

Still Early Days for TV Ad Innovation

ARTICLE | **FEBRUARY 26, 2019**

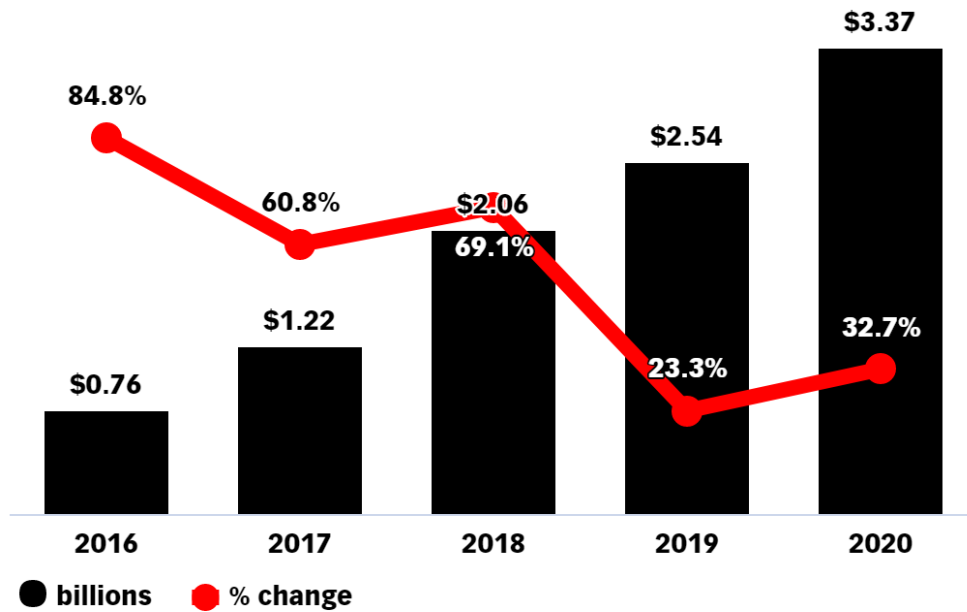
Ross Benes

Earlier this week, 3,000 marketing industry professionals gathered for LiveRamp's RampUp conference at the Fairmont Hotel in San Francisco to discuss the latest marketing technology developments. One theme that stood out was that while marketers are making headway with advanced TV, it's early days with TV ad innovations.

We predict that \$2.54 billion will be spent on targeted, addressable TV ads in the US this year. But addressable accounts for just 3.7% of total TV ad spending.

Addressable TV Ad Spending

US, 2016-2020



Source: eMarketer, July 2018

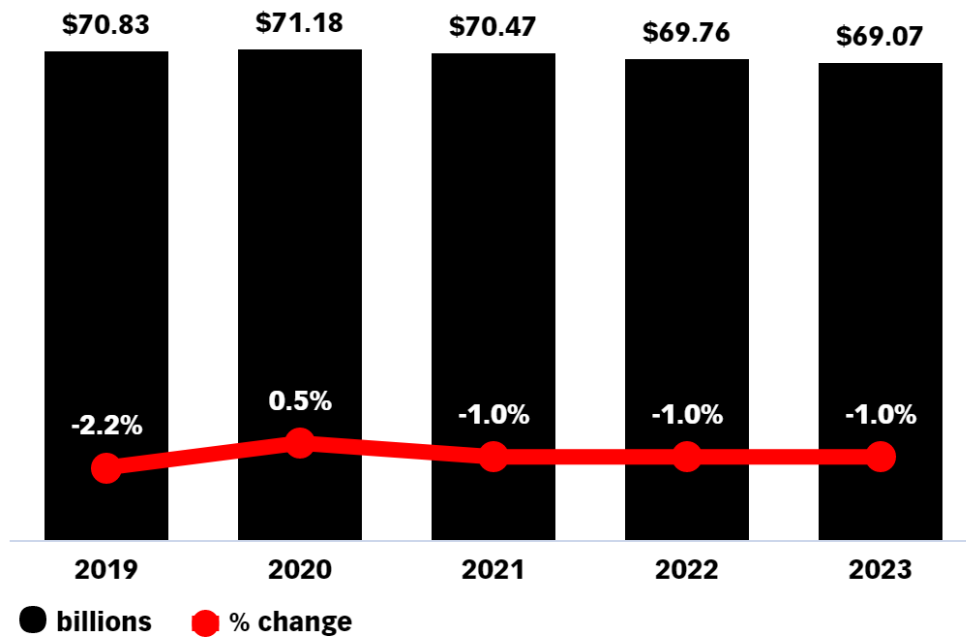
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On stage, marketers pointed to new types of TV ads as signs that the industry is moving forward. For instance, Fandango movie trailer ads [allow users to purchase movie tickets](#) through the ad. Coke ads have been targeted to [include the name of the person viewing the ad](#) on screen. Pringles [overlaid QR codes](#) onto ads to drive users to their online store.

These targeted and interactive TV ads are good fodder for conference presentations, but they remain experimental. The vast majority of the \$70.83 billion that US advertisers will spend on TV this year still gets bought and sold through traditional methods.

TV Ad Spending

US, 2019-2023



Source: eMarketer, February 2019

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During a session on connected TV ads, an audience member asked the panel why linear TV advertising hasn't cratered since digital video advertising offers greater targeting and measurement. Kevin Arrix, senior vice president at Dish Media Sales, replied, "Linear TV hasn't gone away because it works."

While TV ad budgets have remained stable, advertisers are **pushing the TV industry to offer better measurements** that have more accountability. But several things need to happen before TV ads targeted at individuals become commonplace.

In order for addressable TV to account for a double-digit share of overall TV ad spend, TV's ad delivery infrastructure needs to be upgraded, centralized and aggregated at a national scale and packaged with other data-enhanced products that combine linear TV inventory with over-the-top (OTT) video inventory, according to Dave Morgan, founder, CEO and chairman of TV ad targeting company Simulmedia.

The issues with scaling addressable TV have not dampened advertisers' enthusiasm. Addressable TV ads was one of the new technologies that marketers expressed most interest in, according to a July 2018 poll of 250 marketing decision-makers by Street Fight.

US Local Marketing Decision-Makers* Interest in New Local Technologies, June 2018

% of respondents

| | |
|--------------------------------|-----|
| Mobile "push" offerings | 32% |
| Mobile wallets, payments | 28% |
| Real-time location data | 28% |
| Targeted or addressable TV ads | 25% |
| Programmatic local ad buying | 20% |
| AI for analytics | 18% |
| Geo-targeting or geofencing | 16% |
| Virtual assistants | 9% |
| Voice search | 6% |
| Streaming audio and podcasting | 5% |
| On-demand delivery services | 5% |
| Virtual reality | 5% |
| Wearables | 5% |
| Augmented reality | 4% |
| Chatbots | 3% |
| In-car marketing | 3% |
| Beacons | 2% |
| None of the above | 7% |

*Note: top 3 responses; *large multi-location brands*

Source: Street Fight, "Enterprise Local Marketing Survey, Q2 2018" as cited in company blog, Aug 28, 2018

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"Agencies desperately need some advanced TV ad products today since their clients are demanding them and they want them to be more scaled than they are today," Morgan said. "Very few folks really want to do the hard work of digging into the black boxes in the business and truly understand how they work."

Tal Chalozin, co-founder and CTO of video ad platform Innovid, was more upbeat about TV advertising becoming more modernized. Chalozin acknowledged that targeted and interactive TV ads are more clunky than digital video ads. But he sees them as a harbinger of what's to come.

"It's early days of what [TV advertising] innovation will look like," he said.