

A Fresh Take

▶ Staying ahead of evolving dynamics in the marketplace and our culture

5 Reasons Why Marketers Invest Billions in Linear TV

5 Key Reasons Marketers Invest Billions in Linear TV

- ▶ As multiscreen TV continues to deliver full-funnel outcomes, marketers are poised once again to invest billions of dollars to secure premium video inventory for the upcoming TV season.

1



Fuels the customer pipeline faster resulting in more conversions and sales

2



Inspires trial among more new customers

3



Turns brands into household names, leading to more revenue

4



Increases customer loyalty and repeat purchase

5



Protects and strengthens your brand

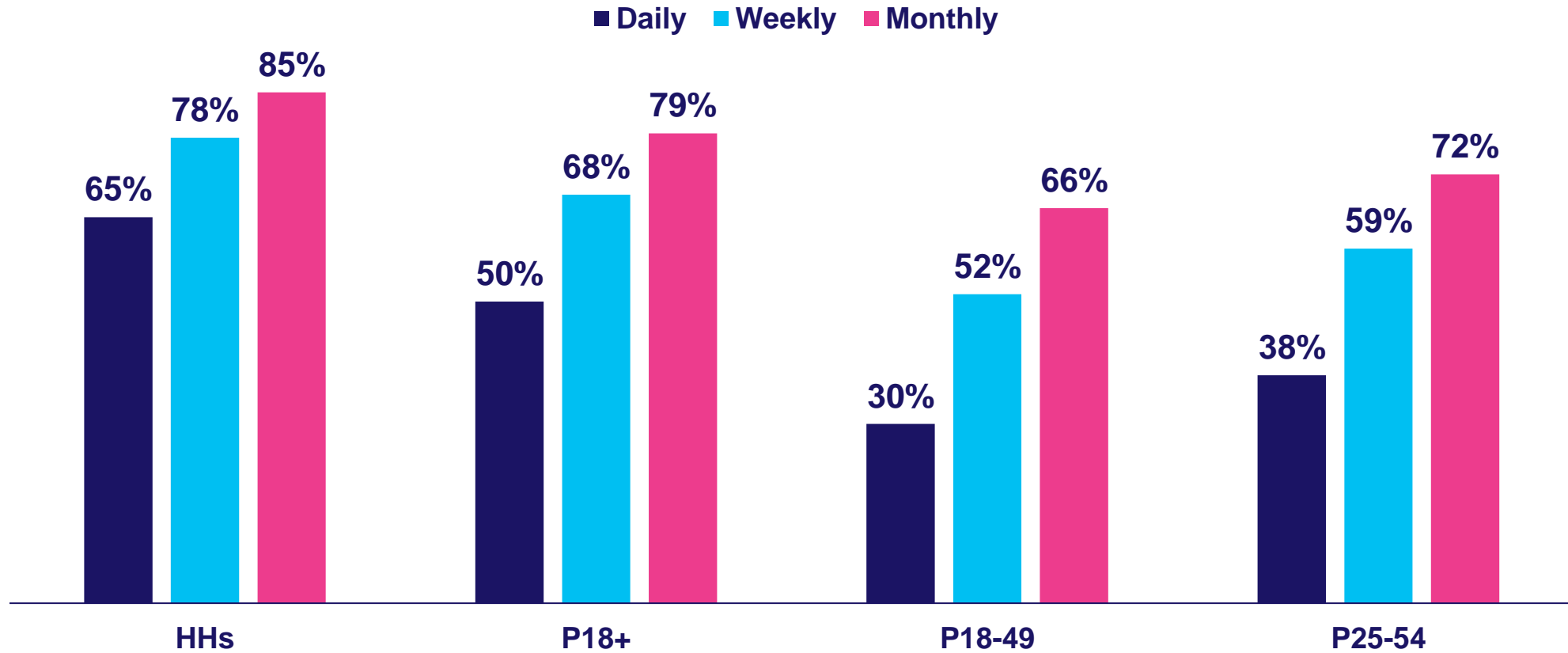
1

Linear TV **fuels the customer pipeline faster resulting in more conversions & sales**



Ad-supported TV offers immediate scale, reaching 8 out of 10 homes in an average month

Ad-Supported TV: Average Reach % By Demo, By Time Period



Source: VAB analysis of Nielsen NPower R&F Time Period, ad-supported TV (broadcast TV & cable TV), total day, live+SD, April broadcast month (3/28/22 – 4/24/22). Average daily reach is based on the average of daily reach for each day across the broadcast month, average weekly reach is based on the average of weekly reach for each week across the broadcast month.

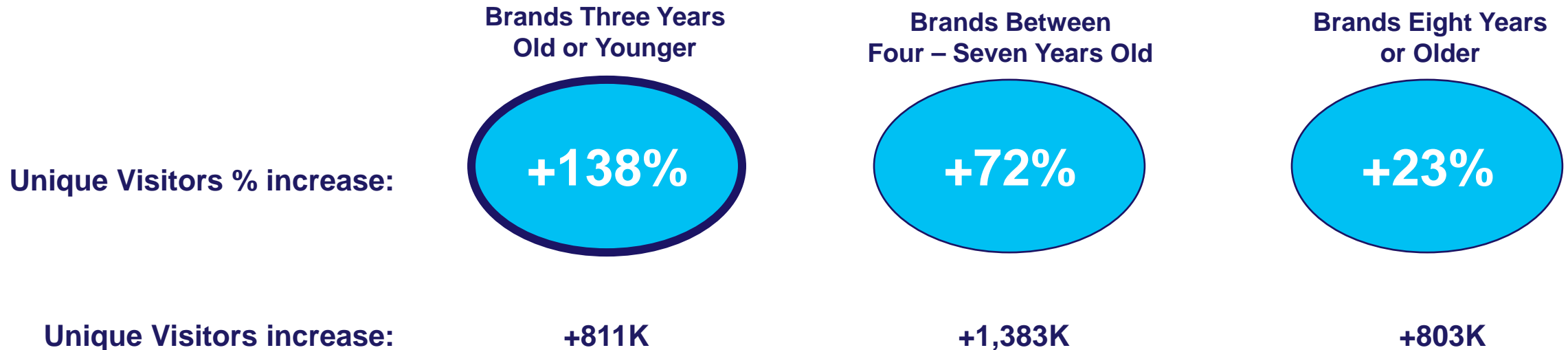
As a result of this scale, TV campaigns ignite immediate consumer impact and action which drives significant lifts in website traffic, especially for younger brands



