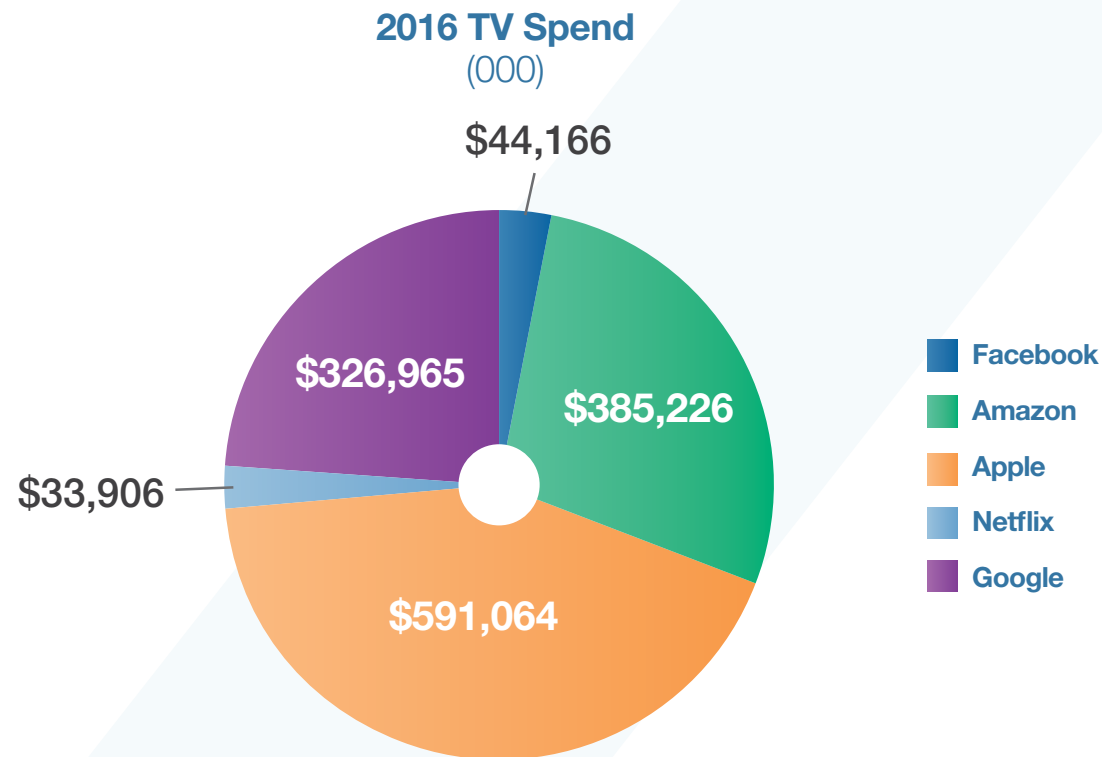
Source: Revenues reflect U.S. only and are based on company filings (10-K, etc) via SEC.gov. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), CY 2010-CY 2016. All brands reflected had to have a continuous annual TV investment from Year 1 of TV through 2016.

The background features a hand pointing towards the right, overlaid on a blue gradient. Several data visualization elements are present: a bar chart with vertical bars of varying heights, a line graph with circular markers showing an upward trend, and a jagged line graph at the bottom. A thick, dark blue diagonal line runs from the top right towards the center. The overall aesthetic is clean and professional, typical of a business or technology presentation.

