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The pandemic, and D2Cs, accelerate the move to performance advertising in TV

Article

The way that people consume TV and video content changed drastically through the pandemic. In response, advertisers have begun to look a little differently at how they apportion spend across the various video channels and platforms available to them. We spoke with **Calum Smeaton, founder and CEO at cross-platform TV measurement firm TVSquared**, about how advertisers are making their video spend work better for them and how direct-to-consumer (D2C) brands have led the way in this regard.

How did the pandemic impact the performance advertising proposition for TV?

It sharpened the focus on a lot of the things that performance advertising is all about. Making sure that you can actually understand the effectiveness of your advertising is an obvious thing to do, but it's surprising how long it took a lot of people to really apply the same playbooks that we saw in digital to TV.

The focus on costs and budget sharpened, too. You saw more brands trying to really understand how they could optimize their spend to get the same return.

The other thing that really drove this behavior was the accelerated shift to streaming. With that you get the benefit of additional data points and the flexibility that you didn't normally get in linear TV. This suddenly gave you the ability to buy TV more flexibly than you did before, when you were always thinking about upfronts and buying ahead. The structural trading component of it changed, because the nature of how TV was being consumed changed and, therefore, the services and platforms you used to get to that audience changed.

You're going to see an acceleration in the need for better TV measurement, but more importantly, it's about better cross-platform TV measurement.

Measurement and digital obviously go hand in hand. Is that why digital-native brands have been pushing things forward in this space?

Yes, and that's how we founded the company. A previous co-founder of mine started a D2C firm, and he came to me in 2012 and said he was spending all this money on TV, yet had no analytics or metrics to help him optimize it in the same way he did for his digital spend. There was this huge gap there in the market for D2C .

What's happened over the last decade is many D2Cs have made the jump, getting the massive reach and frequency you get with TV but then applying digital techniques to optimize.

And that's why the D2C players have really helped shape what's happening in TV. They care about what works and what doesn't work. They keep making changes. They care about A/B testing. They care about trying all these different playbooks that allow them to optimize their TV spend and their advertising spend.

Some of the fastest growth in terms of new ad dollars coming to TV was from D2Cs. So the agencies and the sell side had to adapt because they didn't necessarily have the tools and the transparency that a D2C player demanded.

Do those brands or marketers wedded to the traditional ways of doing things still need some convincing about measurable TV?

Traditional brands and D2C brands still need to find audiences. And if their audiences are shifting to new platforms, then they need to know how much and where, and measurement is a key part of actually finding those audiences.

Moving away from panels and ratings toward impressions and audiences and finding them at a more granular level is critical regardless of how you want to buy TV. And if the industry is evolving to allow you to engage with audiences that are no longer watching linear TV, then by default, you're getting richer data sets, you're getting richer data tools made available to you, and brands are going to use them.

That shift is going to accelerate because the underlying ecosystem of TV is changing, and it's changing so fast that even if you wanted to apply the old-school playbooks, you can't. If you want to find your audience, it’s going to be cross-platform.

How far are we from losing the distinction between TV and digital TV and video?

This year, we've almost given up in terms of trying to separate the two. You're now seeing the wide adoption of multiplatform, multiservice strategies.

People are trying to work in a way where they look at TV more holistically. How much of their portfolio should they put into OTT [over the top] and CTV [connected TV] and how much into linear? What's the right balance, and how do they optimize between them? How can they get the best of both worlds by getting reach extension through a CTV buy that complements their linear buy?

The reality is that flexibility is a premium. You don't want to be committing a large amount of budget that you can't shift. If you can combine flexibility with the insight you get from measurement tools, that gives you the best of both worlds.

So, while high-level objectives remain the same, the tools that you can use now are different, which is leading to a change in tactics and strategies from brands.