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“When On TV” Monthly Average vs. Three-Month Average Prior To TV*

Average Website Unique Visitors



Regardless of life stage, brands see a double-digit increase in unique visitors to their digital platforms during active TV campaign months

Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndicated TV), Jun '16 – Jun '20 (calendar months). VAB analysis of Comscore mediametrix multiplatform (desktop + mobile) media trend data; P18+, Jun '16 – Jun '20 (calendar months). *Reflects the 140 'direct-to-consumer' brands analyzed within ['The Halo Effect: TV As A Growth Engine.'](#)

2

Linear TV **inspires trial among
more new customers**



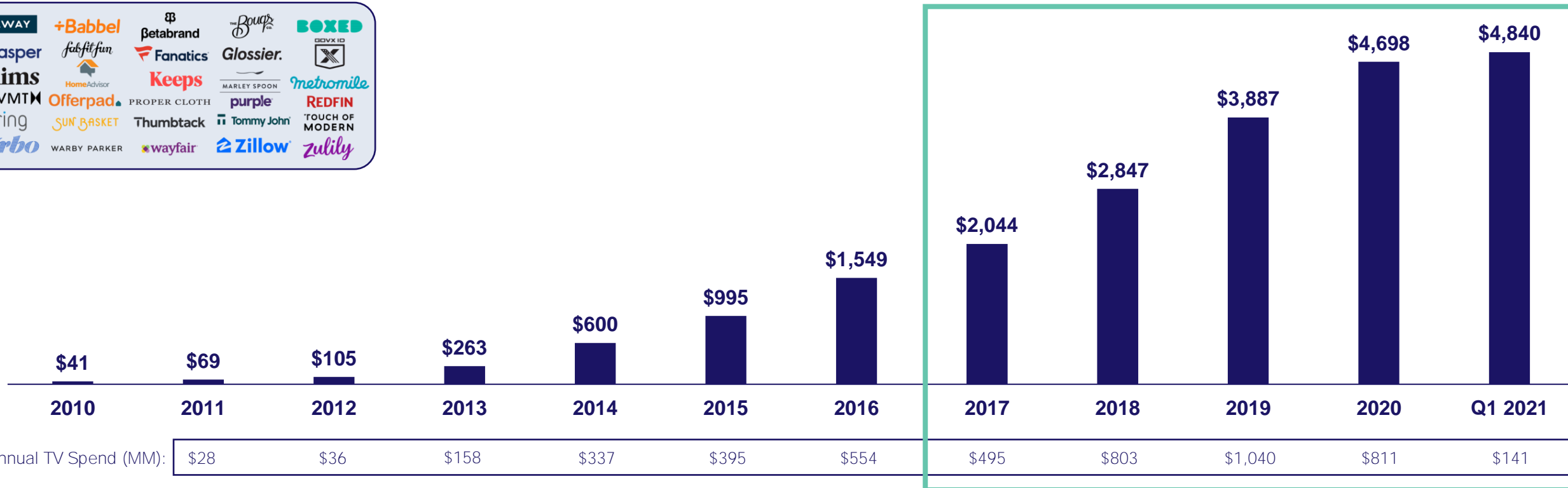
Prioritizing immediate consumer response and conversion, the escalating investment by data-driven DTC advertisers illustrates linear TV's ability to trial



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30 'Direct-to-Consumer' Brands*: Total Rolling Cume TV Spend

(spending aggregated across years within time period)
in millions



Sources: VAB analysis of Nielsen Ad Intel data, CY 2010 – Q1 2021. TV spend includes national broadcast TV, cable TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV. Reflects the total annual TV spend across the 30 brands analyzed. Cume TV spend = the rolling totals aggregated across each year. Recent TV spend reflects a 31% compound annual growth rate (CAGR) of cume TV spend between calendar years 2016 – 2020 (i.e., mean annual growth of TV spend across the time period). Impact on advertising figures based on data from Ebiquity, 'Advertising Through a Recession,' April 2020. ***Reflects the 30 'direct-to-consumer' brands analyzed within 'The Secret of My Success.'**

The exposure to a broader audience from TV results in the influx of new customers through a brand's 'digital storefront'



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Unique Website Visitors: 30 Brand Average*



Median Age

Total U.S. Internet Avg

1Q '17**
(Monthly Avg)

43.2

44.3

1Q '21
(Monthly Avg)

49.9

45.2

1Q '21 vs. 1Q '17
(Monthly Avg)

+6.7 years

+0.9 years



P50+ Comp %

Total U.S. Internet Avg

37.6%

39.7%

51.7%

42.2%

+14.1% pp

+2.5 pp

By targeting their best potential customers, regardless of age or other demographic buying restrictions, brands can tap into additional sources of volume such as older Americans

Source: VAB analysis of Comscore mediаметrix multiplatform media trend data, P18+. 1Q '17: January – March '17, 1Q '21: January – March '21 (calendar months), monthly average within each quarter, P50+ comp% is based on monthly unique visitors; figures are based on monthly averages for each 3-month time period across the 30 brands analyzed. **1Q '17 (Jan-Mar '17) is reflective of the first 3-month measurement period available and is inclusive of a few brands that were first measured after this time period, based on their first 3-month measurement period. Note: Comscore did not begin measuring 'median age' as a reported metric until February '17, therefore the first time period reflects Feb-Apr '17. PP = percentage points. *Reflects the 30 'direct-to-consumer' brands analyzed within 'The Secret of My Success.'