# "Established" Digital Disruptors

# Even “FAANG” Have Sunk Their Teeth Big-Time Into TV To Drive Acquisitions & Increase Revenues

The five major, established “digital” disruptors collectively spent almost \$1.4 Billion on TV in 2016



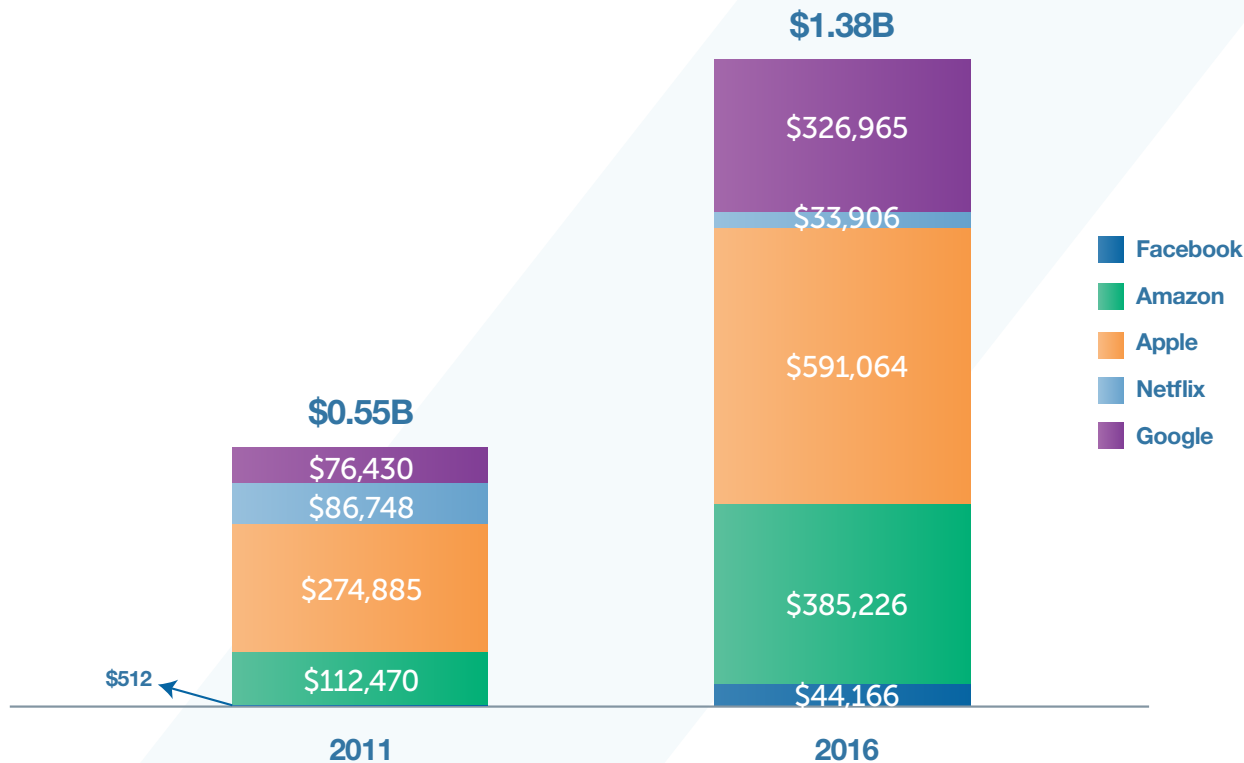
“FAANG” = Facebook, Amazon, Apple, Netflix, Google

Source: Nielsen Ad Intel. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Reflects all monitored TV spend by parent company; Google includes YouTube.

# In Fact, After Experiencing Success With TV, FAANG Has More Than Doubled Down On The Platform Recently

The five major, established “digital” disruptors have collectively increased their annual TV spend by \$800MM over the last five years