By optimizing their TV campaigns against the best performing target segments, brands drive clear business results through increased digital engagement



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Key Website Metrics: 30 Brand Average* Jan-Mar '21 vs. Jan-Mar '17: Three-Month Avg Comparison



Unique Visitors (000)

Difference

+3,156

% Difference

+63%

*Total U.S. Internet Avg
% Difference*

+ 10%



Total Visits (000)

+22,184

+135%

+ 26%



Total Minutes (MM)

+95

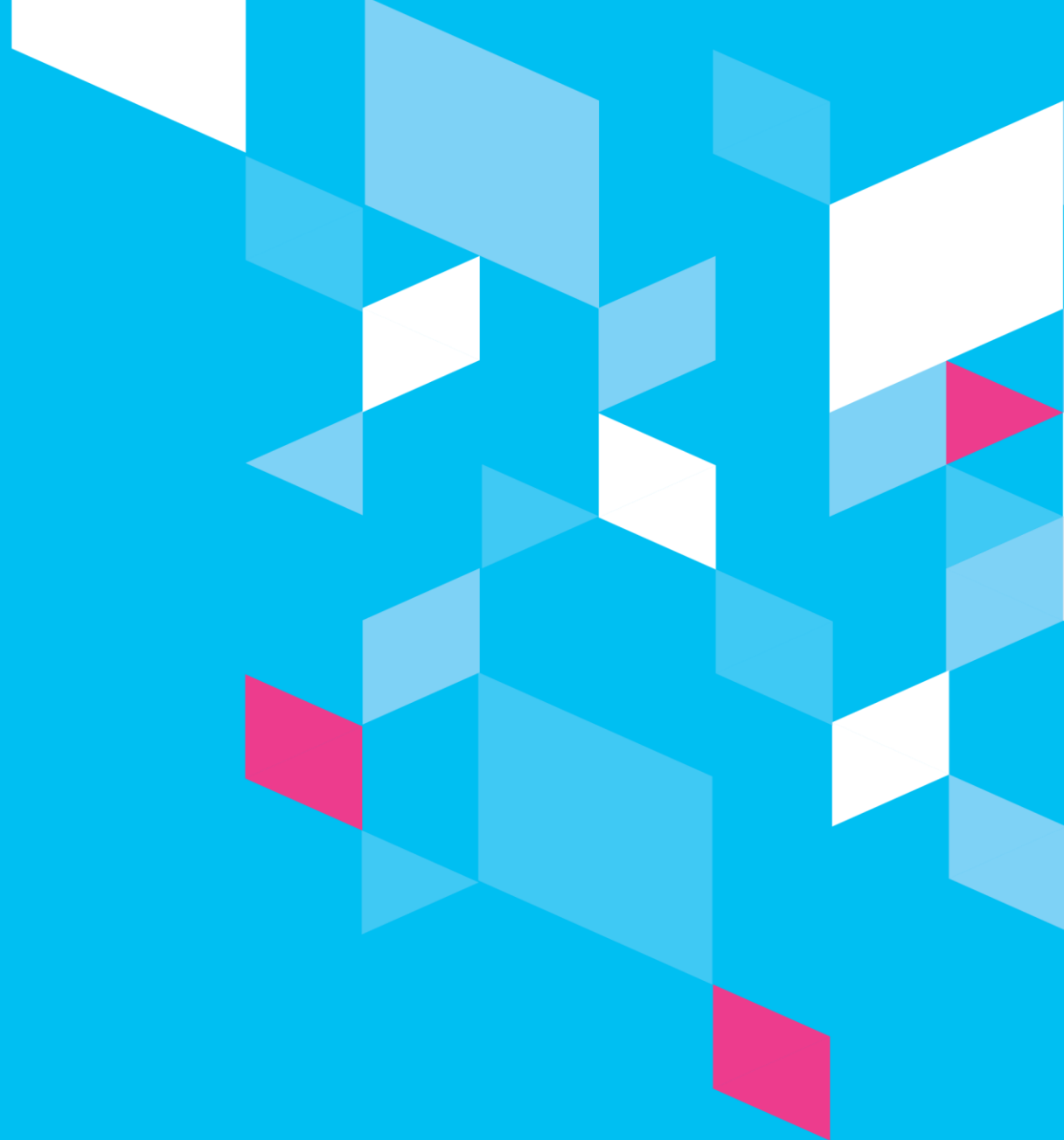
+89%

+ 34%

Source: VAB analysis of Comscore mediametrix multiplatform media trend data, P18+. January – March '17, January – March '21 (calendar months), figures are based on averages across the 30 brands analyzed. *Jan-Mar '17 is reflective of the first 3-month measurement period and is inclusive of brands that were not Comscore measured until later into 2017. ***Reflects the 30 'direct-to-consumer' brands analyzed within 'The Secret of My Success.'**

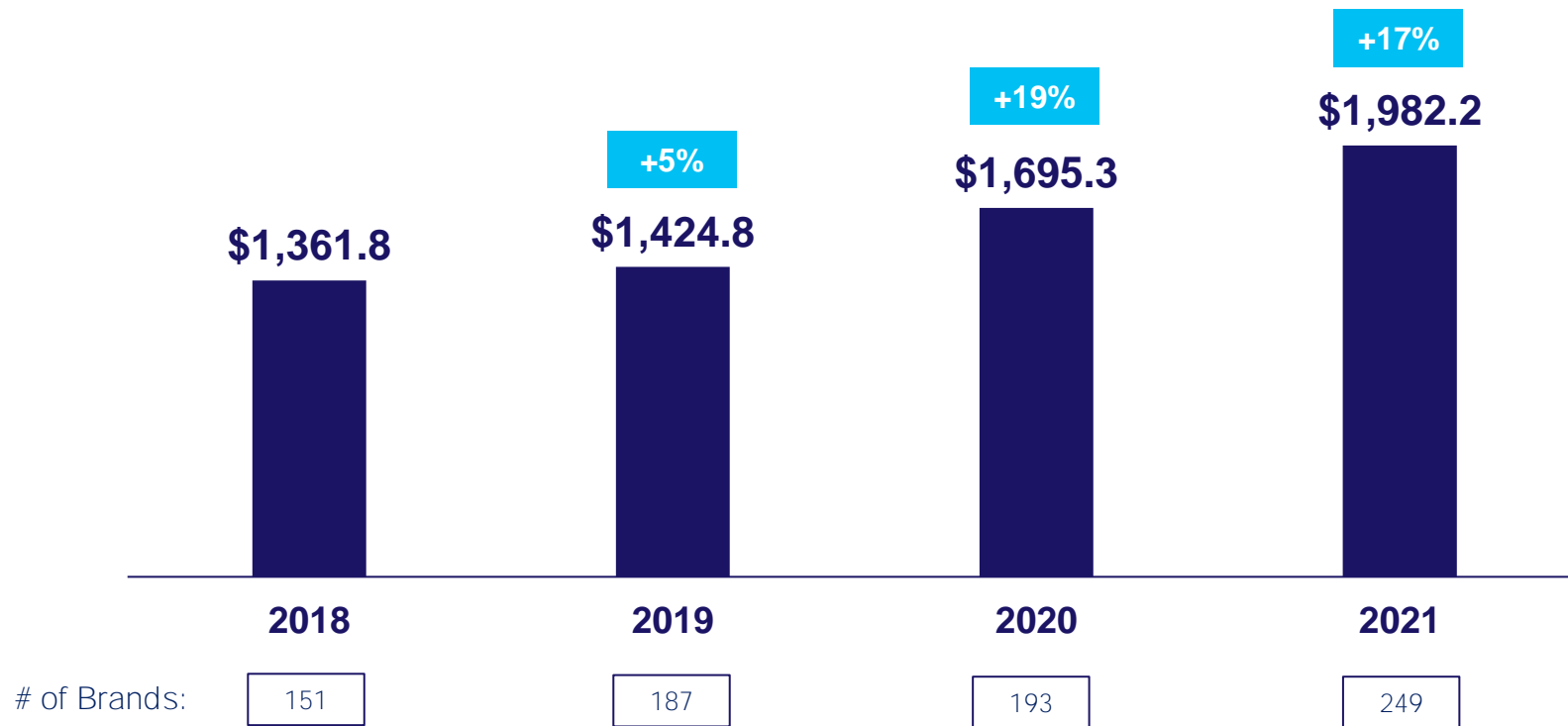
3

Linear TV **turns brands into household names, leading to more revenue**



New brands looking to disrupt a category and steal share from the incumbent rely on the authority implied by a TV campaign to legitimize themselves with consumers

iSpot.tv: 'Direct-to-Consumer' Custom Category Nat'l TV Spend (in millions)



Top 15 DTC TV Advertisers cume spend 2018 – 2021 (in millions)



Source: VAB analysis of iSpot.tv national TV spending data (broadcast TV & cable TV), calendar years 2018 – 2021, custom 'direct-to-consumer' category.

In the last 3 years, 700+ new advertisers invested over \$3.4 billion in national TV during their launch year to establish their unique brand identities and value to consumers

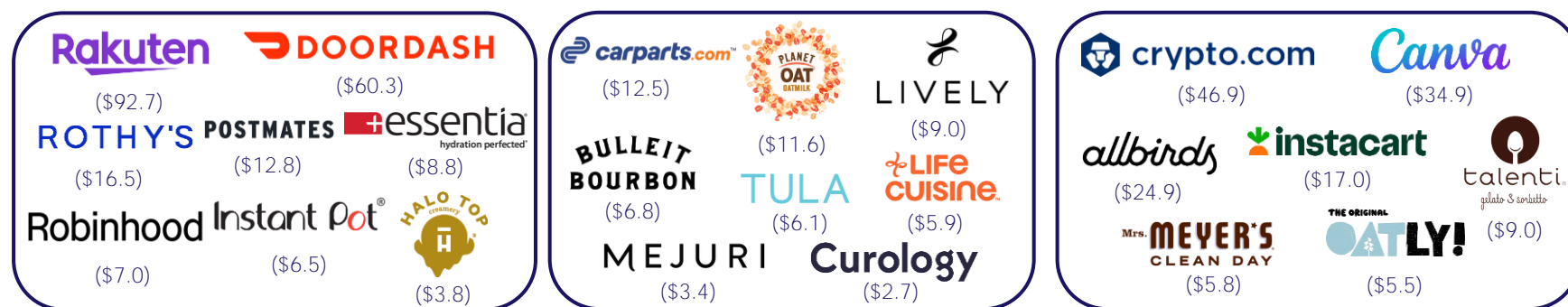


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New National TV Advertisers 2019 - 2021 Comparison

	2019	2020	2021
# of New Advertisers	114	283	315
Total \$\$\$ (in millions)	\$843.4	\$1,279.1	\$1,320.2

New Brand Entrants to National TV (in millions)



Source: VAB analysis of Nielsen Ad Intel data, 1/1/19-12/31/19 vs. 1/1/20-12/31/20 vs. 1/1/21-12/31/21. 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. MM = millions. TV spend by brand reflects \$\$\$ invested in their national TV launch year, in millions. For more information, download: [Welcome to TV 2019](#), [Welcome to TV 2020](#), [Welcome to TV 2021](#).

By establishing themselves as household names, these brands have experienced significant sales growth in line with their investment



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<u>Brand</u>		<u>2017</u>	<u>2020</u>	<u>Time Period CAGR*</u>
Casper	U.S. Revenue (000)	\$230,106	\$485,028	+28%
	Rolling Cume TV Spend (000)	\$18,777	\$119,923	+86%
hims	U.S. Revenue (000)**	\$26,679	\$148,757	+136%
	Rolling Cume TV Spend (000)**	\$18,192	\$89,899	+122%
purple [®]	U.S. Revenue (000)**	\$285,791	\$648,471	+51%
	Rolling Cume TV Spend (000)**	\$140,422	\$289,878	+44%
REDFIN	U.S. Revenue (000)	\$370,036	\$886,093	+34%
	Rolling Cume TV Spend (000)	\$10,080	\$72,878	+93%
wayfair	U.S. Revenue (000)	\$4,153,057	\$11,900,658	+42%
	Rolling Cume TV Spend (000)	\$105,794	\$450,889	+62%
Zillow [®]	U.S. Revenue (000)	\$1,076,794	\$3,339,817	+46%
	Rolling Cume TV Spend (000)	\$44,180	\$155,449	+52%

Sources: Revenues are based on company filings (S-1 & 10-K) via sources such as SEC.gov (EDGAR) and S&P Global Market Intelligence. TV spend based on VAB analysis of Nielsen Ad Intel data (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV). For comparison purposes, rolling cume TV spend based only on the time period between CY 2017-2020, with 2020 cume TV spend based on aggregated spending across the time period beginning in CY 2017. Casper revenues are based on North America (except when noted otherwise**). *CAGR = compound annual growth rate (i.e., mean annual growth across the time period). **hims and Purple launched their first measured TV campaign in 2018, therefore rolling cume TV spend and U.S. revenues are based on the time period between CY 2018-2020, with 2020 cume TV spend based on aggregated spending across the time period beginning in CY 2018.