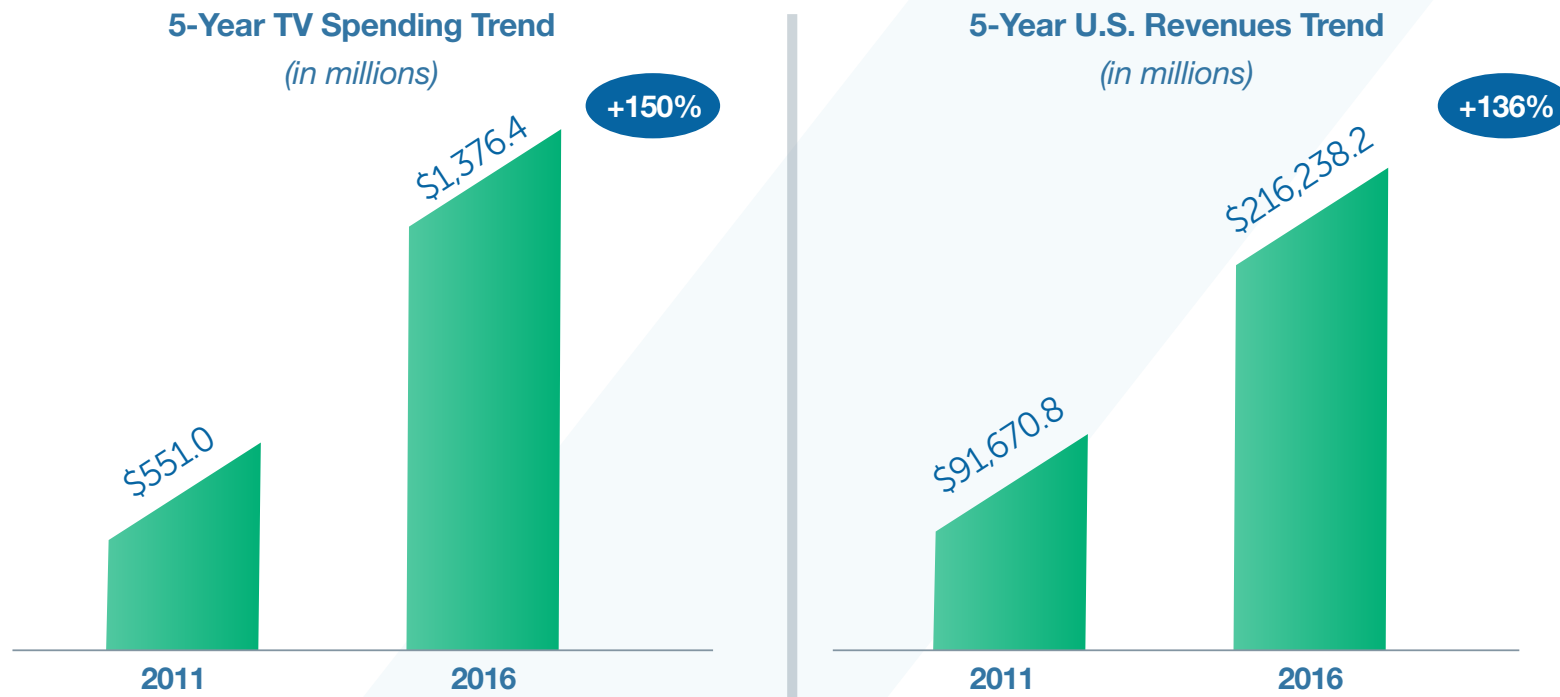
**5-Year TV Spending Trend**  
(000)



Source: Nielsen Ad Intel. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV

# Recent TV Investment Increases Very Closely Mirror The Lifts Seen In Revenue Over The Same Time Period

**“FAANG” Cume: 5-Year TV Spend & U.S. Revenues Trend**  
2011 vs. 2016



Note: “FAANG” cume reflects cumulative TV spend U.S. revenues for Facebook, Amazon, Apple, Netflix & Google

Source: Nielsen Ad Intel. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Revenues reflect U.S. only and are based on company filings (10-K, etc) via SEC.gov.

CONTACT US

For More Information Visit Us Online  
TheVAB.com



Follow us: @VideoAdBureau



Like us: facebook.com/VideoAdvertisingBureau

Sean Cunningham  
President & CEO  
212-508-1223  
seanc@TheVAB.com

Danielle DeLauro  
SVP Strategic Sales Insights  
212-508-1239  
danielled@TheVAB.com

Jason Wiese  
VP Strategic Insights  
212-508-1219  
jasonw@TheVAB.com

Evelyn Skurkovich  
VP Strategic Research & Insights  
212-508-1220  
evelyns@TheVAB.com