4

Linear TV **increases customer loyalty and repeat purchase**



The deep relationship that viewers have with TV programming instills loyalty which inspires and influences their purchasing decisions



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“I purchased a product that has been shown / featured on a TV show”

43% / 40%



“I have eaten at a restaurant because it, or its chef / owner, was featured on a TV show”

43% / 37%



“Purchase a product I saw while watching a TV program (either a product I saw in an ad or in the actual program)”

43% / 25%



“I have visited a location / vacationed at a place because it was featured on a TV show”

40% / 33%

■ Millennials ■ Adults

Source: VAB / Dynata “Program Engagement” Survey, April 2018. Q9: Please indicate how often you do the following. Purchase a product I saw while watching a TV program (either a product I saw in an ad or in the actual program). Respondents Answer = Always/Frequently. Q10: Which of the following statements are true for you? Check any that apply. Adults = A18+, Millennials = A18-34. Total Respondents=1,001. For more information, download: [Committed](#).

TV has such a strong influence on consumers because it fosters a highly emotional connection for viewers of all ages



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“I Have **Laughed Out Loud** Because Of Something That Happened On A TV Program”

73%

78%



“I Sat Through An Episode Of A TV Program **In Anticipation / Worry** About What's Going To Happen Next”

65%

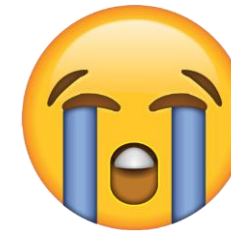
59%



“A Cliffhanger Ending Has **Shocked Me**”

54%

52%



“I Have **Cried** Because Of A Character's Death On A TV Program”

53%

45%



“I Have Gotten **Angry Or Upset** About A Plot Twist On A TV Program”

51%

43%

Millennials Adults

Millennials

Adults

Source: VAB / Dynata, “Program Engagement” Survey, April 2018. Q8: Which of the following statements are true for you? Check any that apply. Adults = A18+, Millennials = A18-34. Total Respondents=1,001. For more information, download: [Committed](#).

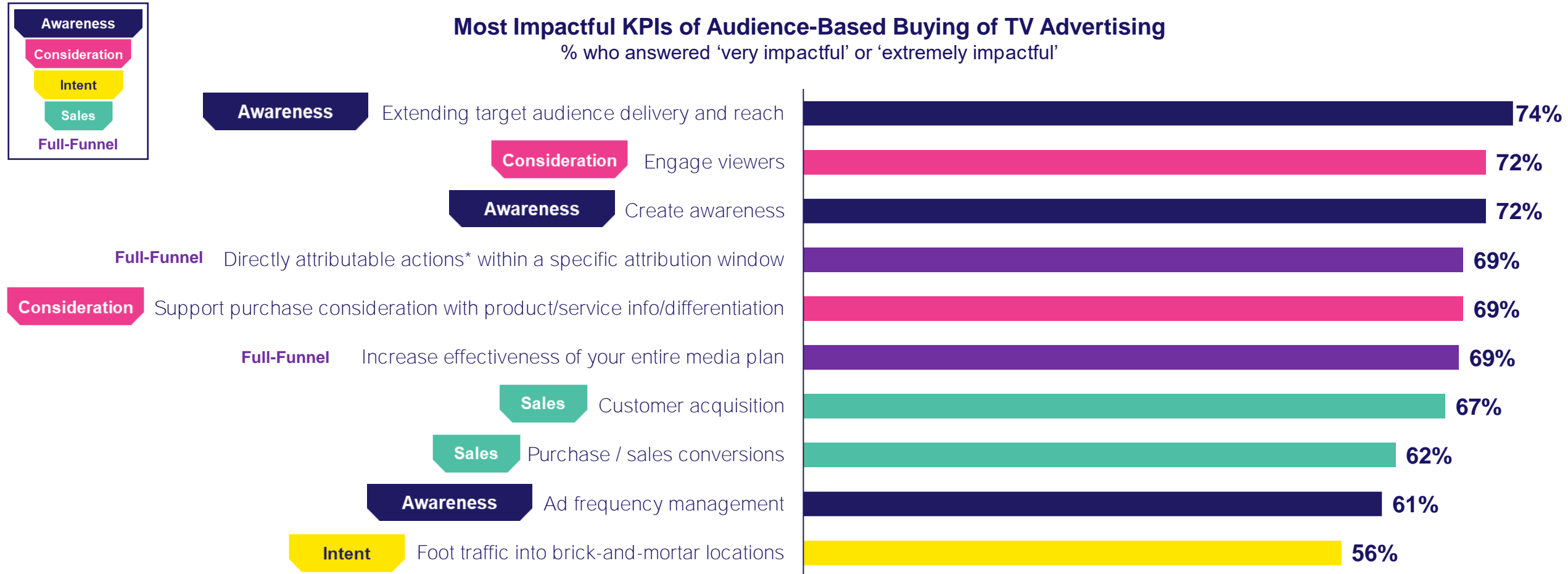
Savvy brands can harness this engagement and loyalty to create an audience-based TV buying target, which will positively impact their KPIs throughout the purchase funnel



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Most Impactful KPIs of Audience-Based Buying of TV Advertising

% who answered 'very impactful' or 'extremely impactful'



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' fielded March 23 – 31, 2021. Survey base: Advertising decision-makers who are involved in buying or planning digital video, cable / broadcast TV, or advanced TV (n=211). Q150. To what extent do you believe audience-based buying of TV advertising can impact each of the following KPIs? (extremely impactful / very impactful). Base: Total Respondents. *such as site visits, sign ups, login ins, downloads. For more information, download: [The VAB Top 10](#).

The relevant, personalized messaging delivered through audience-based TV buying is more likely to lead consumers to become purchasers and brand advocates



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% of consumers who are more likely to...

Purchase



76%

Consider **purchasing from brands** that engage with them in a personalized and tailored way

Repurchase



78%

Repurchase from brands that offer personalized communications and products / services

Recommend



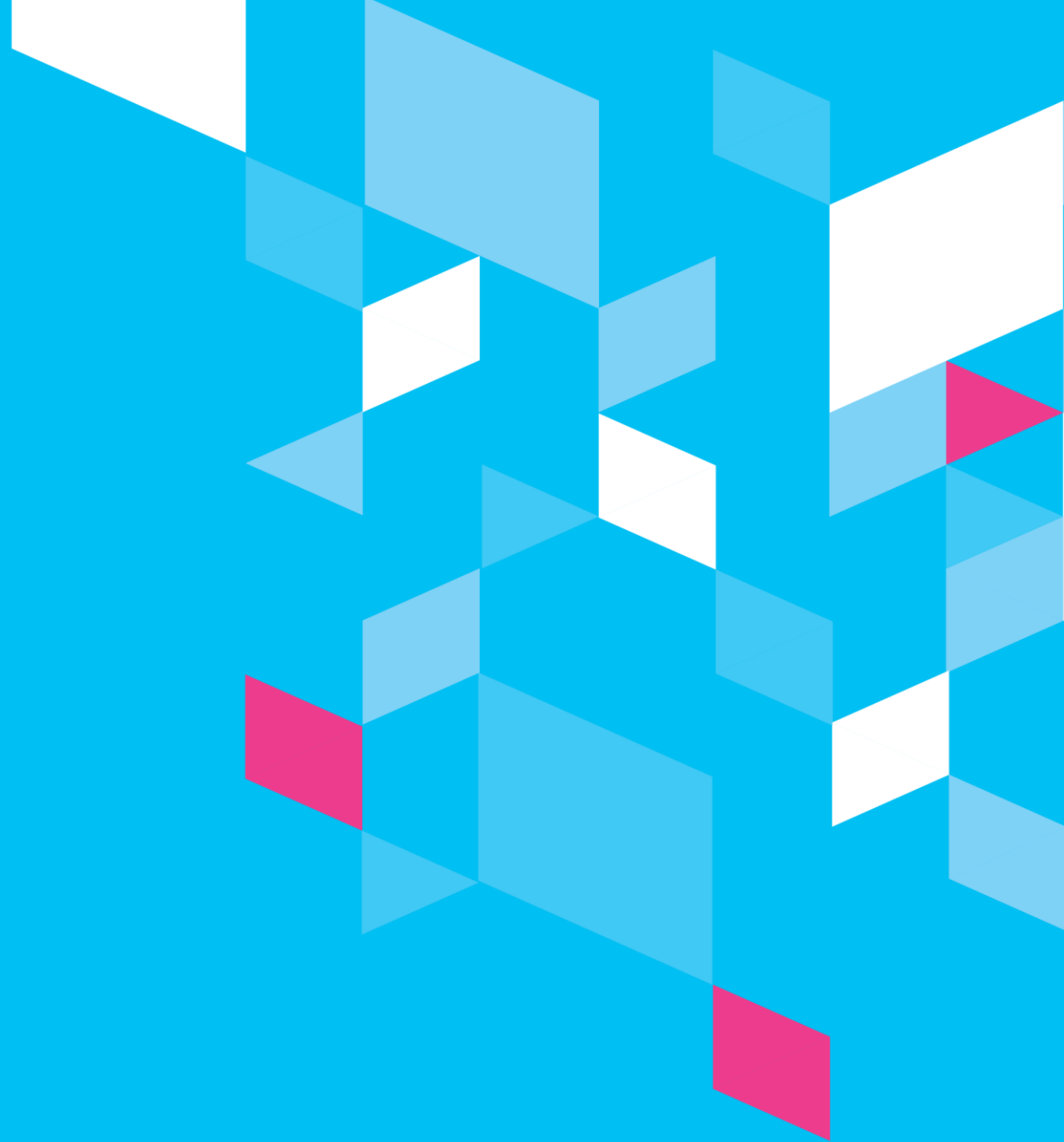
78%

Recommend brands to their friends and family that offer personalized communications and products / services

Source: McKinsey & Company, *Next in Personalization 2021 Report*. Based on consumer survey fielded 9/7/2021-9/8/2021 (n=1,013), sampled and weighted to match the US general population 18+. Question: "Please indicate how much you agree or disagree with the statements below when it comes to personalized communications and products/services from brands/businesses."; Purchase: "I am more likely to consider buying from brands/businesses that engage with me in a personalized and tailored way."; Repurchase: "I am more likely to repurchase from brands/businesses that offer personalized communications and products/services."; Recommend: "I am more likely to recommend brands/businesses to my friends and family that offer personalized communications and products/services." Numbers shown indicate respondents that selected "somewhat agree", "agree" and "strongly agree".

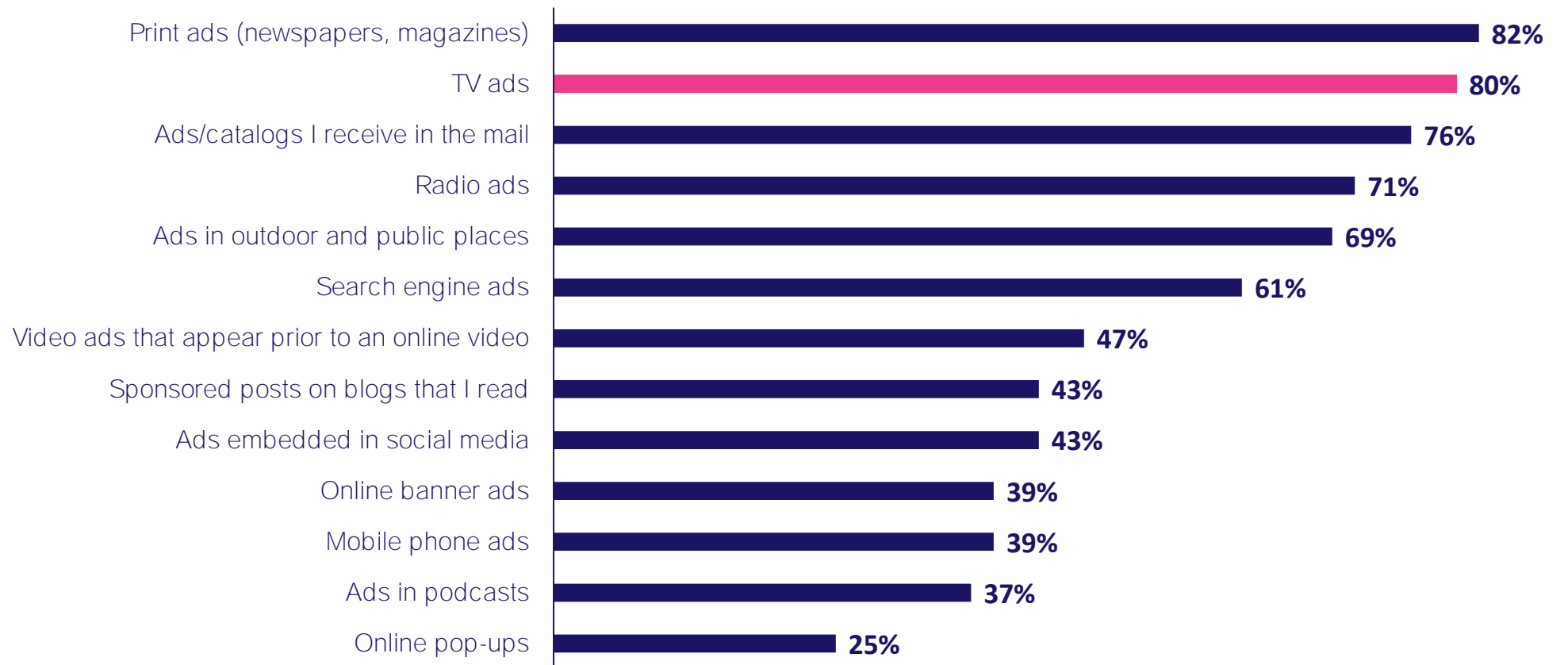
5

Linear TV **protects and
strengthens your brand**



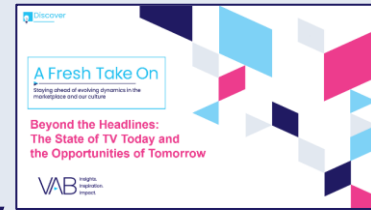
Consumers rank Television as one of the top, most trusted, advertising formats for making purchasing decisions, well above other digital media

In general, which type of advertising channels do you trust more when you want to make a purchase decision?



Source: [Harvard Business Review, 'Why Marketers Are Returning to Traditional Advertising'](#), April 29, 2022. Survey conducted with 1,200 U.S. consumers by [MarketingSherpa](#) in October 2016.

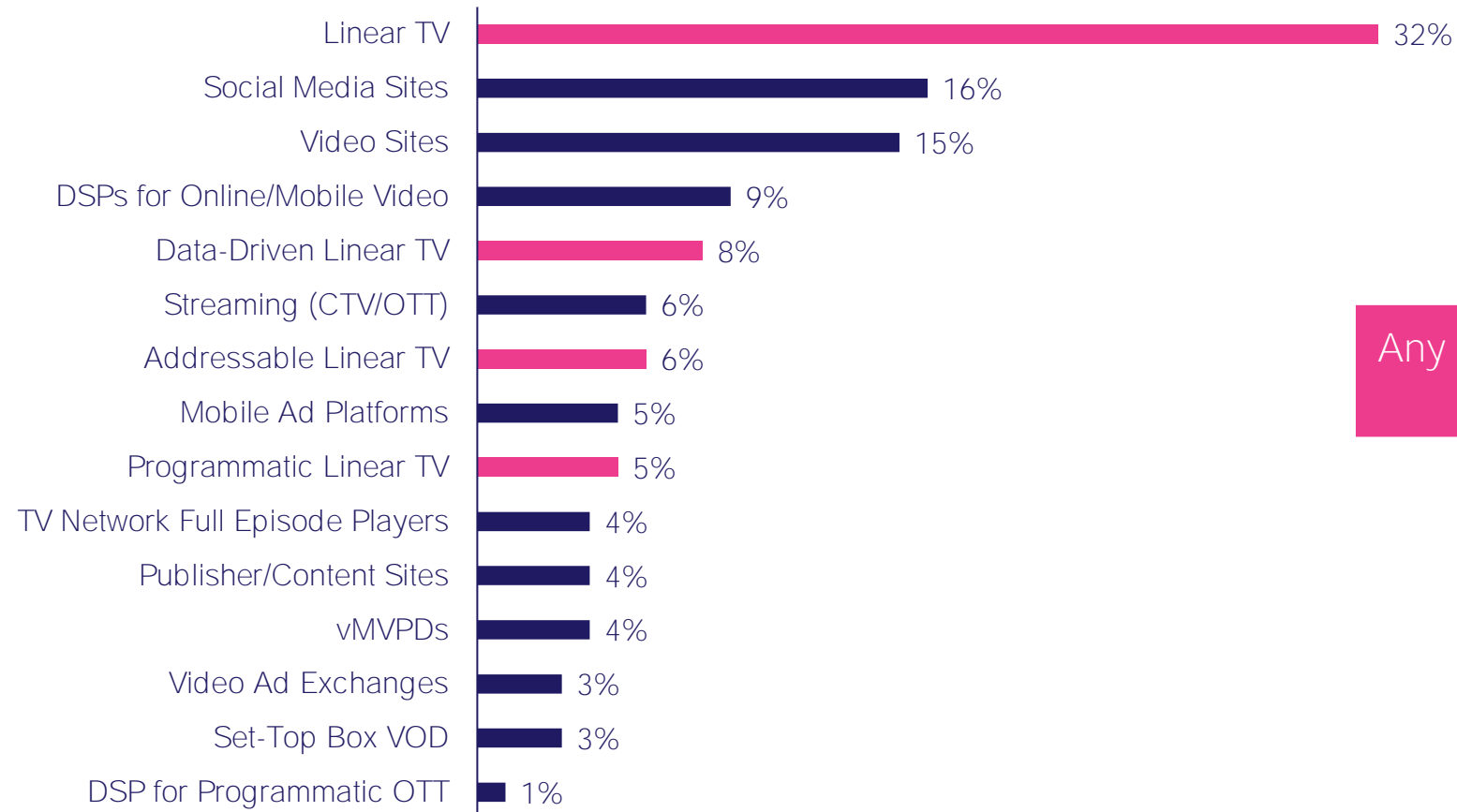
With its trust, brand safe environment and ability to drive outcomes through the funnel, more than half of advertisers identify linear TV as their single most valuable video tactic today



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All Video Advertising Tactics Used

Summary of Top Rank



Any Linear TV:
51%

Source: Advertiser Perceptions, Video Advertising Convergence Report, Wave 9, 2H 2020, released February 2021. For more information, download: [Beyond the Headlines](#).

During times of economic uncertainty, marketers that focus on long-term branding efforts by increasing (or at least maintaining) TV ad investment achieve positive business outcomes



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Business outcome examples of brands who increased their TV spend during the 2008-2009 recession



Ecommerce

amazon

Amazon **launched its first TV campaign** in the middle of the recession in 2008 and saw a **compound annual growth rate of 34%** between 2008-2012



Retail

Walmart

Walmart significantly **increased their TV investment** in both 2008 & 2009 and saw **high single digit sales increases** in each year with continued growth after the recession



Telecommunications

T-Mobile

T-Mobile had a **moderate increase in their TV investment** in both 2008 & 2009 and saw a **compound annual growth rate of 21%** between 2008-2011



Restaurants

DARDEN RESTAURANTS

Darden **increased their TV investment** in both 2008 & 2009 and **increased their sales by an average of 14%** over those two years

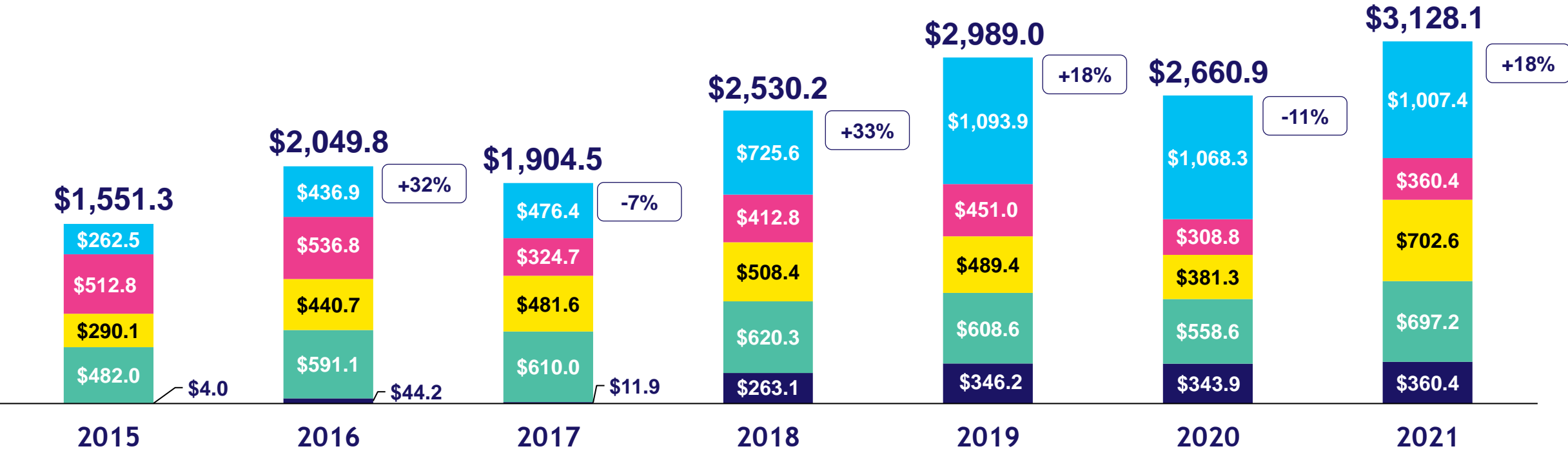
Source: VAB's 'Keep Calm and Advertise On: How to Successfully Navigate Your Brand Through an Economic Downturn.' U.S. TV spend based on VAB analysis of Nielsen Ad Intel data, national TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV), CY 2007-2012. U.S. revenues are based on company filings (10-K) for U.S. revenue via SEC.gov (EDGAR). Darden's was for Olive Garden. For more information, download: [Keep Calm and Advertise On](#).

In 2021, the Tech Giants collectively spent over \$3 billion on TV, their highest level ever, as they aggressively defended their SOV from competitors and supported new product launches



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MAAMA U.S. TV Spend
(\$\$\$ in Millions)



Source: VAB analysis of Nielsen AdIntel, calendar year 2015-2021, as of February 2022. TV spend includes cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, and syndicated TV. U.S. TV spend only.

Key Takeaways For Marketers



TV Fuels The Customer Pipeline Faster

The immediate scale of TV allows brands to ignite consumer action. This impact creates a halo effect on the performance of other marketing channels, improving overall campaign effectiveness and efficiency.



TV Inspires Trial Among More New Customers

By embracing a 'total audience' buying mindset against best prospects, brands can bring an influx of new customers to their online and offline storefronts.



TV Turns Brands Into Household Names

Many brands are investing significantly in TV to legitimize their products or services, establish their identity in consumers' minds and gain fame to drive sales growth.



TV Increases Loyalty and Repeat Purchases

TV programming elicits a strong emotional reaction, which halos on to the advertising resulting in increased brand attention, loyalty and likelihood to purchase. That loyalty can be further monetized through audience-targeted TV buying of best customer prospects.



TV Protects and Strengthens Your Brand

TV is one of the most trusted advertising formats and, as such, is an important platform for marketers to connect with consumers, especially in economically challenging or competitive environments.

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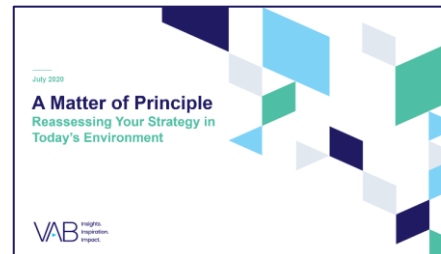
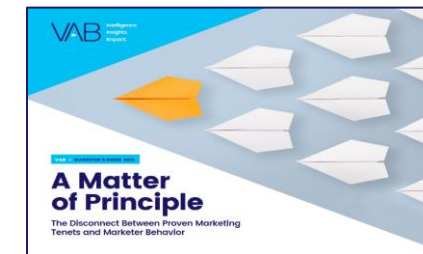
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